

## Offering Memorandum

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. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 Risk Factors.

**Date:** May 11, 2015

**The Issuer:** Yesterpay Holdings Inc. (the "Corporation")

**Address:** Suite 900, 517 – 10 Avenue SW  
Calgary, Alberta T2R 0A8

**Phone:** (403) 229-0275

**Fax:** (403) 229-0290

**Email:** gerry@capitalnow.ca

**Currently listed or quoted?** No. These securities do not trade on any exchange or market.

**Reporting Issuer?** No.

**SEDAR filer?** No.

## The Offering

<b>Securities Offered</b>	8% Unsecured Bonds of which there will be two (2) series, each with separate interest payment terms (referred to herein as the "Series A Bonds" and the "Series B Bonds" and collectively as the "Bonds") <b>See Item 5.1 for details regarding the Bonds.</b>	
<b>Price Per Security</b>	\$1,000 per Bond	
<b>Minimum Offering</b>	To date the Corporation has issued an aggregate of 299 Bonds pursuant to the Previous Offerings (as defined herein) raising in the aggregate \$299,000 and as such, this Offering is not subject to any minimum offering amount. You may be the only purchaser.	
<b>Maximum Offering</b>	\$14,701,000	(14,701 Bonds)
<b>Minimum Subscription Amount Per Subscriber</b>	\$5,000	(5 Bonds)
<b>Available Funds</b>	Funds available under this offering may not be sufficient to accomplish our proposed objectives.	
<b>Payment Terms</b>	Payment in full by cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. <b>See Item 5.2 Subscription Procedure.</b>	
<b>Proposed Closing Date(s)</b>	Closings will take place periodically at the Corporation's discretion.	
<b>Income Tax Consequences</b>	There are important tax consequences to these securities. <b>See Item 6 Income Tax Consequences and Deferred Plan Eligibility.</b>	
<b>Purchasers' Rights</b>	You have 2 business days to cancel your Subscription 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 Subscription Agreement. <b>See Item 11 Purchasers' Rights.</b>	
<b>Resale Restrictions</b>	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. <b>See Item 10 Resale Restrictions.</b>	
<b>Selling Agents</b>	Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealing representatives, parties related to the Corporation and/or Capital Now Inc. ("CNI"), employees and/or contractors of such parties, and officers and directors of the Corporation and/or CNI. The Corporation will pay one percent (1%) of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains as a dealer listing fee. CNI will pay all such compensation to the above parties on the Corporation's behalf. <b>See Item 7 Compensation Paid to Sellers and Finders.</b>	

**YESTERPAY COPY – Please initial below and submit this page with your Subscription Agreement.**

\_\_\_\_\_  
**Investor Initials**

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**INVESTOR COPY – Please retain this complete copy of the Offering Memorandum for your records.**

## TABLE OF CONTENTS

<b>NOTE REGARDING FORWARD-LOOKING STATEMENTS .....</b>	<b>1</b>
<b>GLOSSARY .....</b>	<b>2</b>
<b>ITEM 1 - USE OF AVAILABLE FUNDS .....</b>	<b>4</b>
1.1 AVAILABLE FUNDS .....	4
1.2 USE OF AVAILABLE FUNDS .....	4
1.3 REALLOCATION.....	4
1.4 FUTURE CASH CALLS .....	4
<b>ITEM 2 - BUSINESS OF THE CORPORATION .....</b>	<b>5</b>
2.1 STRUCTURE .....	5
2.2 VOTING CONTROL - TARGET CAPITAL INC. ....	5
2.2.1 RELEASE OF TARGET CAPITAL INC.....	5
2.3 OUR BUSINESS.....	5
2.3.1 <i>BUSINESS OF CAPITAL NOW INC.</i> .....	6
2.3.2 <i>OFFERING STRUCTURE</i> .....	7
2.3.3 <i>INVESTMENT FLOW CHART</i> .....	7
2.4 DEVELOPMENT OF BUSINESS.....	8
2.5 LONG TERM OBJECTIVES.....	8
2.6 SHORT TERM OBJECTIVES AND HOW THE CORPORATION INTENDS TO ACHIEVE THEM .....	8
2.7 INSUFFICIENT FUNDS.....	8
2.8 MATERIAL AGREEMENTS .....	8
2.8.1 <i>AGREEMENT WITH TARGET CAPITAL INC.</i> .....	8
2.8.2 <i>LOAN AGREEMENT WITH CAPITAL NOW INC.</i> .....	9
<b>ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS.....</b>	<b>10</b>
3.1 COMPENSATION AND SECURITIES HELD .....	10
3.2 MANAGEMENT EXPERIENCE .....	10
3.3 THE MANAGER .....	11
3.4 PENALTIES, SANCTIONS AND BANKRUPTCY .....	11
<b>ITEM 4 - CAPITAL STRUCTURE.....</b>	<b>11</b>
4.1 SHARE CAPITAL .....	11
4.2 LONG TERM DEBT .....	12
4.3 PRIOR SALES.....	13
<b>ITEM 5 - SECURITIES OFFERED .....</b>	<b>13</b>
5.1 TERMS OF SECURITIES.....	13
5.2 SUBSCRIPTION PROCEDURE .....	14
<b>ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY.....</b>	<b>16</b>
<b>ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS.....</b>	<b>16</b>
<b>ITEM 8 - RISK FACTORS.....</b>	<b>16</b>
<b>ITEM 9 - REPORTING OBLIGATIONS .....</b>	<b>19</b>
9.1 REPORTING TO BONDHOLDERS.....	19
<b>ITEM 10 - RESALE RESTRICTIONS.....</b>	<b>20</b>
10.1 GENERAL STATEMENT .....	20
10.2 RESTRICTED PERIOD .....	20
10.3 MANITOBA RESALE RESTRICTIONS.....	20
<b>ITEM 11 - PURCHASERS' RIGHTS .....</b>	<b>20</b>
<b>ITEM 12 - FINANCIAL STATEMENTS.....</b>	<b>29</b>
12.1 FINANCIAL STATEMENTS OF THE CORPORATION.....	30
<b>ITEM 13 - DATE AND CERTIFICATE.....</b>	<b>61</b>

#### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

## GLOSSARY OF TERMS

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

**"ABCA"** means the *Business Corporations Act* (Alberta).

**"Annual Fee"** means the annual fee payable by the Corporation in cash to Target in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent (being 0.5%) of the total Deferred Plan Capital outstanding at the date of the anniversary of the Target Agreement that is in excess of \$500,000; plus (iii) applicable taxes.

**"Bondholder(s)"** means a holder of Bonds purchased by a Subscriber pursuant to this Offering Memorandum.

**"Bonds"** means collectively the Series A and Series B Bonds issued by the Corporation pursuant to this Offering Memorandum.

**"Capital Raising Fee"** means the fee payable by the Corporation to Target in cash in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the Deferred Plan Capital raised by the Corporation during a year in excess of \$500,000.

**"Class A Shares"** means the Class A Preferred shares of the Corporation.

**"CNI"** means Capital Now Inc., a private Alberta corporation related to the Corporation by common officers, directors and shareholders.

**"CNI Loan"** means the loan of all of the funds raised pursuant to this Offering by the Corporation to CNI as more particularly described in Item 2.8.2 herein.

**"CRA"** means the Canada Revenue Agency.

**"Credit Receivables"** means financial obligations due from a Debtor for goods ordered and accepted as part of a Factoring Transaction as more particularly described in Item 2.3.1 herein.

**"Debtor"** shall have the meaning provided for in Item 2.3.1 herein.

**"Deferred Plan"** means any one of or collectively an RRSP, RRIF, RESP and a TFSA.

**"Deferred Plan Capital"** means capital of any kind raised by the Corporation from an RRSP, RRIF, RESP or TFSA pursuant to this Offering.

**"Factoring Transactions"** means those factoring transactions underwritten by CNI in the conduct of its business. **See Item 2.3.1 Business of Capital Now Inc.**

**"Management Agreement"** means the management agreement dated October 31, 2012 between the Manager and CNI as more particularly described in Item 2.3.1 Business of Capital Now Inc.

**"Manager"** means Home Investment Management Inc., an Alberta corporation registered as a Portfolio Manager in accordance with the *Securities Act* (Alberta).

**"Maximum Offering Amount"** means 14,701 Bonds (\$14,701,000).

**"NI 45-106"** means National Instrument 45-106 *Prospectus Exemptions*.

**"Offering"** means the offering of up to 14,701 Bonds pursuant to the terms of this Offering Memorandum.

**"Offering Memorandum"** means this offering memorandum dated May 11, 2015 as amended or supplemented.

**"Previous Offerings"** means the offering of Bonds by the Corporation pursuant to offering memorandums dated May 21, 2014, and March 16, 2015.

**"Principal Amount"** means the aggregate dollar value of each Subscriber's subscription for Bonds determined by multiplying the number of Bonds purchased by a Subscriber by \$1,000.

**"Redemption Penalty Amount"** means with respect to Bonds for which the Corporation has received a Redemption Notice (as that term is defined in Item 5.1 herein):

- (a) 6% of the amount of the Principal Amount of the Bonds to be redeemed where the request for redemption occurs within 12 months of the date of the Bond certificate(s) representing the Bonds to be redeemed;
- (b) 5% of the amount of the Principal Amount of the Bonds to be redeemed where the request for redemption occurs between 13 months and 24 months of the date of the Bond certificate(s) representing the Bonds to be redeemed; and
- (c) 1% of the amount of the Principal Amount of the Bonds to be redeemed where the request for redemption occurs between 25 months and 36 months of the date of the Bond certificate(s) representing the Bonds to be redeemed.

**“Regulations”** means the Tax Act regulations.

**“RESP”** means Registered Education Savings Plan as defined under the Tax Act.

**“RRIF”** means Registered Retirement Income Fund as defined under the Tax Act.

**“RRSP”** means Registered Retirement Savings Plan as defined under the Tax Act.

**“Series A Bonds”** means the 8% unsecured bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

**“Series B Bonds”** means the 8% unsecured bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

**“Subscribers”** mean parties who subscribe for Bonds pursuant to this Offering.

**“Subscription Agreement”** means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Bonds by a Subscriber under this Offering.

**“Target”** means Target Capital Inc., a publicly traded company listed on the TSX Venture Exchange, trading under the symbol “TCI”. Target presently holds 60% issued and outstanding Class A Shares of the Corporation.

**“Target Agreement”** means the agreement between the Corporation and Target dated November 8, 2012 the terms of which are referred to in Item 2.2 and Item 2.8.3 herein.

**“Target Release”** means the release to be executed by each Subscriber to this Offering in favour of Target as more particularly described in Item 2.2.1 herein.

**“Target Shares”** means the 60,000 Class A Preferred Shares of the Corporation held by Target as of the date of this Offering Memorandum.

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

**“TFSA”** means a Tax-Free Savings Account as defined by the Tax Act.

In this Offering Memorandum, references to “dollars” and \$ are to the lawful currency of Canada, unless otherwise indicated.

## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	\$14,701,000
B	Selling Commissions and Fees <sup>(1)</sup>	Nil
C	Estimated Offering Costs <sup>(2)</sup>	Nil
D	Annual Fee and Capital Raising Fee	<sup>(3)(4)</sup>
E	Available funds: $E = A - (B + C + D)$	\$14,701,000
F	Additional sources of funding required <sup>(5)</sup>	Nil
G	Working Capital Deficiency <sup>(6)</sup>	Nil
H	Total: $H = (E + F) - G$	\$14,701,000

(1) All commissions payable with respect to the sale of Bonds pursuant to this Offering, estimated to be \$1,029,070 with respect to the Maximum Offering Amount, will be paid on the Corporation's behalf by CNI. **See Item 7 Compensation Paid to Sellers and Finders.**

(2) All costs associated with this Offering, estimated to be \$15,000, will be paid on the Corporation's behalf by CNI.

(3) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Annual Fee and the Capital Raising Fee. **See Item 2.8.1 Agreement with Target Capital Inc.**

(4) CNI will pay Target all Annual Fees and Capital Raising Fees incurred by the Corporation with respect to this Offering and the Previous Offerings. These fees which are payable annually are estimated to be \$75,000 on the assumption that all funds raised under this Offering and the Previous Offerings are raised from Deferred Plans.

(5) The Corporation does not expect to require additional funds from other sources to advance its business objectives.

(6) The Corporation does not have a working capital deficiency.

### 1.2 Use of Available Funds

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

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering
The available funds of this Offering shall be loaned by the Corporation to CNI and used by CNI to:	
1. pay for all costs, and Selling Commissions associated with this Offering <sup>(1)</sup> ; and	\$1,044,070
2. as working capital for the purchase of discounted Credit Receivables.	\$13,656,930
<b>Total</b>	<b>\$14,701,000</b>

(1) See notes (1)-(4) in Item 1.1 above.

### 1.3 Reallocation

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

### 1.4 Future Cash Calls

An investor in these securities will not be required to make any additional funds available to the Corporation in addition to their subscription amount.



## ITEM 2 - BUSINESS OF THE CORPORATION

### 2.1 Structure

The Corporation is a corporation incorporated under the ABCA pursuant to a certificate of incorporation dated November 7, 2012. The Corporation's head office is located at Suite 900, 517 – 10 Avenue SW, Calgary, Alberta and its registered office is located at Suite 900 - 517 10 Avenue SW, Calgary, Alberta. The Corporation is controlled by Target. Please see [www.sedar.com](http://www.sedar.com) for further information with respect to Target.

### 2.2 Voting Control – Target Capital Inc.

Voting control of the Corporation by Target is to ensure that the Bonds issued pursuant to this Offering are a qualified Deferred Plan investment. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

Target's control and interest in the Corporation is to earn Annual Fees and Capital Raising Fees and not to participate in the profits of the Corporation. **See Item 2.8.1 Agreement with Target Capital Inc.**

Specifically:

- (a) Target's shares in the Corporation are non-participating as they are not entitled to dividends;
- (b) The Target Agreement states that Target cannot acquire any additional shares in the Corporation without the approval of the majority of the minority of shareholders of the Corporation;
- (c) Target cannot increase the Annual Fees and Capital Raising Fees pursuant to the Target Agreement without the approval of the majority of the minority shareholders of the Corporation;
- (d) Target will not sell its shares of the Corporation while the Target Agreement is in force and will, at the termination of the Target Agreement, return all of its shares to the treasury of the Corporation in return for six hundred dollars; and
- (e) Target will not benefit from its position as shareholder except as described in the Target Agreement and, should it receive any benefit in addition to the Annual Fees and Capital Raising Fees, that benefit will be returned to the Corporation in return for the sum of ten dollars paid by the Corporation to Target.

**Subscribers in these securities should understand that Target's assets and management are not in any way committed to the activities of the Corporation. Target does not encourage or discourage an investment in the Corporation.**

#### 2.2.1 Release of Target Capital Inc.

As a term of this Offering, Subscribers are required to grant Target a specific release in the form attached as Schedule F to the Subscription Agreement (the "Target Release"). Pursuant to the terms of the Target Release, the Subscriber will acknowledge that:

- (a) Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;
- (b) Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Bonds issued under this Offering;
- (c) Target shall not be liable to Subscribers for any liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Bonds issued pursuant to this Offering; and
- (d) the Subscriber will release and forever discharge Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Bonds of the Corporation or the acquisition of the Bonds from the Corporation.

**All Subscribers are encouraged to seek independent legal advice before executing and delivering the Target Release.**

### 2.3 Our Business

The Corporation has carried out limited business prior to this Offering and has limited development history. Since the date of incorporation, the Corporation has been engaged in preparation for this Offering, which has included, among other things, putting in place a management team and retaining legal counsel and auditors.

The Corporation is raising funds for the purpose of loaning the available funds from this Offering to CNI. CNI will use the funds to (a) pay for all costs, fees and commissions associated with this Offering; and (b) as working capital for the purchase of discounted Credit Receivables. **See Item 2.3.1 Business of Capital Now Inc. and Item 2.8.2 Loan Agreement with Capital Now Inc.**

As of the date of this Offering Memorandum, the Corporation has raised the sum of \$299,000 through the issue of 30 Series A Bonds and 269 Series B Bonds under the Previous Offerings and has advanced the sum of \$299,000 to CNI pursuant to the Loan. CNI has used the proceeds of this advance, after payment and costs associated with the Previous Offerings, to acquire Credit Receivables in the conduct of its business. As of the date of this Offering Memorandum, CNI has made payments of \$1,244.40 in interest to the Corporation pursuant to the terms of the Loan.

### **2.3.1 Business of Capital Now Inc.**

CNI was founded in 2007 as an asset-based lender in Calgary, Alberta and is a member of the International Factoring Association.

The directors, officers and shareholders of CNI are also the directors, officers and shareholders of the Corporation.

CNI carries on a Factoring business in western Canada. CNI's business is focused in the manufacturing, oilfield service, specialty trucking and welding and fabrication sectors.

Attached as Schedule A hereto are the audited 2014 Financial Statements of CNI.

Since inception, CNI has handled approximately \$72 million worth of Factoring Transactions. In its history, CNI has only had three Factoring Transactions in which a Debtor has defaulted with respect to its payment obligations with respect to a Credit Receivable. These claims totaled approximately \$142,061, representing 0.197% of CNI's total dollar volume of Factoring Transactions that it has facilitated.

Beginning in September 2011, CNI has raised \$1,700,000 in capital through a private debenture offering. This offering is ongoing and will be fully subscribed when the maximum offering of \$2,000,000 is reached. Funds from this offering have been used by CNI to acquire Credit Receivables in the conduct of its business. CNI will use the remaining funds to be raised under this offering for the same purpose. Investors under this offering have a secured interest against all the present and after acquired personal property of CNI. These security interests are subordinated to the security granted to the Corporation by CNI with respect to the CNI Loan. **See Item 2.8.2 Loan Agreement with Capital Now Inc.**

Factoring in Canada has existed as an industry for over 100 years and currently represents a growing annual market of approximately four billion dollars. Factoring involves a process where a manufacturer or distributor (the "Vendor") sells goods to a customer (the "Debtor"), with payment ("Credit Receivables") due in 30 to 90 days. To realize cash on the sale more quickly, the Vendor sells the rights to the Credit Receivables, at a discount, to a company such as CNI (the "Factor").

The Factor underwrites the Credit Receivables purchase by performing legal and business due diligence on the Vendor to ensure that the Vendor can legally assign the Credit Receivables, and on the Debtor to ensure that they have received and accepted the goods and are willing and able to make payment on normal terms (30 to 90 days). Of the two parties, the Debtor receives the most underwriting attention because it is the source of the future Credit Receivables payment.

CNI has standard underwriting procedures employed for each Factoring Transaction it considers. Some of the risk management policies followed by CNI in these procedures include:

- CNI will provide a 74% maximum advance of the face value of the Credit Receivable to the Vendor, CNI will hold a 26% reserve fund on every Credit Receivable it acquires which holdback (the "Holdback Funds") will be released to the Vendor once CNI receives payment in full from the Debtor.
- Credit Receivables are purchased from a Vendor by CNI at a discount of 95% of the full Credit Receivable value. Credit Receivables are collected by CNI in an average of 41 days per Receivable.
- If a Credit Receivable is unpaid after 30 days, an additional fee of 0.1% per day on the outstanding balance is charged to the Vendor and will be deducted by CNI from the Holdback Funds. No single Credit Receivable can exceed 20% of CNI's total Credit Receivable portfolio.
- Due diligence includes the underwriting process and written invoice verification.
- The Debtor's credit rating is determined with a Credit Bureau, industry inquiries, private industry databases and other sources.
- The Debtor's credit index and payment index must be higher than average for its industry.
- Transactions that relate to restaurants, logging, retail and real estate commissions will not be underwritten by CNI.
- Additional security from the Vendor such as equipment or inventory may be obtained by CNI as security for payment of a Credit Receivable. In the event that a Credit Receivable remains unpaid after 90 days of the purchase date, CNI has the option to assign the Credit Receivable back to a Vendor and accept a different Credit Receivable from the Vendor as payment for balance on the outstanding Credit Receivable. CNI's competitive advantage lies in its ability to react quickly to small and medium sized businesses and provide fast and flexible service. Typically, CNI is able to finance a Vendor within 48 hours of meeting.

When a Debtor halts or delays payment, CNI resolves these matters through payment arrangements made over time, seizure of equipment for resale or, as a last resort, through the court system. CNI's historical Debtor default rate is 0.18%.

## The Manager

Home Investment Management Inc. (the “Manager”) will be represented by Richard Strand. The Manager is controlled by Richard Strand through a holding company in which he is the majority shareholder.

Pursuant to the Management Agreement, the Manager will provide management services to CNI which includes oversight of the acquisition of Credit Receivables to ensure all acquisitions comply with the terms of this Offering.

CNI will pay a management fee equal to one percent (1%) per year if its Credit Receivable portfolio is under \$10 million. If the portfolio is between \$10 million to \$20 million in assets, the fee will be 0.875% per year. If the portfolio is over \$20 million, the fee will be 0.75% per year. The management fee is payable to the Manager on a quarterly basis. The Management Agreement can be terminated by either party within ten (10) business days before a new quarter, giving one quarter’s notice without penalty. **See Item 3.3 The Manager.**

The Manager has received \$20,230 from CNI as payment for selling commissions earned by the Manager under the Previous Offerings.

### 2.3.2 Offering Structure

The purpose of this Offering is to allow Subscribers to participate, indirectly through acquiring Bonds in the Corporation, in the financing of CNI’s factoring business.

Funds from Deferred Plans may be used to purchase Bonds pursuant to this Offering subject to the general comments of Grant Thornton LLP. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

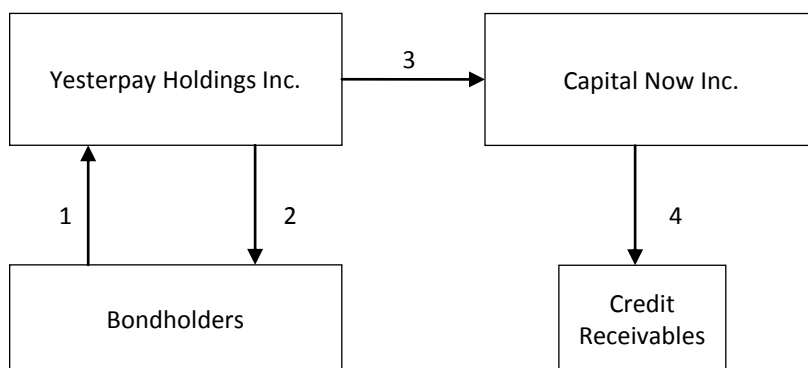
No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. **See Item 8 Risk Factors.**

No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of the Bonds with respect to acquiring, holding or disposing of the Bonds of the Corporation.

**Subscribers are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of the Bonds purchased pursuant to this Offering.**

### 2.3.3 Investment Flow Chart

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



1. Subscribers purchase Bonds in the Corporation with funds from Deferred Plans or cash.
2. The Corporation issues Bonds to Subscribers.
3. The Corporation will loan the available funds of this Offering to CNI.
4. CNI will use the available funds of this Offering to pay all costs, fees and commissions associated with this Offering and as working capital to acquire discounted Credit Receivables. **See Item 2.3.1 Business of Capital Now Inc. and Item 2.8.2 Loan Agreement with Capital Now Inc.**

## 2.4 Development of Business

The major developments in the business of the Corporation since its inception are as follows:

- I. Entering into the Target Agreement;
- II. Entering into the Loan Agreement with CNI;
- III. Raising \$299,000 under the Previous Offerings; and
- IV. Advancing \$299,000 to CNI pursuant to the Loan Agreement.

There have been no material events that have adversely affected the Corporation's business since its inception.

The major developments in the business of CNI that are expected to have a material effect on its business are as follows:

- I. Entering into the Management Agreement.

There have been no material events that have adversely affected CNI's business since its inception.

## 2.5 Long Term Objectives

The Corporation's long term goals are to raise up to \$15,000,000 in the aggregate under this Offering and the Previous Offerings and loan the funds from this Offering to CNI to be used by CNI for the purposes set out in Item 1.2 herein. Once the Maximum Offering Amount is accomplished, the Corporation may continue to sell Bonds as required to replace Bonds that have been redeemed.

The anticipated costs to be incurred by the Corporation with respect to completion of its long term objectives are the same as its short term objectives and are as set out in Item 2.6 below.

## 2.6 Short Term Objectives and How the Corporation Intends to Achieve Them

The Corporation's goal for the next 12 months is to raise up to \$14,701,000 for the purpose of loaning these funds to CNI. The following outlines the Corporation's short-term objective and the method and cost associated with the achievement thereof.

What we must do and how we will do it	Target number of months to complete	Our cost to complete
Raise up to \$14,701,000 and loan the available funds to CNI.	12 months	\$1,044,070 <sup>(1)</sup>

(1) Represents all estimated costs, fees and commissions associated with this Offering over the above period. All fees, costs and commissions associated with this Offering will be paid on the Corporation's behalf by CNI. See notes (1)-(4) in Item 1.1 Available Funds.

## 2.7 Insufficient Funds

The available funds raised from this Offering will be committed to the business objectives of the Corporation. The Corporation does not intend to hold any significant cash reserves, other than those amounts necessary to pay for all administration and operating expenses incurred by the Corporation in the conduct of its business. The Corporation does not anticipate requiring additional funds to pursue its objectives.

## 2.8 Material Agreements

The following are the key terms of all material agreements which the Corporation has entered into and which can reasonably be regarded as presently being material to the Corporation or a prospective purchaser of Bonds being offered pursuant to this Offering.

### 2.8.1 Agreement with Target Capital Inc.

For the purposes of this Item, the capitalized terms below shall have the following meanings:

**"Material Breach"** means one or more of the following events:

- (a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out herein within sixty (60) days of such amounts being owed to Target;
- (b) the Corporation failing to deliver signed copies of the Target Release for each subscriber of the Corporation's securities;
- (c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents disclosure on such terms required by the Target Agreement (the "Required Disclosure");
- (d) the Corporation failing to deliver a signed copy of the "Consent to Release Information" form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement (the "Consent to Release Information");
- (e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving written request from Target to review such documentation; and

- (f) the Corporation failing to raise any Deferred Plan Capital within 12 months from the date of the Target Agreement.

**“Offering Documents”** means any offering memorandum, prospectus or term sheet, and applicable subscription agreement prepared by the Corporation in connection with a distribution of its securities.

**“Target Shares”** means the 60,000 Class A Preferred Shares of the Corporation held by Target as of the date of this Offering Memorandum.

The Corporation entered into the Target Agreement on November 8, 2012. The terms of this Agreement are as follows:

- (a) The Corporation shall pay to Target:
- (i) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus
  - (ii) the Capital Raising Fee within 60 days from the date on which the Corporation raises Deferred Plan Capital. Notwithstanding the preceding sentence, the Corporation shall not be required to pay any Capital Raising Fee until it raises Deferred Plan Capital in excess of \$500,000.
- Any amounts owing by the Corporation to Target that have been outstanding for more than 60 days will be subject to interest penalties at a rate of 2% per month.
- (b) **Access to Records.** If requested, the Corporation shall promptly provide Target with copies of all corporate records.
- (c) **Target Release/Required Disclosure.** The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.
- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target’s shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.
- (e) **Term.** The Target Agreement shall be in effect from the date of that Agreement to: (i) the date on which Target ceases to be the majority shareholder of the Corporation; or (ii) ten (10) years from the date of the Target Agreement, whichever event occurs first. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target the Annual Fee and the Capital Raising Fee that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.
- (f) **Termination by the Corporation.** Subject to the two year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.
- (g) **Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00

**See Item 2.2 Voting Control for additional terms of the Target Agreement.**

The Corporation expects the Target Agreement to continue for the term of the Bonds offered pursuant to this Offering.

CNI will pay the Annual Fee and the Capital Raising Fee during the term of the Target Agreement on the Corporation’s behalf.

**2.8.2 Loan Agreement with Capital Now Inc.**

The Corporation entered into a loan agreement with CNI (the “CNI Loan” or the “Loan”), the material terms of which are summarized below:

- (a) **Loan Amount:** To a maximum amount of \$15,000,000. The total Loan amount will be contingent upon the amount of proceeds raised pursuant to this Offering.
- (b) **Interest Rate:** The interest rate for the Loan is 8% per annum with respect to funds advanced to CNI through the issue of Series A Bonds by the Corporation and 8% per annum, compounded monthly, with respect to funds advanced by CNI through the issue of Series B Bonds by the Corporation.
- (c) **Loan Maturity:** The portion of the Loan advanced by the Corporation prior to May 11, 2015 in the amount of \$299,000 will be payable by CNI on June 30, 2017. Advances made by the Corporation under the Loan after May 11, 2015 will be payable by CNI on the third anniversary of the date of each such advance.

- (d) **Payments:** CNI shall make interest payments to the Corporation on the last day of each month during the term of the Loan with respect to funds advanced to CNI through the issue of Series A Bonds by the Corporation. Interest with respect to funds advanced by CNI through the issue of Series B Bonds by the Corporation will be paid in a lump sum on the dates referred to in paragraph (c) above. The Corporation shall have the option to demand payment from CNI on five (5) days written notice in such amounts as necessary to allow the Corporation to meet redemption requests from its Bondholders.
- (e) **Security:** The Loan is secured by way of a General Security Agreement securing all present and after-acquired personal property of CNI in favour of the Corporation.
- (f) **Additional Terms:** All fees, costs, interest and commissions incurred by the Corporation with respect to this Offering and the Loan shall be payable by CNI to the Corporation and shall form part of the principal of the Loan.
- (g) **Prepayment:** The loan may be repaid by CNI in part or in full at any time without notice or penalty.

### ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

#### 3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation:

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held after completion of the Maximum Offering
Target Capital Inc. Calgary, Alberta	Shareholder since November 8, 2012	\$5,000 <sup>(1)</sup> \$75,000 <sup>(2)</sup>	60,000 Class A Preferred Shares (60%)	60,000 Class A Preferred Shares (60%)
C. Gerry Wawzonek <sup>(3)</sup> Calgary, Alberta	President, Director and Shareholder since Nov. 7, 2012	Nil	20,000 Class A Preferred Shares (20%)	20,000 Class A Preferred Shares (20%)
Natalia K. Wawzonek <sup>(4)</sup> Calgary, Alberta	Secretary, Treasurer, Director and Shareholder since Nov. 7, 2012	Nil	20,000 Class A Preferred Shares (20%)	20,000 Class A Preferred Shares (20%)
Cleve C. Pohl Calgary, Alberta	Vice-President and Director since Nov. 7, 2012	Nil	Nil	Nil

1. Represents fee paid to Target to date pursuant to the Target Agreement.

2. Assuming the maximum fee payable pursuant to the Target Agreement during this period. See Item 2.8.1 Agreement with Target Capital Inc.

3. CNI will pay all amounts due and owing under the Target Agreement on the Corporation's behalf.

4. Gerry Wawzonek is also a director, officer and shareholder of CNI.

5. Natalia Wawzonek is also a director, officer and shareholder of CNI.

#### 3.2 Management Experience

The names and principal occupations of the directors and officers of the Corporation over the past five years are as follows:

Name and position	Principal Occupation and Related Experience
<b>C. Gerry Wawzonek</b> President and Director	Mr. Wawzonek graduated from the University of Guelph with a Bachelor of Arts Degree. He was a registered mortgage broker agent for Axxess Capital Partners, HSBC and CIBC over a 15 year period. In 2000, Mr. Wawzonek founded Capital Now Inc. (formerly PGV Inc.) and has acted in all aspects of the factoring business, including underwriting, funding, administration, collections and investor relations. Mr. Wawzonek's position involved the establishment and revision of all corporate documents, development of best practices, implementation of industry specific software and automating the banking process.
<b>Natalia K. Wawzonek</b> Secretary, Treasurer and Director	Since 2001, Mrs. Wawzonek had been involved in all areas of the factoring business including the day-to-day operations of the business such as administrative duties, new client acquisitions and financial duties. She has also been instrumental in the development of best practices, deal flow and customer service. Prior to factoring, Mrs. Wawzonek was employed with New Condo Sales for over 11 years and has won many awards for excellence in sales. She attended the University of Alberta from 1992 to 1996, where she majored in Political Science with a minor in History.

Name and position	Principal Occupation and Related Experience
<b>Cleve C. Pohl</b> Vice-President and Director	In Mr. Pohl's 21 years of professional development he has been an entrepreneur, a technology "evangelist" and sold all forms of technology, from underlying software to large back office transformational applications. Mr. Pohl worked with Sun Microsystems and Oracle over the last 13 years. He has received numerous awards including the President's Club at Oracle in 2011. The latest role for Mr. Pohl at Oracle is that of major account development and management. He works closely with the major stakeholders of some of Canada's largest corporations to transform the back office.

### 3.3 The Manager

The names and principal occupations of the principals of the Manager over the past five years are as follows:

Name	Principal Occupation and Related Experience
Richard G. Strand	<p>Mr. Strand has 27 years of fixed income, derivatives and equity experience and currently holds the designations of Certified Investment Manager, Derivatives Market Specialist, Chartered Professional Strategic Wealth and is a Fellow of the Canadian Securities Institute. From June 2007 to present Mr. Strand has acted as Portfolio Manager and Chief Compliance Officer of HOME Investment Management Inc. ("HOME"). HOME manages segregated and registered accounts for individuals as well as bond accounts for approximately 90 restricted corporations. From June 2003 to June 2007, Mr. Strand acted as Managing Director, Portfolio Manager and Chief Compliance Officer for Brickburn Asset Management Inc. Mr. Strand was responsible for the management of equity portfolios, bond portfolios and commodity portfolios on a discretionary basis. His responsibilities also included the development of structured products as well as the compliance of all trades and activities.</p> <p>In his years in the industry, Mr. Strand has advised large and small corporations, governments and institutions on commodity, currency, equity and interest rate hedging using options, futures, forwards and options on futures. Mr. Strand has taught options, futures and derivatives for the Canadian Securities Institute and developed the oil and gas portion of the Energy Risk Management Course.</p>

### 3.4 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions by any securities commission, stock exchange or governmental regulatory agency that have been in effect during the last ten (10) years against an officer, director or control person of the Corporation or against a company of which any of the foregoing was an officer, director or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was an officer, director or control person at that time.

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Share Capital

The share capital of the Corporation is as follows:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at May 11, 2015	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	100,000	100,000	100,000
Class B Common Shares	Unlimited	N/A	Nil	Nil	Nil

## **Class A Preferred Shares and Class B Common Shares**

There are special rights and restrictions attached to the Class A Preferred Shares and the Class B Common Shares of the Corporation. The following is a brief summary of certain of these rights and restrictions:

- (a) The Corporation is authorized to issue an unlimited number of Class A Preferred shares (the "Class A Shares") having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

**Voting Rights** - The holders of the Class A Shares (the "Class A Shareholders") shall be entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation. Each Class A Share shall confer on the holder thereof the right to one vote in person or by proxy at all meetings of shareholders of the Corporation.

**Dividend Entitlement** - The Class A Shareholders are not entitled to participate in the profits of the Corporation and are not entitled to receive any dividends.

**Entitlement on Dissolution or Winding-Up** - In the event of a reduction of capital or the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs (a "Winding-Up Event"):

- (i) Prior to the Class A Shareholders receiving any consideration in the occurrence of a Winding-Up Event, any bondholders of the Corporation at the time of such Event shall be entitled to receive from the Corporation an amount equal to the face value of their bond together with any accrued interest thereon up to the date of payment (the "Redemption Amount") in priority to any distribution of any of the Corporation's assets or property to the Class A Shareholders. If the Corporation does not have sufficient property or assets to pay the aggregate of the Redemption Amount then each bondholder will be entitled to their pro rata share of the Corporation's property or assets in priority to the Class A Shareholders; and
- (ii) The holders of the Class A Shares shall be entitled to receive an amount equal to the aggregate amount paid up capital on the Class A Shares held by them respectively after repayment of the aggregate Redemption Amount and in the event that there is not sufficient property or assets to return the entire amount of paid up capital thereon to all shareholders, the amount available for distribution shall be distributed to the shareholders on a pro rata basis according to the number of Class A Shares owned by each shareholder.

- (b) The Corporation is authorized to issue an unlimited number of Class B Common Shares (the "Class B Shares") having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

**Voting Rights** - The holders of the Class B Shares shall not be entitled to receive notice of, to attend or vote at any meetings of the shareholders of the Corporation.

**Dividend Entitlement** - The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when and if declared on the Class B Shares by the Corporation. No dividend may be declared or paid on the Class B Shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem any bonds issued by the Corporation then outstanding having attached thereto a right of redemption or retraction.

**Entitlement on Dissolution or Winding-Up** - The right, subject to any preferential rights attaching to any bonds issued by the Corporation, to share in the remaining property of the Corporation upon dissolution after all the Class A Shareholders have received payment of the aggregate amount of paid up capital held by each Class A Shareholder.

## **4.2 Long Term Debt**

As of the date of this Offering Memorandum, the Corporation has the following long term debt arising from the issue of 299 Bonds pursuant to the Previous Offerings:

**Aggregate Principal Amount of Bonds issued to the date of this Offering Memorandum: \$299,000**

**Series A Bonds issued: 30 = \$30,000**

**Series A Bond Interest Rate:** 8% unsecured bonds per annum

**Series B Bonds issued: 269 = \$269,000**

**Series B Bond Interest Rate:** 8% unsecured bonds per annum, compounded monthly

**Maturity Date:** June 30, 2017

**Payments:** Series A Bonds are payable on the last day of each month during the term of the Series A Bonds. Series B Bonds are payable on maturity.



As of May 11, 2015, the Corporation will owe \$10,845.67 in accrued and unpaid interest to holders of Series B Bonds.

In the event the Corporation is successful in raising funds pursuant to this Offering, it will have the following **unsecured debt obligations** to subscribers through the issue of Bonds offered by the Corporation pursuant to this Offering and the Previous Offerings:

Description of Security	Number authorized to be issued	Number outstanding as at May 11, 2015	Number outstanding assuming completion of Maximum Offering
8% unsecured Bonds	14,701	299 <sup>(1)</sup> Representing a debt obligation of \$299,000 to Subscribers under this Offering plus 8% interest per annum thereon.	15,000 <sup>(1)</sup> Representing a debt obligation of \$15,000,000 to Subscribers under this Offering plus 8% interest per annum thereon.

(1) See Item 5.1 Terms of Securities for the terms of the Bonds offered pursuant to this Offering.

#### 4.3 Prior Sales

As of May 11, 2015, there are 100,000 Class A Preferred Shares of the Corporation issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
November 7, 2012	Class A Preferred Shares	40,000	\$0.01	\$400
November 8, 2012	Class A Preferred Shares	60,000	\$0.01	\$600

As of May 11, 2015, there are 299 Bonds issued and outstanding. The following tables set forth descriptions of the Bonds issued by the Corporation pursuant to the Previous Offerings:

##### Series A Bonds:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
October 31, 2014	Series A Bonds	30	\$1,000	\$30,000

##### Series B Bonds:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
October 31, 2014	Series B Bonds	269	\$1,000	\$269,000

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

**Securities:** The securities being offered pursuant to this Offering are eight percent (8%) unsecured Bonds. The price of each Bond is \$1,000. The minimum number of Bonds that must be purchased by a Subscriber is five (5) Bonds requiring a minimum investment of \$5,000. There is no maximum number of Bonds allocated to any Subscriber.

**Maturity and Redemption:** Subject to the right of early redemption with respect to the Corporation and the Bondholders as set out below, a Bondholder's Bonds shall mature on the third anniversary of the date of issue of the Bonds.

**Corporation's Right of Early Redemption:** The Corporation shall have the right to redeem up to 20% of a Bondholder's Bonds twice a calendar year by providing the Bondholder with 21 days written notice of its intention to do so, through the payment of the principal amount of the redeemed Bonds and all accrued and unpaid interest thereon to the date of redemption.

### **Early Redemption by the Bondholders:**

Beginning on the date that is six (6) months from the date of a Bond, a Bondholder shall be entitled (the “Redemption Right”) twice a calendar year, to cause the Corporation to redeem up to ten percent (10%) of the Bondholder’s outstanding Bonds upon written notice (a “Redemption Notice”) per redemption delivered to the head office of the Corporation. Bonds with respect to which a Redemption Notice has been received shall be redeemed by the Corporation on February 28 and August 31 of each year on the following terms and conditions:

- (a) The Redemption Notice must specify the number of Bonds which the Bondholder wishes to redeem and be accompanied by the certificate(s) for those Bonds. A Redemption Notice without the applicable certificate(s) is void and of no effect. A Redemption Notice once delivered to the Corporation is irrevocable;
- (b) The proceeds payable for the redemption of a Bond by the Corporation (the “Redemption Amount”) will be the amount of the outstanding Principal Amount of each such Bond to be redeemed as of the date of receipt by the Corporation of a Redemption Notice less the applicable Redemption Penalty Amount, if any;
- (c) The Corporation will pay the Redemption Amount by way of a cash payment. Payment made by the Corporation of the Redemption Amount is conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the Bondholder unless the cheque is dishonored upon presentment. Upon the payment of the Redemption Amount, the Corporation will be discharged from all liability to the Bondholder in respect of the Bonds so redeemed; and
- (d) Upon receipt by the Corporation of the Redemption Notice, the Bondholder submitting such Notice will thereafter cease to have any rights with respect to the Bonds tendered for redemption (other than to receive the Redemption Amount in respect thereof). Interest will cease to accrue with respect to the Bonds with respect to which a Redemption Notice has been received as of the date of receipt of such a Notice by the Corporation. Bonds will be considered to be tendered for redemption on the date that the Corporation has, to its satisfaction received the Redemption Notice and other required documents or evidence as aforesaid.

**Interest:** Each Bond will entitle the holder thereof to the following simple rates of interest from the date of issue:

- Series A Bonds: 8% interest per annum, payable on the last day of each month during the term of the Series A Bonds.
- Series B Bonds: 8% interest per annum, compounded monthly and payable on maturity.

**Obligations Unsecured:** The Corporation’s debt obligations represented by the Bonds are unsecured obligations and will rank *pari passu* amongst themselves and with all other unsecured and unsubordinated obligations of the Corporation except for such preferences as provided for under applicable law.

**Funding of Redemption:** Management of the Corporation shall have sole discretion on how the Corporation will fund or finance the redemption of the Bonds. Management may decide to use its existing cash on hand if any, sell assets, or raise additional capital or equity in the Corporation or use a combination of the above methods to accomplish the redemption of the Bonds. There is no assurance that any of the above methods of funding the redemption of the Bonds will be successful or if accomplished will raise enough funds to redeem all of the Bonds. It is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity. In that event the provisions contained under the title “Entitlement on Liquidation, Dissolution and Winding Up” may apply. **See Item 4.1 Share Capital.**

**Limited Recourse:** Recourse under the Bonds will be limited to the principal sum of the Bonds and all interest due and owing thereunder. There is no additional recourse by Bondholders for any deficiency in value of the Bonds in the event of non-payment or default by the Corporation of redemption of the Bonds.

**An investor in the securities offered under this Offering Memorandum should understand that Target’s assets and management are not in any way committed to the activities of the Corporation. Target does not encourage or discourage an investment in the Corporation.**

## **5.2 Subscription Procedure**

### **(a) Subscription Documents**

Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Bonds, that it is purchasing the Bonds as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Bonds and that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws and as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

In order to subscribe for Bonds, Subscribers must complete, execute and deliver the following documentation to the Corporation at Suite 900, 517 – 10 Avenue SW, Calgary, Alberta, T2R 0A8:

1. one (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. a cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to “Yesterpay Holdings Inc.”;
3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:
  - (i) **if the subscriber is resident in British Columbia, Alberta, Saskatchewan, Manitoba, Prince Edward Island, New Brunswick, Nova Scotia, Newfoundland and Labrador, North West Territories, Nunavut or Yukon** you must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B-1 OR Schedule B-2, as applicable;
  - (ii) **If the subscriber is resident in Alberta, Saskatchewan, Manitoba, Prince Edward Island, North West Territories, Nunavut or Yukon and if subscribing for more than \$10,000 in Bonds**, one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;
  - (iii) **If the subscriber is an Individual** Accredited Investor, two (2) copies of the Accredited Investor Risk Acknowledgement attached to this Subscription Agreement as Schedule D (please initial as indicated); or
  - (iv) **If the subscriber is a Non-Individual** Accredited Investor, the Representation Letter in the form attached to this Subscription Agreement as Schedule D-1 (please initial Appendix A as indicated); or
  - (v) **If the subscriber is resident in British Columbia, Alberta, Manitoba, Saskatchewan, North West Territories, Nunavut and Yukon**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule E must be completed by the Subscriber if the Bonds are sold to Subscribers in the provinces of British Columbia, Alberta, Saskatchewan or Manitoba and are sold by a party pursuant to the terms and conditions of Alberta Securities Commission Blanket Order 31-505; and
4. all Subscribers must execute the Target Release attached as Schedule F to the Subscription Agreement.

Subject to applicable securities laws and the purchaser’s two-day cancellation right, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. **See Item 11 Purchasers’ Rights.**

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest. The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

#### **(b) Distribution**

The Corporation is offering Bonds to residents of all Provinces and Territories in Canada excepting Quebec (the “Offering Jurisdictions”). The Offering is being made pursuant to the following exemptions from the registration and prospectus requirements contained in the applicable securities laws:

- (a) in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, Yukon and the Northwest Territories pursuant to the exemptions from the prospectus and registration requirements afforded by Section 2.9(1) (the “Offering Memorandum Exemption”) or 2.9(2) (the “Eligible Investor Exemption”) of NI 45-106; and
- (b) in Ontario pursuant to the exemption from the prospectus and registration requirements afforded by Section 2.3 of NI 45-106 (the “Accredited Investor Exemption”).

The Offering Memorandum Exemption (2.9(1)) is available for distributions to Subscribers resident in British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment (Form 45-106F4) in the prescribed form.

The Offering Memorandum Exemption (2.9(2)) is available for distributions to Subscribers who are resident in Alberta, Saskatchewan, Manitoba, Northwest Territories, Nunavut, Prince Edward Island and the Yukon and who acknowledge having received and read a copy of this Offering Memorandum prior to signing the Subscription Agreement and who:

- (a) if subscribing for more than \$10,000 in Bonds, is an “Eligible Investor”, as defined in NI 45-106 which includes Subscribers who are “accredited investors” as defined in NI 45-106; and
- (b) have signed a Risk Acknowledgment (Form 45-106F4) in the prescribed form.

The Accredited Investor Exemption (2.3) is available for distributions to Subscribers resident in Ontario purchasing as principal and who are “accredited investors” as defined in NI 45-106. Under this exemption, where the Subscriber is an individual, the

Corporation is required to obtain a signed risk acknowledgement form (Form 45-106F9) from the Subscriber and to retain that risk acknowledgement form for 8 years after the distribution.

**The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Offering Jurisdictions which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by the applicable securities regulatory authorities. The exemptions from the registration requirements contained in the applicable securities laws allow the Corporation to offer the Bonds for sale directly to Subscribers.**

## **ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY**

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

### **6.1 Summary of Principal Federal Income Tax Consequences**

The Tax Act and the Regulations thereunder provide generally that a bond or similar obligation of a Canadian corporation (as defined in the Tax Act) which is controlled directly or indirectly by one or more corporations whose shares are listed on a designated stock exchange in Canada will constitute a “qualified investment” for a Deferred Plan.

The Corporation is a Canadian corporation. As a result, **the Bonds will constitute a qualified investment for Deferred Plans provided the shares of Target are listed on a stock exchange designated by the Minister of Finance, which they currently are, and as long as Target controls the Corporation.** There is no agreement which restricts the ability of Target to vote its shares of the Corporation or appoint a majority of the Board of Directors of the Corporation. As such, Target should be considered to control the Corporation.

There are additional requirements for a TFSA, RRSP or RRIF in order for the Bonds not to be a “prohibited investment” which would be subject to a special tax. The Bonds will be a “prohibited investment” if the account holder does not deal at “arm’s length” with the Corporation or the account holder is a “specified shareholder” of the Corporation as defined in the Tax Act, generally a person who has a 10% or greater interest in the Corporation together with non-arm’s length persons. Assuming the account holder meets the above requirements, the Bonds will not be a “prohibited investment”.

There can also be additional special taxes for a TFSA, RRSP or RRIF on certain tax “advantages” that unduly exploit the attributes of a TFSA, RRSP or RRIF, including “advantages” on “prohibited investments” and on “non-qualified investments”. The rules in the Tax Act that constitute an “advantage” are quite broad, therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

**The income tax information contained in this Item 6.1 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and published administrative practices of the CRA. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.**

**This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Bonds. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the Bonds, based upon their own particular circumstances.**

## **ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS**

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealing representatives, parties related to the Corporation and/or CNI, employees and/or contractors of such parties, and officers and directors of the Corporation and/or CNI. The Corporation will also pay 1% of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains as a dealer listing fee. CNI will pay all such compensation to the above parties on the Corporation’s behalf.

## **ITEM 8 - RISK FACTORS**

The purchase of Bonds pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Bonds at this time is highly speculative. The Corporation’s business involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Purchasers of Bonds must rely on the ability, expertise, judgement, discretion, integrity and good faith of the management of the Corporation. This Offering is suitable for investors who are willing to rely solely upon the management of the Corporation and who could afford a total loss of their investment.

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

## Investment and Issuer Risk

1. **No Review by Regulator:** Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.
2. **No Deposit Insurance:** The Bonds offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
3. **Limited Working Capital:** The Corporation will have a limited amount of working capital as the available funds of this Offering will be loaned to CNI.
4. **Redemption Risk:** There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such financing will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
5. **Redemption Limitation:** The Bonds are not listed on a securities exchange. There is currently no secondary market through which the Bonds may be sold, there can be no assurance that any such market will develop and the Corporation has no current plans to develop such a market or to list the Bonds on an exchange. Accordingly, it is expected that the sole method of liquidation of an investment in Bonds will be by way of redemption of the Bonds. Aggregate cash redemptions are limited to 20% annually of the principal balance of a Bondholder's Bonds. **See Item 5.1 Terms of Securities - Early Redemption by Bondholders.**
6. **Tax Risk:** The tax consequences associated with an investment in Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of Bonds. In the event that Target ceases to control the Corporation, ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds. If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investments in the Bonds. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**
7. **Changes to the Tax Act:** No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of Bonds with respect to acquiring, holding or disposing of Bonds. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Bonds purchased pursuant to the Offering.
8. **No Advance Tax Ruling:** No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**
9. **Change of Director:** The issued Class A Shares of the Corporation are held collectively by Target, Gerry Wawzonek and Natalia Wawzonek. Pursuant to the ABCA and the constating documents of the Corporation, the holders of the Corporation's Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation. Consequently, Target can change the directors of the Corporation and Gerry Wawzonek and Natalia Wawzonek do not have a mechanism to ensure that they and Cleve Pohl will remain the directors of the Corporation. There is no assurance that the directors of the Corporation will remain the same as disclosed in this Offering Memorandum.
10. **Lack of Trustee:** There is no trustee being used in connection with Bonds issued pursuant to this Offering. Bondholders must rely on the Corporation to make all payments to Bondholders pursuant to the terms of the Bonds.
11. **Conflict of Interest:** There are other potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the ABCA.

12. **CNI Loan:** The CNI Loan will be primarily secured by a general security agreement against the present and after acquired personal property of CNI. In the event that CNI defaults in its obligations under the CNI Loan, the Corporation will have to enforce its security registered against CNI. There may be intervening encumbrances or other interests of other third parties, that may stand in priority to the Corporation's security. The existence of any intervening encumbrances may prevent the Corporation from realizing on or enforcing some or all of its security against the assets of CNI. There may be principals at law or at equity that may prevent the Corporation from enforcing some or all of its security against CNI and/or its assets. The assets of CNI may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation. If the Corporation's security under the CNI Loan is subordinated and the collateral is realized upon, lenders with security interests in priority to the Corporation's will take priority over the disposition of any of CNI's assets, with the result that there may be insufficient assets to repay the indebtedness under the CNI Loan.
13. **No Management Rights:** The directors and officers of the Corporation and not Bondholders, will make decisions regarding the management of the Corporation's affairs. Subject to the ABCA, Bondholders will have no rights to attend meetings of shareholders or vote in any manner. Subscribers must carefully evaluate the personal experience and business performance of the directors and officers of the Corporation. In very limited circumstances, such as an insolvency proceeding, Bondholders may have a right to vote on such proceeding, but such vote would be limited in scope and at that time, a return on the investment in Bonds would likely be compromised.
14. **Management Ability:** The success of the Corporation's business strategy depends to a certain extent, on the efforts and abilities of its management and on external factors such as, among other things, the general political and economic conditions that may prevail from time to time, which factors are out of the control of the Corporation. A return on investment for a purchaser of Bonds depends upon CNI and its ability to meet its payment obligations under the CNI Loan. As a result, there is no guarantee that Bondholders will earn a return on their investment in the Bonds.
15. **Debt Securities:** The Bonds offered by the Corporation are not a direct investment in the Credit Receivables acquired by CNI but an investment in debt securities of the Corporation.
16. **Independent Counsel:** No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.
17. **No History:** The Corporation has limited operational history and limited earnings. Accordingly, there is limited operating history upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stage of its business and, therefore, is subject to all risks associated with early stage companies, including: start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.
18. **Illiquidity of Investment:** An investment in the Bonds of the Corporation is an illiquid investment. **There is currently no market through which the Bonds of the Corporation may be sold.** The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Bonds. The Bonds are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation. **See Item 10 Resale Restrictions.**
19. **Interest Rate Risk:** The interest rate return for each Bond series are fixed for the Bond term and are not subject to increase in the event of a general rise in domestic interest rates for other investments.

#### **CNI's Operational and Industry Risk**

1. **Fraud and Commercial Dispute:** CNI does not purchase credit insurance; therefore, it is not protected from defaults caused by fraud perpetrated by a Debtor or commercial dispute between a Vendor and Debtor.
2. **Credit Risk:** Whilst CNI manages exposure to any Debtor and completed due diligence to the best of its ability and secures additional security as a precaution to improve collateral receipt for capital issued, there is no absolute guarantee of repayment of invoiced amounts owed in the event of bankruptcy of the Debtor.
3. **Ongoing Deployment of Funds:** Despite a business plan developed by CNI to grow its business, there is no guarantee that CNI will have the capacity to continuously deploy all of the Bond funds.
4. **Financing:** CNI's ability to access additional capital will depend on its success in its business and the status of the capital markets at the time such capital is sought. Accordingly, there can be no assurance that capital will be available to CNI from any source or that, if available, it will be at prices or on terms acceptable to CNI in order for CNI to develop its business.

5. **Reliance on Management:** Decisions regarding the management of the CNI's affairs will be made exclusively by its officers and directors. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of CNI. CNI may retain independent contractors such as the Manager to provide services to them. These contractors will have no fiduciary duty to CNI.
6. **Competitive Industry:** The factoring industry in which CNI operates is, and will continue to be, very competitive. There is no assurance that CNI will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect its margins.
7. **CNI may be adversely affected by a general deterioration in economic conditions or a deterioration affecting specific industries, products or geographies:** A recession or downturn in the economy or the deterioration in the economic conditions affecting specific industries, geographic locations and/or products could make it difficult for CNI to originate new business as a result of reduced demand for consumer or commercial credit. A downturn in certain industries may also result in reduced demand for the products that CNI may finance in those industries, or negatively impact collection and asset recovery efforts. The deterioration in economic conditions may also have an adverse effect on credit quality and collateral values, with a corresponding adverse effect on CNI's financial position and operating results.
8. **CNI may not recover the value of amounts of the Credit Receivables it purchases:** Like other commercial finance companies, CNI may experience missed and late payments, failures by Debtors to payment terms below that which was expected when CNI acquired the Credit Receivable. Any of the events described in the preceding sentence may be an indication that CNI's risk of credit loss with respect to a particular Credit Receivable has materially increased.
9. **CNI will acquire Credit Receivables from privately owned small and medium-sized companies that present a greater risk of loss than loans to larger companies:** CNI's Credit Receivable portfolio will include Receivables from small and medium sized, privately owned businesses. Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete. Accordingly, Credit Receivables acquired from these types of Debtors entail higher risks than advances made to companies who are larger and more established in their industry sectors.
10. **CNI may not have all of the material information relating to potential clients at the time that it makes its credit decisions:** There is generally no publicly available information about the privately owned companies from which CNI may acquire Credit Receivables. Therefore, CNI must rely on its clients and the due diligence efforts of its employees and agents to obtain the information that it considers when making its acquisition decisions. To some extent, CNI's employees and agents may depend and rely upon the management of Debtors to provide full and accurate disclosure of material information concerning their business, financial condition and prospects. CNI does not have access to all of the material information about a particular Debtor's business, financial condition and prospects, or if a Debtor's accounting records are poorly maintained or organized. CNI's decision may not be fully informed, and may lead, ultimately, to a failure or inability to recover the value of the Credit Receivable acquired by CNI.
11. **A Vendor or Debtor's fraud could cause the Corporation to suffer losses:** The failure of a Vendor or Debtor to accurately report its financial position, could result in the loss of some or all of the principal amount of a Credit Receivable including amounts the Corporation may not have advanced had it possessed complete and accurate information.
12. **The collateral securing a Credit Receivable may not be sufficient to protect CNI from a partial or complete loss if its security on such collateral is not properly perfected or if the Credit Receivable becomes "non-performing", and CNI is required to enforce its security:** While most of CNI's Credit Receivables will be secured by a lien on a specified collateral to which the Receivable relates, there is no assurance that CNI will have obtained or properly perfected its liens, or that the collateral securing any particular Credit Receivable will protect it from suffering a partial or complete loss if the Debtor defaults in payments with respect to the Credit Receivable and CNI must proceed to enforce its security with respect to the collateral to which the Credit Receivable relates. The collateral securing CNI's Credit Receivables is subject to inherent risks that may limit its ability to recover the principal of a Credit Receivable.

## ITEM 9 - REPORTING OBLIGATIONS

### 9.1 Reporting to Bondholders

**We are not required to send you any documents on an annual or ongoing basis.**

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with the securities regulatory authorities audited interim financial statements or audited yearend financial statements.

**The Corporation does not intend to provide Bondholders with any financial statements of the Corporation.**

**Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.**

## **ITEM 10 - RESALE RESTRICTIONS**

These securities are subject to a number of resale restrictions under securities legislation including a restriction on trading. Unless or until the restriction on trading expires, you will not be able to trade the securities unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions, you should consult a lawyer.

### **10.1 General Statement**

The Bonds 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 Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

### **10.2 Restricted Period**

Unless permitted under securities legislation, you cannot trade the Bonds without an exemption before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

The certificates representing the securities of the Corporation issued pursuant to this Offering will have the following legend inscribed thereon:

*Unless permitted under securities legislation, you cannot trade these securities before the date that is four (4) months and a day after the date the Corporation became a reporting issuer in any province or territory of Canada.*

The Corporation does not intend to become a reporting issuer in any province or territory of Canada.

### **10.3 Manitoba Resale Restrictions**

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Corporation 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 that 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.

## **ITEM 11 - PURCHASERS' RIGHTS**

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

### **(a) Two Day Cancellation Right for a Subscriber**

You can cancel your agreement to purchase the Bonds. To do so, you must send a notice to the Corporation before midnight on the second business day after you sign the Subscription Agreement in respect of the Bonds.

### **(b) Rights of Action in the Event of a Misrepresentation**

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy these securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, the Corporation will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

### **Statutory Rights of Action of Purchasers in British Columbia**

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the Corporation in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those



rights or consult with a lawyer. This right of action may be summarized as set forth below. If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the “Insiders” for this section).

If this Offering Memorandum or any amendment thereto contains a misrepresentation and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Insiders. A purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;
- (b) the Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

### **Rights for Subscribers in the Province of Alberta**

A Subscriber of Bonds pursuant to this Offering Memorandum who is a resident in Alberta has, in addition to any other rights the Subscriber may have at law, a right of action for damages or rescission against the Corporation if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation. In Alberta, a Subscriber has additional statutory rights of action for damages against every director of the Corporation at the date of this Offering Memorandum and every Person or company who signed this Offering Memorandum.

If this Offering Memorandum contains a misrepresentation, which was a misrepresentation at the time the Bonds were purchased, the Subscriber will be deemed to have relied upon the misrepresentation and will, as provided below, have a right of action against the Corporation for damages or alternatively, while still the owner of any of the Bonds purchased by that Subscriber, for rescission, in which case, if the Subscriber elects to exercise the right of rescission, the Subscriber will have no right of action for damages against the Corporation, provided that:

- (i) no Person or company will be liable if it proves that the Subscriber purchased the securities with knowledge of the misrepresentation;
- (ii) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation;
- (iii) in no case will the amount recoverable in any action exceed the price at which the securities were purchased by the Subscriber under this Offering Memorandum; and
- (iv) in the case of a Subscriber resident in Alberta, no Person or company, other than the Corporation, will be liable if such Person or company is entitled to rely upon certain statutory provisions set out in subsections 204(3)(a) — (e) of the *Securities Act* (Alberta).

In Alberta, no action may be commenced more than:

- (i) 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
- (ii) in the case of any other action, other than an action for rescission, the earlier of (i) 180 days after the Subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three (3) years after the date of the transaction that gave rise to the cause of action.

### **Statutory Rights of Action for Subscribers in the Province of Saskatchewan**

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a “**material fact**”) or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a “**misrepresentation**”), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Corporation, the promoters and “directors” (as defined in *The Securities Act, 1988* (Saskatchewan)) of the Corporation, every person or company

whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Corporation under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from the Corporation, the purchaser may elect to exercise a right of rescission against the Corporation.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

No action shall be commenced to enforce these rights more than:

1. 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
2. in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

#### **Statutory Rights of Action for Subscribers in the Province of Manitoba**

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Bonds resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law:

- (a) a right of action for damages against
  - (i) the Corporation,
  - (ii) every director of the Corporation at the date of this Offering Memorandum (collectively, the “**Directors**”), and
  - (iii) every person or company who signed this Offering Memorandum (collectively, the “**Signatories**”); and
- (b) a right of rescission against the Corporation.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A purchaser may elect to exercise a right of rescission against the Corporation, in which case the purchaser will have no right of action for damages against the Corporation, Directors or Signatories.

The Corporation, the Directors and Signatories will not be liable if they prove that the purchaser purchased Bonds with knowledge of the misrepresentation.

All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A person or company who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

A Director or Signatory will not be liable:

1. if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Corporation that it was delivered without their knowledge and consent;
2. if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Corporation of their withdrawal and the reasons therefore;
3. if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert (“**Expert Opinion**”), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or

4. with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

In an action for damages, the Corporation, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Bonds were offered for sale.

A purchaser of Bonds to whom this Offering Memorandum was not delivered prior to such purchase in circumstances where such Offering Memorandum was required to be delivered has a right of rescission or a right of action for damages against the Corporation or any dealer who failed to deliver the Offering Memorandum within the prescribed time.

A purchaser of Bonds to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Bonds by sending a written notice of rescission to the Corporation not later than midnight on the second day, excluding Saturdays, Sundays and statutory holidays, after the purchaser signs the agreement to purchase the Bonds.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised not later than:

- (a) in the case of rescission, 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of
  - (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) two years from the day of the transaction that gave rise to the cause of action.

The rights discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of *The Securities Act* (Manitoba) and are subject to the defences contained therein.

#### **Statutory Rights of Action of Purchasers in Ontario**

Section 6.2 of Ontario Securities Commission Rule 45-501 ("**Rule 45-501**") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (the "**Act**") shall be described in the offering memorandum.

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

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:
  - (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or
  - (ii) three years after the date of the transaction giving rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and

- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

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

#### **Statutory Rights of Action of Purchasers in Newfoundland & Labrador**

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue:

- (a) to cancel your agreement to buy these Bonds; or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Bonds as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Bonds were offered. There are various defences available to the Corporation should you exercise a right to sue. For example, it has a defence if you knew of the misrepresentation when you purchased the Bonds.

#### **Time limitations**

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Newfoundland and Labrador, you must commence your action to rescind your agreement to purchase Bonds within 180 days after you signed the agreement to purchase the Bonds or commence your action for damages within the earlier of:

1. 180 days after learning of the misrepresentation, or
2. three years after the transaction.

#### **Statutory Rights of Action for Subscribers in the Province of New Brunswick**

If this Offering Memorandum or any information relating to the offering provided to the Subscriber of the securities thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every Subscriber of Bonds resident in New Brunswick purchasing Bonds pursuant to this Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and will have a right of action, in addition to any other rights they may have at law, for damages against the Corporation. Alternatively, where the Subscriber purchased the Bonds from the Corporation, the Subscriber may elect to exercise a right of rescission against the Corporation, in which case the Subscriber shall have no right of action for damages against the Corporation.

In addition, if advertising or sales literature is relied upon by a Subscriber in connection with a purchase of Bonds, the Subscriber shall also have a right of action for damages or rescission against every promoter of the Corporation.

In addition, where an individual makes a verbal statement to a prospective Subscriber that contains a misrepresentation relating to the Bonds and the verbal statement is made either before or contemporaneously with the purchase of the Bonds, the Subscriber has a right of action for damages against the individual who made the verbal statement.

No such individual will be liable if:

- (a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or
- (b) no individual is liable if, prior to the purchase of the securities by the Subscriber, that individual notified the Subscriber that the individual's statement contained a misrepresentation.

Neither the Corporation nor any promoter, person or company referred to above will be liable, whether for misrepresentations in the Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) if the Corporation or such promoter, person or company proves that the Subscriber purchased the Bonds with knowledge of the misrepresentation;
- (b) in an action for damages, for all or any portion of the damages that the Corporation or such promoter, person or company proves do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied on.

No person, other than the Corporation, is liable for misrepresentations in any advertising or sales literature if the person proves:

- (a) that the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated,
- (b) that, after the dissemination of the advertising or sales literature and before the purchase of the securities by the Subscriber, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal, or

- (c) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than the Corporation, is liable with respect to any part of the advertising or sales literature 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:

- (a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

Any person who at the time the advertising or sales literature was disseminated, sells securities on behalf of the Corporation with respect to which the advertising or sales literature was disseminated is not liable if that person can establish that the person cannot reasonably be expected to have had knowledge that the advertising or sales literature was disseminated or contained a misrepresentation.

In no case will the amount recoverable by a Subscriber exceed the price at which Bonds were sold to the Subscriber.

In New Brunswick, no action may be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, 180 days after the date the Subscriber purchased the Bonds; and
- (b) in the case of any action, other than an action for rescission, the earlier of
  - (i) one (1) year after the Subscriber first had knowledge of the facts giving rise to the cause of action or
  - (ii) six (6) years after the date the Subscriber purchased the Bonds.

#### **Statutory Rights of Action for Subscribers in the Province of Nova Scotia**

If this Offering Memorandum or any amendment thereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection therewith contains a misrepresentation, every Subscriber resident in Nova Scotia of Bonds in reliance on an exemption under the *Securities Act* (Nova Scotia), the regulations thereunder or a decision of the Nova Scotia Securities Commission pursuant to this Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action, in addition to any other rights they may have at law, for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum, and every person who signed this Offering Memorandum, but may elect (while still the owner of any of the Bonds that they purchased) to exercise a right of rescission against the Corporation, in which case he or she shall have no right of action for damages, provided that:

- (a) neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable if the Corporation or such person or company proves that the Subscriber purchased the Bonds with knowledge of the misrepresentation;
- (b) no person or company signing this Offering Memorandum will be liable with respect to any part of the Offering Memorandum 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 such person or company
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation;
- (c) in an action for damages, neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Bonds were sold to the Subscriber.

No action shall be commenced to enforce these rights more than 180 days after the date on which payment was made for the Bonds.

#### **Statutory Rights of Action for Subscribers in the Province of Prince Edward Island**

If this Offering Memorandum contains a misrepresentation when a Subscriber resident in Prince Edward Island buys Bonds, securities legislation in Prince Edward Island provides that every such Subscriber has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum, and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the Bonds that they purchased) to exercise a right of rescission against the Corporation in which case the Subscriber shall have no right of action for damages, provided that:

- (a) neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable if the Corporation or such person or company proves that the Subscriber purchased the Bonds with knowledge of the misrepresentation;

- (b) in an action for damages, neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable for all or any portion of such damages if the Corporation or such person or company proves that they do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Bonds purchased by the Subscriber were offered.

In Prince Edward Island, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the Subscriber purchased the Bonds; or
- (b) in the case of any action, other than an action for rescission, not later than the earlier of:
  - (i) 180 days from the day that the Subscriber first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three (3) years from the day the Subscriber purchased the Bonds.

#### **Statutory Rights of Action for Subscribers in the Northwest Territories**

If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the Corporation, the selling holder of a Bond on whose behalf the distribution is made, every director of the Corporation at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has a right of action for rescission against the Corporation or the selling security holder on whose behalf the distribution is made. If the Subscriber elects to exercise a right of action for rescission, the Subscriber shall have no right of action for damages.

A defendant is not liable if he or she proves that the Subscriber purchased the securities with knowledge of the misrepresentation. A person, other than the Corporation and selling security holder, is not liable if he or she proves that:

- (a) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Corporation of the withdrawal and the reason for it;
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum:
    - (1) there had been a misrepresentation, or
    - (2) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert, or was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A defendant, other than the Corporation and selling holder of a Bond, is not liable with respect to any part of an Offering Memorandum 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, statement or opinion of an expert, unless the person:

- A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- B. believed that there had been a misrepresentation.

A defendant is not liable with respect to a misrepresentation in forward-looking information if the offering memorandum containing the forward-looking information also contains, proximate to the forward-looking information,

- (a) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward-looking information; and
- (b) a statement of the 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
- (c) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward-looking information; and
- (d) a statement of the 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
- (e) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Bonds resulting from the misrepresentation. The amount recoverable by a plaintiff must not exceed the price at which the Bonds purchased by the plaintiff were offered. The right of action for rescission or damages is in addition to and without

derogation from any other right the Subscriber may have at law. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

#### **Statutory Rights of Action for Subscribers in the Yukon Territory**

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue in Yukon:

- (a) for the Corporation to cancel your agreement to buy these securities; or
- (b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

- (a) this 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
- (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Yukon, the above defence does not relieve a person of liability respecting forward-looking information in a financial statement required to be filed under Yukon securities laws.

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations.

In Yukon, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation, or
- (ii) three years after the transaction.

#### **Statutory Rights for Failure to Deliver the Offering Memorandum in Yukon**

If you reside in Yukon and you did not receive a copy of this Offering Memorandum before you signed your Subscription Agreement, you have a right to sue for damages, or if you still own your securities, you can choose to cancel your agreement instead of suing for damages.

#### **Statutory Rights of Action for Subscribers in the Nunavut Territory**

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Nunavut:

- (a) the Corporation to cancel your agreement to buy the Bonds; or
- (b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made, any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, 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
- (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Nunavut, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation, or
- (ii) three years after the transaction.

**The securities laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories are complex. Reference should be made to the full text of the provisions summarized above relating to rights of action.**

**Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.**

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







June 19, 2015

Yesterpay Holdings Inc.  
#121, 234 – 5149 Country Hills Blvd. NW  
Calgary, AB, T3A 5K8

Dear Sir/Madame:

We refer to the Offering Memorandum of Yesterpay Holdings Inc. (the "Company") dated May 11, 2015 relating to the offering of 8% Unsecured Bonds by the Company.

We consent to being named and to the use in the above-mentioned Offering Memorandum, of our report dated April 27, 2015, to the Shareholders of the Company on the following financial statements:

- a. Statement of financial position as at December 31, 2014; and,
- b. Statements of comprehensive income, changes in shareholders' equity and cash flows and the notes to the financial statements for the year ended December 31, 2014.

We consent to being named and to the use in the above-mentioned Offering Memorandum, of our report dated June 12, 2015, to the Shareholders of the Capital Now Inc. on the following financial statements:

- a. Balance sheet as at December 31, 2014; and,
- b. Statements of earnings and retained earnings and cash flows and the notes to the financial statements for the year ended December 31, 2014.

We report that we have read the Offering Memorandum and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the prospectus as these terms are described in the CPA Canada Handbook – Assurance.

Yours truly,

  
MNP LLP

**Yesterpay Holdings Inc.**  
**Financial Statements**  
*December 31, 2014*  
*(Audited)*

## Independent Auditors' Report

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To the Shareholders of Yesterpay Holdings Inc.:

We have audited the accompanying financial statements of Yesterpay Holdings Inc. which comprise the statement of financial position as at December 31, 2014 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for 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 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 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, the financial statements present fairly, in all material respects, the financial position of Yesterpay Holdings Inc. as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Other Matter*

The financial statements for Yesterpay Holdings Inc. as at December 31, 2013 and for the year then ended were audited by other auditors, who expressed an unqualified opinion on those financial statements in their report dated May 21, 2014

Calgary, Alberta  
April 27, 2015

*MNP* LLP

Chartered Accountants


**Yesterpay Holdings Inc.**  
**Statement of Financial Position**  
*(in Canadian dollars)*  
*As at December 31,*

	<i>Notes</i>	<b>2014</b>	<b>2013</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 989	\$ 1,000
Due from related party	11	312,981	-
<b>Total Assets</b>		<b>\$ 313,970</b>	<b>\$ 1,000</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 13,970	\$ -
<b>Non-current liabilities</b>			
Bonds	6	299,000	\$ -
<b>Total Liabilities</b>		<b>\$ 312,970</b>	<b>\$ -</b>
<b>Shareholders' Equity</b>			
Share Capital	7	\$ 1,000	\$ 1,000
Retained Earnings		-	-
<b>Total Shareholders' Equity</b>		<b>1,000</b>	<b>1,000</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 313,970</b>	<b>\$ 1,000</b>

Commitment (Note 10)

Approved on behalf of the Board of Directors by:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

*The accompanying notes are an integral part of these financial statements.*

**Yesterpay Holdings Inc.**  
**Statement of Comprehensive Income**

*(in Canadian dollars)*

*For the year ended December 31,*

		<b>2014</b>	<b>2013</b>
Interest income	\$	<b>3,986</b>	-
Interest expense		<b>3,986</b>	-
Net income and comprehensive income for the year	\$	-	-

*The accompanying notes are an integral part of these financial statements.*

**Yesterpay Holdings Inc.**  
**Statements of Changes in Shareholders' Equity**

*(in Canadian dollars)*

		<b>Share Capital</b>		<b>Retained Earnings</b>		<b>Total Shareholders' Equity</b>
As at November 7, 2012	\$	-	\$	-	\$	-
Issuance of share capital		1,000		-		1,000
Balance, December 31, 2013	\$	1,000	\$	-	\$	1,000
<b>Balance, December 31, 2014</b>	<b>\$</b>	<b>1,000</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,000</b>

*The accompanying notes are an integral part of these financial statements.*



**Yesterpay Holdings Inc.**  
**Statements of Cash Flows**

(in Canadian dollars)

For the year ended December 31,

	2014	2013
<b>Operating activities</b>		
Change in trade and other payables	\$ 13,959	-
	13,959	-
<b>Financing activities</b>		
Funds due from related party	(312,970)	
Proceeds from issuance of bonds (Note 6)	299,000	-
	(13,970)	
Net decrease in cash for the year	(11)	-
Cash at beginning of year	1,000	1,000
Cash at end of year	\$ 989	\$ 1,000

The accompanying notes are an integral part of these financial statements.

## **1. General Business Description**

Yesterpay Holdings Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 7, 2012. The Company was formed to raise funds pursuant to an offering memorandum (Note 6) for the purposes of loaning the available funds to Capital Now Inc., an entity related to the Company by common officers, directors and shareholders. The proceeds of the offering memorandum will be loaned to Capital Now Inc. as working capital for the purchase of discounted credit receivables.

The proposed business of the Company relies on the success of an offering memorandum dated May 21, 2014 which involves a high degree of risk and there is no assurance that it will be able to raise the funds necessary to finance its activities.

The address of the registered office of the Company is 900, 517 10<sup>th</sup> Ave SW, Calgary, Alberta.

## **2. Basis of presentation**

### *a) Statement of compliance:*

These annual financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect at December 31, 2014.

The financial statements were approved by the Board of Directors on April 27, 2015.

### *b) Basis of measurement:*

The financial statements have been prepared on the historical cost basis.

### *c) Functional and presentation currency:*

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

### *d) Use of estimates and judgments:*

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant (see note 3).

## **3. Critical judgments and accounting estimates**

The preparation of financial statements in conformity with IFRS requires management to make 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 judgments 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. Actual outcomes can differ from the estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

### *a) Fair value of financial instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

### 3. Critical judgments and accounting estimates *(continued)*

#### *b) Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

### 4. Significant accounting policies

#### *a) Financial Instruments*

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in the statement of income and comprehensive income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in the statement of income and comprehensive income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has the following financial assets and liabilities for which it has selected the following classification:

	<b><i>Classification</i></b>	<b><i>Measurement</i></b>
Financial asset:		
Cash	Loans and receivables	Amortized cost
Due to related party	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other financial liability	Amortized cost
Bonds	Other financial liability	Amortized cost

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

#### *b) Cash*

Cash consists of bank balances.

#### **4. Significant accounting policies** *(continued)*

##### *c) Taxes*

Tax expense comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity. Current tax assets or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is based on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rate or tax laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method of tax allocation. Under this method, deferred tax assets and liabilities are determined based on the differences between the accounting and income tax bases of an asset or liability. These are measured based on the tax jurisdiction's enacted or substantively enacted income tax rates that will be in effect when the differences are expected to reverse. The effect of deferred tax assets and liabilities of a change in rates is included in the period during which the change is considered enacted or substantially enacted. Deferred tax assets are recorded in the financial statements if realization is considered probable.

##### *d) Provisions and contingent liabilities*

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

#### **5. New accounting standards and recent accounting pronouncements**

##### *a) New accounting standards*

The following amendments to standards were adopted in the current year:

IFRIC 21, Levies provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. IFRIC 21 did not have a significant impact on the Company's financial statements.

IAS 32, Financial Instruments - Presentation, has been amended effective January 1, 2014 to clarify certain aspects of the existing guidance on offsetting financial assets and financial liabilities. IFRS 7, Financial Instruments - Disclosure, to require information about all recognized financial instruments that are set off in accordance with IAS 32. The amendments also require disclosure of information about recognized financial instruments subject to enforceable netting arrangements and similar agreements even if they are not set off under IAS 32. The amendments did not have a significant impact on the Company's financial statements.

**5. New accounting standards and recent accounting pronouncements** *(continued)*

*a) New accounting standards (continued)*

IFRS 2 was amended to (i) change the definitions of “vesting condition” and “market condition” and (ii) add definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting condition”. The amendments apply prospectively to share-based payment transactions with a grant date on or after July 1, 2014, with earlier application permitted. These amendments had no material impact on the Company’s financial statements.

Amendments to IFRS 3, “Business Combinations” (“IFRS 3”). The amendments clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9, “Financial Instruments” (“IFRS 9”), or IAS 39, or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized within the statement of income. Consequential amendments were also made to IFRS 9, IAS 39 and IAS 37. The amendments apply prospectively to business combinations for which the acquisition date is on or after July 1, 2014, with earlier application permitted. These amendments had no material impact on the Company’s financial statements.

*b) Recent accounting pronouncements*

The Company will be required to adopt IFRS 9, Financial Instruments (“IFRS 9”) effective for fiscal years ending on or after January 1, 2018 with earlier application permitted. This is a result of the first phase of the IASB’s project to replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company is analyzing the new standard to determine its impact on the Company’s financial statements.

On May 28, 2014, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2017, and interim periods within that year. Earlier application is permitted. The Company is analyzing the new standard to determine its impact on the Company’s financial statements.

**6. Bonds**

The Company has prepared an offering memorandum (the “offering”) for the offer of 8%, Series A and Series B unsecured bonds (the “Bonds”), to an aggregate maximum of 15,000 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$15,000,000 and a minimum of 250 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$250,000.

Each Bond will entitle the holder to the following payments:

- Series A: simple interest at a rate of 8% per annum, payable on the last day of each month during the term.
- Series B: simple interest at a rate of 8% per annum, compounded monthly and payable on maturity.

## 6. Bonds (continued)

The Bonds shall mature on June 30, 2017, subject to early redemption by the Company twice a calendar year, up to a maximum of 20% of the outstanding Bonds. Beginning on the date that is 6 months from the date of a Bond, a Bondholder shall be entitled twice in a calendar year, to cause the Company to redeem up to 10% of the Bondholder's outstanding Bonds upon 30 days written notice. Bonds where the written notice has been received will be redeemed on February 28 and August 31 of each year.

The redemption amount of the Bond will be equal to the outstanding principal amount of the Bond less a redemption penalty calculated as 6% of the principal amount redeemed within 12 months of the date of the Bond certificate, 5% of the principal amount redeemed between 13 and 24 months of the date of the Bond certificate and 1% of the principal amount redeemed between 25 and 36 months of the date of the Bond certificate.

The proceeds of the offering memorandum will be loaned to Capital Now Inc. ("CNI") as working capital for the purchase of discounted credit receivables.

The Company and CNI, an entity related to the Company by common officers, directors and shareholders, have agreed that CNI will assume and pay all of the Company's obligations for the annual fee and capital raising fee due to Target during the term of the agreement with Target (Note 10). In addition CNI will pay all costs, fees and expenses associated with the offering memorandum. These terms are dealt with in a Loan Agreement entered into with CNI on October 31, 2014.

During the year ended December 31, 2014, the Company received gross proceeds of \$299,000 as part of the offering (2013 - \$nil). The Company accrued for \$3,986 in interest expense associated with the bonds.

## 7. Share capital

### Authorized:

Unlimited number of Class A, non-participating, voting, preferred shares  
Unlimited number of Class B, non-voting common shares

### Issued and outstanding:

100,000 Class A preferred shares	<u>\$ 1,000</u>
----------------------------------	-----------------

There were no issuances in 2013 and 2014.

## 8. Financial instruments and financial risk management

The fair value of cash, due from related party and trade and other payables approximates its carrying amount due to the short term to maturity. Bonds approximates its carrying amount as market rate is equal to the interest rate paid on those bonds.

### a) Risk management framework

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the directors have overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

**8. Financial instruments and financial risk management** *(continued)*

*b) Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk at December 31, 2014 is the total of cash and due from related party of \$313,970 (2013 - \$1,000). The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings and due from related party by reviewing its financial stability. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

*c) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity will be impacted by various external events and conditions, in particular, the collectability of the related party advances to repay any future bond redemptions

*d) Market risk*

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Company's net income or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. The Company has assessed that it is not exposed to significant interest or currency risk.

**9. Capital management**

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain creditor confidence and to provide a platform to create value for its shareholder. The Company intends to maintain a flexible capital structure to sustain future development of the business.

The Company will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to be equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Company monitors capital based on projected cash flow from operations and anticipated capital expenditures.

The Company is not subject to externally imposed capital requirements.

## **10. Commitment**

The Company entered into an agreement (the "Agreement") with Target Capital Inc. ("Target"), the controlling shareholder, on November 8, 2012. Pursuant to the terms of this agreement, the Company committed to pay to Target an annual fee of \$2,500 plus 0.5% of the total deferred plan capital (funds raised under the offering memorandum described in Note 6) outstanding at the date of each anniversary of the Agreement that is in excess of \$500,000. This annual fee is payable on the date of the Agreement, and on each anniversary of the Target Agreement.

The Agreement also requires the Company to pay a Capital Raising Fee of 0.5% of the deferred plan capital in excess of \$500,000 within 60 days of the Company raising funds during a year. As a result of the Agreement, Target will not benefit from its position as the controlling shareholder except for the annual fee and capital raising fee.

The Company has agreed to fully indemnify Target and its directors, officers and employees in connection with the Target Agreement and Target's shareholdings in the Company.

## **11. Related party transactions**

On November 28, 2014, the Company advanced \$299,000 to CNI as part of the agreement described in Note 6. The Company has a general security agreement with CNI and these advances are secured by the assets of CNI. Also, these advances are due on demand and bear interest based on the following:

- Series A: simple interest at a rate of 8% per annum, payable on the last day of each month.
- Series B: simple interest at a rate of 8% per annum, compounded monthly and payable on June 30, 2017.

The Company earned interest on those advances of \$3,986.

As part of the Loan Agreement described in Note 6, CNI will reimburse the Company \$9,995 in expenses incurred.

## **12. Taxes**

The Company has no deferred tax asset to recognize and does not have any loss carryforwards for the years ended December 31, 2014 and 2013.





Dear Sirs/Mesdames:

**Grant Thornton LLP**  
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10060 Jasper Avenue NW  
Edmonton, AB  
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T +1 780 422 7114  
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**Re: Yesterpay Holdings Inc.**

We refer to the offering memorandum of Yesterpay Holdings Inc. (the "Company") dated May 11, 2015 relating to the sale and issue of Series A and Series B Bonds.

We consent to the use of our report to the shareholders of the Company on the statements of financial position of the Company as at December 31, 2013 and December 31, 2012, and the statements of income and comprehensive income, changes in equity and cash flows for the year ended December 31, 2013 and period from incorporation on November 7, 2012 to December 31, 2012, and a summary of significant accounting policies and other explanatory information in the offering document of the Company dated May 11, 2015 relating to the issue and sale of Series A and Series B bonds. Our report is dated May 21, 2014.

Yours sincerely,  
Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP".

Financial Statements

Yesterpay Holdings Inc.

Year Ended December 31, 2013

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Income and Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13

# Independent Auditor's Report

Grant Thornton LLP  
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To the Shareholders of Yesterpay Holdings Inc.

We have audited the accompanying financial statements of Yesterpay Holdings Inc. which comprise the statements of financial position as at December 31, 2013 and December 31, 2012 and the statements of income and comprehensive income, changes in equity and cash flows for the year ended December 31, 2013 and the period from incorporation on November 7, 2012 to December 31, 2012, 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.

## **Auditor's 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 auditor's 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, the financial statements present fairly, in all material respects, the financial position of Yesterpay Holdings Inc. as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the year ended December 31, 2013 and period from incorporation on November 7, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 2 and Note 8 to the financial statements which outline Yesterpay Holdings Inc.'s involvement in an offering memorandum being undertaken subsequent to year end. This condition indicates the existence of a material uncertainty that may cast significant doubt about Yesterpay Holdings Inc.'s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Edmonton, Canada

May 21, 2014

*Grant Thornton LLP*  
Chartered Accountants

# Yesterpay Holdings Inc.

## Statement of Financial Position

December 31

2013

2012

### Assets

Current asset

Cash

\$ 1,000

\$ 1,000

**Total assets**

\$ 1,000

\$ 1,000

### Liabilities

**Total liabilities**

\$ -

\$ -

### Equity

Share capital (Note 6)

1,000

1,000

Retained earnings

-

-

1,000

1,000

**Total equity and liabilities**

\$ 1,000

\$ 1,000

Approved on behalf of the Board

"C. Gerry Wawzonek" Director

\_\_\_\_\_  
Director

See accompanying notes to the financial statements

---

**Yesterpay Holdings Inc.**  
**Statement of Income and Comprehensive Income**

	Period from incorporation on November 7, 2012 to	
	Year ended December 31, 2013	December 31, 2012
Revenue	\$ -	\$ -
Expenses	-	-
Net income and comprehensive income for the year	\$ -	\$ -

---

See accompanying notes to the financial statements

---

## Yesterpay Holdings Inc.

### Statement of Changes in Equity

Year ended December 31, 2013

---

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance, November 7, 2012	\$ -	\$ -	\$ -
Issuance of share capital	<u>1,000</u>	-	<u>1,000</u>
Balance, December 31, 2012 and December 31, 2013	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>

---

See accompanying notes to the financial statements



# Yesterpay Holdings Inc. Statement of Cash Flows

	Period from incorporation on November 7, 2012 to	
	Year ended December 31, 2013	December 31, 2012
<b>Financing activities</b>		
Proceeds from issuance of share capital	\$ -	\$ 1,000
<b>Net increase in cash for the period</b>	-	1,000
<b>Cash at beginning of period</b>	<u>1,000</u>	<u>-</u>
<b>Cash at end of period</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

See accompanying notes to the financial statements

---

# **Yesterpay Holdings Inc.**

## **Notes to the Financial Statements**

Year ended December 31, 2013

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### **1. General business description**

Yesterpay Holdings Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 7, 2012. The Company was formed to raise funds pursuant to an offering memorandum (Note 8) for the purposes of loaning the available funds to Capital Now Inc., ("CNI") an entity related to the Company by common officers, directors and shareholders. The proceeds of the offering memorandum will be loaned to CNI and as working capital for the purchase of discounted credit receivables.

During the period, the Company completed an offering memorandum dated May 10, 2013. No funds were raised under this offering memorandum.

The address of the registered office of the Company is 900, 517 – 10<sup>th</sup> Avenue SW, Calgary, Alberta.

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### **2. Going concern**

These financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon raising funds through the offering memorandum (Note 8). The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will be able to raise the funds necessary to finance its activities as disclosed in Note 1. These matters cast significant doubt upon the validity of the going concern assumption.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities and commitments at amounts different from those in the accompanying financial statements. Such adjustments could be material.

---

### **3. Basis of presentation and significant accounting policies**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the board of directors of the Company on May 21, 2014.

The financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below. These accounting policies have been used throughout all periods presented in the financial statements.

#### **Equity instruments**

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

---

# **Yesterpay Holdings Inc.**

## **Notes to the Financial Statements**

Year ended December 31, 2013

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### **3. Basis of presentation and significant accounting policies**

#### **Income taxes**

Tax expense comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity. Current tax assets or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is based on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rate or tax laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method of tax allocation. Under this method, deferred tax assets and liabilities are determined based on the differences between the accounting and income tax bases of an asset or liability. These are measured based on the tax jurisdictions enacted or substantively enacted income tax rates that will be in effect when the differences are expected to reverse. The effect of deferred tax assets and liabilities of a change in rates is included in the period during which the change is considered substantially enacted. Deferred tax assets are recorded in the financial statements if realization is considered probable.

#### **Estimation uncertainty**

In preparing the Company's financial statements, management is required to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from the estimates and assumptions made by management. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Cash**

Cash and cash equivalents consist of bank balances.

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# Yesterpay Holdings Inc.

## Notes to the Financial Statements

Year ended December 31, 2013

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### 3. Basis of presentation and significant accounting policies (cont'd)

#### Financial instruments

All financial instruments are initially measured at fair value. Financial assets and financial liabilities are measured subsequently based on their classification.

Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity, or available for sale. Financial liabilities are classified as fair value through profit or loss, or other financial liabilities. Financial assets or liabilities at fair value through profit or loss include instruments classified as held-for-trading or designated upon initial recognition at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair value with gains and losses, net of tax, included in other comprehensive income until the instruments are derecognized or impaired, at which time the gains or losses are recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has the following financial asset for which it has selected the following classification:

	<u>Classification</u>	<u>Measurement</u>
Financial asset:		
Cash	Loans and receivables	Amortized cost

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

#### Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Timing or exact amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

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# Yesterpay Holdings Inc.

## Notes to the Financial Statements

Year ended December 31, 2013

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### 3. Basis of presentation and significant accounting policies (cont'd)

#### New accounting standards

IFRS 13 - *Fair value measurement* was issued by the IASB in May 2011. This standard clarifies the definition of fair value, required disclosures for fair value measurement, and sets out a single framework for measuring fair value. IFRS 13 provides guidance on fair value in a single standard, replacing the existing guidance on measuring and disclosing fair value which is dispersed among several standards. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The standard did not have a material impact on the Company's financial statements.

#### Future accounting standards and interpretations

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following are relevant to the Company.

The Company will be required to adopt IFRS 9, *Financial Instruments* ("IFRS 9") effective for fiscal years ending on or after January 1, 2015 with earlier application permitted. This is a result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the financial statements.

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### 4. Financial instruments and financial risk management

The fair value of cash approximates its carrying amount due to the short term to maturity.

#### Risk management framework

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the directors have overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash consists of bank balances. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

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# Yesterpay Holdings Inc.

## Notes to the Financial Statements

Year ended December 31, 2013

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### 4. Financial instruments and financial risk management

The fair value of cash approximates its carrying amount due to the short term to maturity.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity will be impacted by various external events and conditions.

The Company expects to settle its financial liabilities in the normal course of operations and to fund future operational requirements through operating cash flows (Note 2).

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Company's net income or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. The Company has assessed that it is not exposed to significant interest or currency risk.

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### 5. Capital management

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain creditor confidence and to provide a platform to create value for its shareholder. The Company intends to maintain a flexible capital structure to sustain future development of the business.

The Company will manage its capital structure and make changes to it in the light of changes in economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to be equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Company currently has no debt outstanding and it monitors capital based on projected cash flow from operations and anticipated capital expenditures.

The Company is not subject to externally imposed capital requirements.

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### 6. Share capital

Authorized:

Unlimited number of Class A, non-participating, voting, preferred shares  
Unlimited number of Class B, non-voting common shares

Issued during the period for cash:

100,000 Class A preferred shares

**\$ 1,000**

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# **Yesterpay Holdings Inc.**

## **Notes to the Financial Statements**

Year ended December 31, 2013

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### **7. Commitments**

The Company entered into an agreement (the "Agreement") with Target Capital Inc. ("Target"), the controlling shareholder, on November 8, 2012. Pursuant to the terms of this agreement, the Company committed to pay to Target an annual fee of \$2,500 plus 0.5% of the total deferred plan capital (funds raised under the offering memorandum described in Note 8) outstanding at the date of the anniversary of the Agreement that is in excess of \$500,000. This annual fee is payable on the date of the Agreement, and on each anniversary of the Target Agreement.

The Agreement also requires the Company to pay a Capital Raising Fee of 0.5% of the deferred plan capital in excess of \$500,000 within 60 days of the Company raising funds during a year. As a result of the Agreement, Target will not benefit from its position as the controlling shareholder except for the annual fee and capital raising fee. The expiry term of the Agreement is the date on which Target ceases to be the controlling shareholder of the Company, or November 8, 2022 whichever event occurs first. If the Target Agreement is terminated prior to November 8, 2014 the Company agrees to pay Target the Annual Fee and Capital Raising Fee that would have otherwise been payable had Target remained the majority shareholder until November 8, 2014.

The Company has agreed to fully indemnify Target and its directors, officers and employees in connection with the Target Agreement and Target's shareholdings in the Company.

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### **8. Subsequent event**

The Company has prepared an offering memorandum (the "offering") dated May 21, 2014 for the offer of 8% Series A and Series B unsecured bonds (the "Bonds"), to an aggregate maximum of 15,000 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$15,000,000 and a minimum of 250 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$250,000.

Each Bond will entitle the holder to the following payments:

- Series A: simple interest at a rate of 8% per annum, payable on the last day of each month during the term.
- Series B: simple interest at a rate of 8% per annum, compounded monthly and payable on maturity.

The Bonds shall mature on June 30, 2017, subject to early redemption by the Company twice a calendar year, up to a maximum of 20% of the outstanding Bonds. Beginning on the date that is 6 months from the date of a Bond, a Bondholder shall be entitled twice in a calendar year, to cause the Company to redeem up to 10% of the Bondholder's outstanding Bonds upon 30 days written notice. Bonds where the written notice has been received will be redeemed on February 28 and August 31 of each year. The redemption amount of the Bond will be equal to the outstanding principal amount of the Bond less a redemption penalty calculated as 6% of the principal amount redeemed within 12 months of the date of the Bond certificate, 5% of the principal amount redeemed between 13 and 24 months of the date of the Bond certificate and 1% of the principal amount redeemed between 25 and 36 months of the date of the Bond certificate.

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# **Yesterpay Holdings Inc.**

## **Notes to the Financial Statements**

Year ended December 31, 2013

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### **8. Subsequent event (cont'd)**

The Company has not retained any selling agent for the sale of the Units. However, the Company may pay compensation of up to 6.0% of the gross proceeds realized from Bond sold to persons authorized by the Company to sell Bonds. In addition, the Company will also pay 1% of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains as a dealer listing fee.

The proceeds of the offering will be loaned to Capital Now Inc. ("CNI") as working capital for the purchase of discounted credit receivables.

The Company intends to enter into a loan agreement with CNI for a minimum of \$250,000 and a maximum of \$15,000,000, contingent upon the total amount of funds raised under the offering. The interest rate will be 8% per annum with respect to funds advanced to CNI through the issue of Series A Bonds, and 8% per annum, compounded monthly, with respect to funds advanced to CNI through the issue of Series B Bonds, with the loan maturing on June 30, 2017. Payments will be interest only payable on the last day of each month during the term of the loan with respect to funds advanced to CNI through the issue of Series A Bond. Interest with respect to funds advanced to CNI through the issue of Series B Bonds will be paid in a lump sum on the maturity date. The loan will be secured by way of a general security agreement on all present and after-acquired personal property of CNI. There may be intervening encumbrances or other interests of other third parties that may stand in priority to the Company's security. The Company will have the option to demand repayment from CNI with five days written notice in such amounts necessary to allow the Company to meet redemption requests from Bondholders.

The Company and CNI entered into a funding agreement dated March 1, 2014 in which CNI agreed that CNI will assume and pay all of the Company's obligations for the annual fee and Capital Raising Fee due to Target during the term of the agreement with Target (Note 7). In addition CNI will pay all costs, fees and expenses associated with the offering memorandum. These costs, fees and expenses will form part of the principal of the loan agreement with CNI.

The Company intends to enter into an agreement with I9 Capital Consulting Inc. ("I9") wherein the Company will pay I9 a fee of 1.25% of the gross proceeds of this offering for services related to the sale and promotion of this offering with exempt market dealers and their representatives.



**ITEM 13 - DATE AND CERTIFICATE**

**Dated: May 11, 2015**

**This Offering Memorandum does not contain a misrepresentation.**

**ON BEHALF OF THE DIRECTORS, OFFICERS AND PROMOTERS OF YESTERPAY HOLDINGS INC.**

*"C. Gerry Wawzonek"*

C. Gerry Wawzonek

*"Natalia K. Wawzonek"*

Natalia K. Wawzonek

*"Cleve C. Pohl"*

Cleve C. Pohl

**SCHEDULE "A" TO THE OFFERING MEMORANDUM OF YESTERPAY HOLDINGS INC.**

2014 FINANCIAL STATEMENTS OF CAPITAL NOW INC.

**Capital Now Inc.**  
**Financial Statements**  
*For the year ended December 31, 2014*

## Management's Responsibility

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To the Shareholders of Capital Now Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 12, 2015

"C. GERRY WAWZONEK"

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Director

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Director

# Independent Auditors' Report

To the Shareholders of Capital Now Inc.:

We have audited the accompanying financial statements of Capital Now Inc., which comprise the balance sheet as at December 31, 2014, and the statements of earnings and retained earnings, and cash flows for the year then ended, 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 Canadian accounting standards for private enterprises, 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 is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Now Inc. as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Lethbridge, Alberta

June 12, 2015

*MNP LLP*  
Chartered Accountants

# Capital Now Inc. Balance Sheet

As at December 31, 2014

	2014	2013
<b>Assets</b>		
<b>Current</b>		
Cash	254,270	529,736
Assets held for resale (Note 3)	202,629	120,726
Notes receivable (Note 4)	115,808	-
Factored accounts receivable	2,653,977	2,455,066
	<b>3,226,684</b>	<b>3,105,528</b>
<b>Property, plant and equipment (Note 5)</b>	<b>10,122</b>	<b>23,496</b>
	<b>3,236,806</b>	<b>3,129,024</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness	-	372,589
Accounts payable and accruals	45,088	64,374
Income taxes payable	21,331	130,921
Client funds held in escrow (Note 6)	220,400	215,526
Payable to shareholder (Note 7)	3,272	27,466
Advances from related party (Note 8)	312,603	-
Current portion of investor loans payable (Note 9)	1,281,514	1,453,392
	<b>1,884,208</b>	<b>2,264,268</b>
<b>Investor loans payable (Note 9)</b>	<b>922,291</b>	<b>500,322</b>
	<b>2,806,499</b>	<b>2,764,590</b>
<b>Shareholders' Equity</b>		
<b>Share capital (Note 10)</b>	<b>100</b>	<b>100</b>
<b>Retained earnings</b>	<b>430,207</b>	<b>364,334</b>
	<b>430,307</b>	<b>364,434</b>
	<b>3,236,806</b>	<b>3,129,024</b>
<b>Approved on behalf of the Board</b>		
"C. GERRY WAWZONEK"		
<b>Director</b>	<b>Director</b>	

**Capital Now Inc.**  
**Statement of Earnings and Retained Earnings**  
*For the year ended December 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Revenue</b>	<b>1,197,004</b>	1,449,960
<b>Cost of capital</b>	<b>346,938</b>	428,131
<b>Gross margin</b>	<b>850,066</b>	1,021,829
<b>Expenses</b>		
Advertising and promotion	21,287	49,019
Automotive	12,127	8,581
Bad debts	84,481	98,089
Health plan	25,719	18,000
Interest and bank charges	23,054	55,431
Meals and entertainment	3,781	9,239
Office	18,336	36,438
Postage	3,525	4,632
Professional fees	106,660	74,885
Referral expenses	47,809	45,455
Rental	13,800	10,446
Sub-contracts	6,849	9,303
Telephone	5,794	6,566
Training and education	2,567	9,387
Travel	18,158	33,244
Utilities	2,611	2,299
Yesterpay expenses (Note 8)	28,487	13,058
Amortization	4,874	9,441
	<b>429,919</b>	493,513
<b>Earnings from operations</b>	<b>420,147</b>	528,316
<b>Other expenses</b>		
Foreign exchange loss	(29,460)	(53,987)
Loss on disposal of assets	(4,495)	-
<b>Earnings before income taxes</b>	<b>386,192</b>	474,329
<b>Provision for current income taxes</b>	<b>45,319</b>	69,323
<b>Net earnings</b>	<b>340,873</b>	405,006
<b>Retained earnings, beginning of year</b>	<b>364,334</b>	179,328
<b>Dividends</b>	<b>(275,000)</b>	(220,000)
<b>Retained earnings, end of year</b>	<b>430,207</b>	364,334

**Capital Now Inc.**  
**Statement of Cash Flows**  
*For the year ended December 31, 2014*

	2014	2013
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Net earnings	340,873	405,006
Amortization	4,874	9,441
Loss on disposal of property, plant and equipment	4,495	-
	350,242	414,447
Changes in working capital accounts		
Assets held for resale	(81,903)	(23,716)
Prepaid expenses and deposits	-	14,584
Factored accounts receivable	(198,911)	822,544
Accounts payable and accruals	(19,285)	14,619
Income taxes payable	(109,590)	63,697
Client funds held in escrow	4,873	74,639
	(54,574)	1,380,814
<b>Financing activities</b>		
Advances of investor loans payable	250,091	259,377
Repayments of investor loans payable	-	(159,080)
Advances from related party	312,603	-
Advances from shareholders	146,708	73,753
Repayment of advances from shareholders	(170,902)	(60,216)
Dividends	(275,000)	(220,000)
	263,500	(106,166)
<b>Investing activities</b>		
Purchases of property, plant and equipment	(3,995)	(4,973)
Proceeds on disposal of property, plant and equipment	8,000	-
Advances of Notes receivable	(115,808)	-
Repayment of loan receivable	-	20,322
	(111,803)	15,349
<b>Increase in cash resources</b>	97,123	1,289,997
<b>Cash resources (deficiency), beginning of year</b>	157,147	(1,132,850)
<b>Cash resources, end of year</b>	254,270	157,147
<b>Cash resources are composed of:</b>		
Cash	254,270	529,736
Bank indebtedness	-	(372,589)
	254,270	157,147

The accompanying notes are an integral part of these financial statements



**1. Incorporation and operations**

Capital Now Inc. (the "Company") was incorporated under the Province of Alberta on December 28, 2000. The Company is a provider of accounts receivable factoring services.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises set out in Part II of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks.

***Financial instruments***

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840 *Related Party Transactions* (Note 8).

At initial recognition, the Company may irrevocable elect to subsequently measure any financial instrument at fair value. During the year no such election has been made.

The Company subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published market prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net income/loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

***Financial asset impairment:***

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net income/loss in the year the reversal occurs.

**2. Significant accounting policies** *(Continued from previous page)*

***Factored accounts receivables***

Factored receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Factored receivables are initially measured at purchased cost plus recognized commissions in accordance with the company revenue recognition policy, and subsequently increased using the effective interest method. Factored receivables are done with recourse, in which the company may force the factoring party to repurchase any invoice that is not paid within 90 days of issue.

***Assets held for resale***

Assets held for resale are valued at the lower of cost and net realizable value. These assets have been acquired as a result of clients forfeiting security taken in various factoring transactions. Cost is determined based on the original costs of the factored receivable on which the asset was security, plus costs to obtain right to the asset and prepare it for sale. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

***Property, plant and equipment***

Property, plant and equipment are initially recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Automotive	declining balance	30 %
Computer equipment	declining balance	55 %
Office equipment	declining balance	20 %

In the year of acquisition, amortization is taken at one-half of the above rates.

***Long-lived assets***

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in earnings for the year.

***Income taxes***

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

***Revenue recognition***

The Company's revenue primarily comprise of factoring commissions from the recourse and non-recourse factoring business and is measured at the fair value of the consideration received. Factoring commissions are calculated as a discount percentage of the gross amount of the factored invoice. These commissions are recognized as revenue at the time of factoring. In its recourse factoring business, additional commissions are charged on a per diem basis if the invoice is not paid by the end of the initial discount period. Interest charged on factored receivables and loans is recognized as revenue using the effective interest method. Other revenues are recognized as revenue when earned.

**2. Significant accounting policies** *(Continued from previous page)*

***Foreign currency translation***

These financial statements have been presented in Canadian dollars, the principal currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net income/loss for the current period.

***Measurement uncertainty (use of estimates)***

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Factored accounts receivable are stated after evaluation as to their collectability and potential security and an appropriate allowance for doubtful accounts is provided where considered necessary. Assets held for resale are valued as the lower of cost and net realizable value, and amortization is based on the estimated useful lives of property, plant and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

**3. Assets held for resale**

The Company obtained title to certain long-lived assets securing a defaulted loan in 2011. No impairment charge has been taken against the assets as their net realizable value is expected to exceed cost. The assets are currently being marketed for sale and will be sold as market conditions permit.

**4. Notes receivable**

Notes receivable are secured by promissory note, bear interest at 36% per annum, calculated daily and are due 30 days after funds have been advanced.

**5. Property, plant and equipment**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2014 Net book value</b>	<b>2013 Net book value</b>
Automotive	-	-	-	12,495
Computer equipment	7,570	6,788	782	4,500
Office equipment	15,426	6,086	9,340	6,501
	<b>22,996</b>	<b>12,874</b>	<b>10,122</b>	<b>23,496</b>

**6. Client funds held in escrow**

The Company keeps 1% of all factored accounts receivable collections in trust for its clients. The intent of these funds is to assist the Client with funding future costs of any kind. This amount is interest bearing at 10% per annum and unsecured. It is repaid to the Clients at the sole discretion of the Company or at the end of the Client relationship.

**7. Payable to shareholders**

Amounts owing to shareholders are unsecured, non-interest bearing, and have no fixed terms of repayment.

**8. Advances from related party**

The company has entered into a loan agreement with Yesterpay Holdings Inc. for the purposes of borrowing a maximum of \$15,000,000. Funds provided under this agreement bear interest at the rate of 8% that may be paid monthly or upon maturity of each advance. In 2014 \$3,986 in interest was paid to Yesterpay Holdings Inc. (2013 - \$0). These loans advances are secured by a general security agreement securing all present and after-acquired personal property of the company. Yesterpay may demand repayment of any amount necessary for it to meet certain redemption requests of its bondholders under this agreement upon 5 days written notice. This loan agreement expires June 30, 2017.

As a further condition of this loan agreement the company will pay all fees, costs, interest and commission incurred by Yesterpay Holdings Inc. with respect to its bond offerings.

The shareholders of the Company also own 40% of the outstanding voting common shares of Yesterpay Holdings Inc. and represent two-thirds of the current board of directors.

**9. Investor loans payable**

	<b>2014</b>	2013
Investor loans bear interest between 10% - 15% per annum and are for periods ranging from 12 to 36 months in length, of these \$345,449 (2013 - \$323,392) may be demanded with 90 days notice. Interest is paid monthly unless payments have been specifically deferred at the request of the investor. These loans are secured by promissory notes and an entitlement to register as GSA against the all assets of the company.		
	<b>2,203,805</b>	1,953,714
Less: current portion of long-term debt	<b>1,281,514</b>	1,453,392
	<b>922,291</b>	500,322

Principal repayments on term loans due on demand in each of the next three years are estimated as follows:

2015	1,281,514
2016	411,009
2017	511,282
	<b>2,203,805</b>

**10. Share capital**

	<b>2014</b>	2013
Issued		
Common shares		
100 Class A common voting shares	<b>100</b>	100

**11. Financial instruments**

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk primarily in its line of credit agreement with an US Company which operates in USD.

	<b>2014</b>	<b>2013</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Bank indebtedness	-	372,589

***Credit concentration***

Financial instruments that potentially subject the Company to concentrations of credit risk consist of factored accounts receivable. The Company has a system of credit approval processes and policies that it believes is sufficient to reduce its credit risk to an appropriate level for its business model.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company enters into investor loans for which repayment is required at various maturity dates, but that may be demanded upon 90 days notice. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**12. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

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

1. A signed copy of this Subscription Agreement;
2. A cheque or bank draft in an amount equal to the Aggregate Subscription Amount, payable to “Yesterpay Holdings Inc.”;
3. all Subscribers resident in **British Columbia only** must complete the following table pursuant to the instructions below:

**Insider Status**

The Subscriber either [check appropriate box]:

- ☐ is an “Insider” of the Corporation as defined in the *Securities Act* (British Columbia); or
- ☐ is not an Insider of the Corporation

**Registrant Status**

The Subscriber either [check appropriate box]:

- ☐ is a “Registrant” as defined in the *Securities Act* (British Columbia); or
- ☐ is not a Registrant

4. A properly completed and duly executed copy of the appropriate investor qualification form(s):
  - **If the subscriber is resident in British Columbia, Alberta, Saskatchewan, Manitoba, Prince Edward Island, New Brunswick, Nova Scotia, Newfoundland and Labrador, North West Territories, Nunavut or Yukon**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule B-1 OR the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule B-2, as applicable (one copy may be retained for your records);
  - **If the subscriber is resident in Alberta, Saskatchewan, Manitoba, Prince Edward Island, North West Territories, Nunavut or Yukon and if subscribing for more than \$10,000 in Bonds**, one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;
  - If the subscriber is **an Individual** Accredited Investor, two (2) copies of the Accredited Investor Risk Acknowledgement attached to this Subscription Agreement as Schedule D (please initial as indicated); or
  - If the subscriber is **a Non-Individual** Accredited Investor, the Representation Letter in the form attached to this Subscription Agreement as Schedule D-1 (please initial Appendix A as indicated); or
  - **If the subscriber is resident in British Columbia, Alberta, Manitoba, Saskatchewan, North West Territories, Nunavut and Yukon**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule E must be completed by the Subscriber if the Bonds are sold to Subscribers in the provinces of British Columbia, Alberta, Saskatchewan or Manitoba and are sold by a party pursuant to the terms and conditions of Alberta Securities Commission Blanket Order 31-505; and
5. A signed copy of the Target Release attached as Schedule F to the Subscription Agreement.

**PLEASE DELIVER YOUR SUBSCRIPTION TO:**

**Yesterpay Holdings Inc.**  
**Suite 900, 517 – 10 Avenue SW**  
**Calgary, Alberta T2R 0A8**

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## SUBSCRIPTION FOR BONDS

**TO: Yesterpay Holdings Inc. (the "Corporation")**

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of 8% unsecured Bonds (the "**Bonds**") of the Corporation set forth below for the aggregate subscription amount set forth below, representing a subscription price of CDN \$1,000 per Bond, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Bonds of Yesterpay Holdings Inc." attached hereto (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 (LINE ONE)
_____
Subscriber's Address (LINE TWO)
_____
Social Insurance Number / Business Number
_____
Date of Execution
_____
Telephone Number (including area code)
_____
Email Address
_____
<b>Register the Bonds (if different from address above) as follows:</b>
_____
Name
_____
Account reference, if applicable
_____
Address (LINE ONE)
_____
Address (LINE TWO)
_____
Telephone Number (including area code)

<b>Aggregate Subscription Amount: \$</b> _____
--

<b>Series of Bonds:</b> _____
<b>Number of Bonds:</b> _____

If the Subscriber is signing as agent for a principal and is not a trust corporation or, in Alberta or British Columbia, a portfolio manager in any case, purchasing as a trustee or an agent for accounts fully managed by it, complete the following and ensure that the applicable schedules attached hereto are completed in respect of such principal:

_____
Name of Principal
_____
Principal's address
_____
Telephone Number
_____
Email Address
_____

**Deliver the Bonds (if different from address given) as follows:**

_____
Name
_____
Account reference, if applicable
_____
Contact Name
_____
Address (including postal code)
_____
Telephone Number (including area code)

### FOR OFFICE USE ONLY

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

<b>YESTERPAY HOLDINGS INC.</b>		Certificate No.:
Per: _____	Date: _____	

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
BONDS OF YESTERPAY HOLDINGS INC.**

**Definitions** in this Subscription Agreement:

- (a) **"Aggregate Subscription Amount"** means the aggregate dollar amount of the subscription under this Subscription Agreement;
- (b) **"Bondholder(s)"** means a holder of Bonds purchased by a Subscriber pursuant to the Offering Memorandum;
- (c) **"Bonds"** means the Bonds of the Corporation offered pursuant to the Offering Memorandum;
- (d) **"Closing Date"** means the date(s) on which Bonds are issued by the Corporation pursuant to the Offering Memorandum;
- (e) **"Corporation"** means Yesterpay Holdings Inc., a corporation incorporated under the Business Corporations Act (Alberta);
- (f) **"Offering"** means the offering of the Corporation's Bonds pursuant to the Offering Memorandum;
- (g) **"Offering Memorandum"** means the Offering Memorandum of the Corporation dated May 11, 2015; and
- (h) **"Securities"** means the Bonds of the Corporation offered under the Offering Memorandum.

**Acknowledgements of the Subscriber** The Subscriber 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) where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealing representatives, parties related to the Corporation and/or CNI, employees and/or contractors of such parties, and officers and directors of the Corporation and/or CNI. The Corporation will also pay one percent (1%) of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains. CNI will pay all such compensation to the above parties on the Corporation's behalf.
- (c) the Bonds subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Corporation of up to 15,000 Bonds at a subscription price of \$1,000 per Bond;
- (d) the Subscriber consents to the loan by the Corporation to CNI and agrees that the loan will not constitute a breach of any fiduciary or other duty of the directors and officers of the Corporation and will not give rise to any obligation by CNI or its respective officers, directors or shareholders to account to the Corporation or its Bondholders for any profit made by CNI from the use of the loan proceeds by CNI; and
- (e) the Subscriber is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.

**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 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 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, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;
- (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) if the Subscriber is acting as agent or trustee for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;
- (f) 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 to which the Subscriber is a party or by which it is bound;

- (g) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):
- **if the subscriber is resident in British Columbia, Alberta, Saskatchewan, Manitoba, Prince Edward Island, New Brunswick, Nova Scotia, Newfoundland and Labrador, North West Territories, Nunavut or Yukon**, has provided two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule B-1 OR the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule B-2, as applicable (one copy may be retained for your records);
  - **if the subscriber is resident in Alberta, Saskatchewan, Manitoba, Prince Edward Island, North West Territories, Nunavut or Yukon and if subscribing for more than \$10,000 in Bonds**, has provided one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;
  - **if the subscriber is an Individual** Accredited Investor as such term is defined in National Instrument 45-106 entitled "Prospectus Exemptions" and is resident in or otherwise subject to applicable securities laws of **Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Northwest Territories, Yukon, Nunavut, New Brunswick, Nova Scotia, Newfoundland and Labrador or Prince Edward Island**, has concurrently executed and delivered two (2) copies of the Accredited Investor Risk Acknowledgement in the form attached as Schedule D to this Subscription Agreement and has initialed thereon indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth therein; or
  - **if the subscriber is a Non-Individual** Accredited Investor as such term is defined in National Instrument 45-106 entitled "Prospectus Exemptions" and is resident in or otherwise subject to applicable securities laws of **Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Northwest Territories, Yukon, Nunavut, New Brunswick, Nova Scotia, Newfoundland and Labrador or Prince Edward Island**, has concurrently executed and delivered one (1) copy of the Accredited Investor Representation Letter along with Appendix A in the form attached as Schedule D-1 to this Subscription Agreement and has initialed Appendix A thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth therein; or
- (h) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Bonds;
- (i) is capable of assessing the proposed investment in the Bonds as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation; and
  - (ii) is able to bear the economic risk of loss of its investment in the Bonds;
- (i) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Bonds;
- (j) 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 Bonds and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:
- (i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;
  - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and
  - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (k) the Subscriber confirms that neither the Corporation or any of its representative directors, employees, officers or affiliates, have made any representations (written or oral) to the Subscriber:
- (i) regarding the future value of the Bonds;
  - (ii) that any person will resell or repurchase the Bonds;
  - (iii) that the Bonds will be listed on any stock exchange or traded on any market; or
  - (iv) that any person will refund the purchase price of the Bonds other than as provided in this Subscription Agreement;
- (l) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Bonds as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Bonds, and the resale restrictions and "hold periods" to which the Bonds 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, and resale restrictions;

- (m) except for the Subscriber's knowledge regarding its subscription for Bonds hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Alberta)) in the affairs of the Corporation that has not been generally disclosed;
- (n) 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 Bonds, 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;
- (o) 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 Bonds and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Bonds 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;
- (p) the Subscriber understands that it will not resell the Bonds 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;
- (q) the Subscriber acknowledges that it is aware that there is no market upon which the Bonds trade and there is no assurance that any of the Bonds will be listed and posted for trading on a stock exchange or dealer network in the future;
- (r) the Subscriber understands that the sale of the Bonds is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, and the requirement to sell securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Bonds pursuant to such exemptions, certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages in the event of a misrepresentation may not be available to the Subscriber in connection with the purchase and sale of the Bonds;
- (s) the Subscriber understands that any certificates representing the Bonds will bear a legend indicating that the resale of such securities is restricted;
- (t) the Subscriber is not a "U.S. Person" (as that term is defined by Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Bonds for the account or benefit of a U.S. Person or a person in the United States;
- (u) the Bonds have not been Offered to the Subscriber in the United States, and the individuals making the order to purchase the Bonds and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;
- (v) the Subscriber undertakes and agrees that it will not offer or sell any of the Bonds 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;
- (w) the Subscriber acknowledges that, in addition to any other requirements under applicable securities legislation to which a disposition of any of the Bonds by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Bonds;
- (x) 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 Bonds;
- (y) 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;
- (z) the Subscriber is not a non-resident for the purposes of the *Income Tax Act* (Canada);
- (aa) the Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (Alberta), will not become a "control person" of the Corporation by purchasing the number of Bonds subscribed for under this Subscription

Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;

- (bb) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation except as expressly set forth herein or in the Offering Memorandum;
- (cc) 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;
- (dd) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders or security holders, including the Subscriber; and
- (ee) **the Subscriber acknowledges that an investment in the Bonds 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 and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Bonds and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Bonds. Resale of such Bonds 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 relevant securities legislation, orders or policies concerning the purchase, holding of, and resale of the Bonds.**

**Timeliness of Representations, etc.** The Subscriber agrees 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 Bonds and any subsequent disposition by the Subscriber of any of the securities.

**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 Bonds) to purchase Bonds 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 at Suite 900, 517 – 10 Avenue SW Calgary, Alberta, T2R 0A8 of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.

**Deliveries by Subscriber prior to Closing** The Subscriber agrees to deliver to the Corporation not later than 5:00 p.m. (Mountain Standard Time) on the day that is two business days before any Closing Date of which the Subscriber receives notice:

- (a) this duly completed and executed Subscription Agreement;
- (b) a cheque or bank draft payable to "Yestery Holdings Inc." 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) properly completed and duly executed copies of the appropriate investor qualification form(s) as described on the face page of this Subscription Agreement; and
- (d) such other documents as may be requested by the Corporation as contemplated by this Subscription Agreement.

**Consent to Collection of Personal Information.** If the Subscriber is an individual, the Subscriber acknowledges that the Subscriber has provided, in this Subscription Agreement, to the Corporation information (the "**Personal Information**") of a personal nature that may or may not be protected under applicable privacy legislation.

This information is being collected, used and may be disclosed by the Corporation for the following purposes (the “**Purposes**”):

- (a) in order to complete the Offering;
- (b) to be kept in the corporate records of the Corporation, on its securities registers and Bondholders lists, maintained by the Corporation and/or the Corporation's transfer agent;
- (c) to be disclosed to securities/tax regulatory authorities or other government bodies as required and in accordance with applicable securities laws and tax laws;
- (d) as long as the Subscriber is a Shareholder of the Corporation, to be disclosed to other third parties held to an obligation of confidentiality to the Corporation such as its legal counsel, its accountants, transfer agent, securities depository, or any other entity for: (i) the purpose of sending financial statements and other disclosure documentation required to be sent by law to the Shareholders of the Corporation, and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Corporation and such other third party; and
- (e) to enforce the obligations contemplated by this Subscription Agreement.

The Subscriber or the person subscribing for the Bonds on behalf of a disclosed beneficial purchaser hereby consents to the collection, use and disclosure by the Corporation of the Personal Information for the Purposes.

Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. In Ontario, the Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone (416) 593-8086, Facsimile: (416) 593-8252 is the public official who can answer questions about the indirect collection of personal information. The Subscriber's personal information may be disclosed by the Corporation or its counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the offering, including legal counsel. By executing this Subscription Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Subscription Agreement as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transactions contemplated hereby.

**Partial Acceptance or Rejection of Subscription** The Corporation may, in its absolute discretion, accept or reject the Subscriber's subscription for Bonds 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 Bonds subscribed for under this Subscription Agreement.

- (a) 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 Bonds 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 Bonds to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.
- (b) 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 Bonds 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 exceeds the subscription price of the number of Bonds sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, will be promptly delivered to the Subscriber without interest.

**Time and Place of Closing** The sale of the Bonds will be completed at the office of the Corporation at 10:00 a.m. (Mountain 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.

**Subject to Regulatory Approval** The obligations of the parties hereunder are subject to all required regulatory approvals being obtained.

**Representations and Warranties of the Corporation** The Corporation hereby represents and warrants to the Subscriber (and acknowledges that the Subscriber is relying thereon) that:

- (a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Bonds to the Subscriber;
- (b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;

- (c) the Corporation has complied or will comply with all applicable corporate and Securities laws in connection with the Offer and sale of the Bonds;
- (d) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court; and
- (e) the execution, delivery and performance of this Subscription Agreement by the Corporation and the issue of the Bonds to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound.

**No Partnership** Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Corporation.

**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.

**Time of Essence** Time shall be of the essence of this Subscription Agreement.

**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.

**Facsimile Copies** The Corporation shall be entitled to rely on delivery of a facsimile copy of executed subscriptions, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.

**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.

**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.

**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 inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

**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, all references to money amounts are to Canadian dollars.

**Amendment** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.

**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 Bonds to the Subscriber shall be borne by the Subscriber.

**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.

**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.

**Language** The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Bonds be drawn up in the English language only. **Le souscripteur reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente des bons de souscription spéciaux soient rédigés en anglais seulement.**

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SCHEDULE B-1

To be executed where the party selling the Bonds is not registered under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, NORTH WEST TERRITORIES, NUNAVUT AND YUKON TERRITORY RESIDENTS IF APPLICABLE (SEE ABOVE QUALIFICATION)

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.
- The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- 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 \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealing representatives, parties related to the Corporation and/or CNI, employees and/or contractors of such parties, and officers and directors of the Corporation and/or CNI. The Corporation will also pay 1% of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains. CNI will pay all such compensation to the above parties on the Corporation's behalf.

**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.

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**You have 2 business days to cancel your purchase**

To do so, send a notice to Yesterpay Holdings Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> 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 Yesterpay Holdings Inc. at its business address. Keep a copy of the notice for your records.

**The Issuer:** Yesterpay Holdings Inc.  
**Address:** Suite 900, 517 – 10 Avenue SW  
Calgary, Alberta T2R 0A8  
**Phone:** (403) 229-0275  
**Fax:** (403) 229-0290  
**Email:** gerry@capitalnow.ca

### **You are buying Exempt Market Securities**

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

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

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

### **You will receive an Offering Memorandum**

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

### **You will not receive advice**

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

### **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

### **The issuer of your securities is a non-reporting issuer**

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

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

If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 or visit its website at [www.albertasecurities.com](http://www.albertasecurities.com).

If you live in Saskatchewan, contact the Financial and Consumer Affairs Authority at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).

If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).

If you live in the Northwest Territories, contact the Office of the Superintendent of Securities, Department of Justice at (867) 920-3318, or visit its website at [www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry).

If you live in Nunavut, contact the Office of the Superintendent of Securities, Department of Justice at (867) 975-6590, or visit its website at [www.justice.gov.nu.ca](http://www.justice.gov.nu.ca).

If you live in the Yukon, contact the Superintendent of Securities, Community Services at (867) 667-5225, or visit its website at [www.community.gov.yk.ca](http://www.community.gov.yk.ca).

**Instruction: The purchaser must sign 2 copies of this form.  
The purchaser and the issuer must each receive a signed copy.**

**SCHEDULE B-1**

**To be executed where the party selling the Bonds is not registered under National Instrument 31-103**

**FORM 45-106F4**

**TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, NORTH WEST TERRITORIES, NUNAVUT AND YUKON TERRITORY RESIDENTS IF APPLICABLE (SEE ABOVE QUALIFICATION)**

**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.
- The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- 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 \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealing representatives, parties related to the Corporation and/or CNI, employees and/or contractors of such parties, and officers and directors of the Corporation and/or CNI. The Corporation will also pay 1% of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains. CNI will pay all such compensation to the above parties on the Corporation's behalf.

**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.

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**You have 2 business days to cancel your purchase**

To do so, send a notice to Yesterypay Holdings Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> 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 Yesterypay Holdings Inc. at its business address. Keep a copy of the notice for your records.

**The Issuer:** Yesterypay Holdings Inc.  
**Address:** Suite 900, 517 – 10 Avenue SW  
Calgary, Alberta T2R 0A8  
**Phone:** (403) 229-0275  
**Fax:** (403) 229-0290  
**Email:** gerry@capitalnow.ca

### **You are buying Exempt Market Securities**

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

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

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

### **You will receive an Offering Memorandum**

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

### **You will not receive advice**

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

### **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

### **The issuer of your securities is a non-reporting issuer**

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

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

If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 or visit its website at [www.albertasecurities.com](http://www.albertasecurities.com).

If you live in Saskatchewan, contact the Financial and Consumer Affairs Authority at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).

If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).

If you live in the Northwest Territories, contact the Office of the Superintendent of Securities, Department of Justice at (867) 920-3318, or visit its website at [www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry).

If you live in Nunavut, contact the Office of the Superintendent of Securities, Department of Justice at (867) 975-6590, or visit its website at [www.justice.gov.nu.ca](http://www.justice.gov.nu.ca).

If you live in the Yukon, contact the Superintendent of Securities, Community Services at (867) 667-5225, or visit its website at [www.community.gov.yk.ca](http://www.community.gov.yk.ca).

**Instruction: The purchaser must sign 2 copies of this form.  
The purchaser and the issuer must each receive a signed copy.**

**SCHEDULE B-2**

**To be executed where the party selling the Bonds is registered under National Instrument 31-103**

**FORM 45-106F4**

**TO BE COMPLETED BY ALBERTA, BRITISH COLUMBIA, NORTH WEST TERRITORIES, NUNAVUT, YUKON TERRITORY, MANITOBA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, PRICE EDWARD ISLAND AND NEW BRUNSWICK RESIDENTS, IF APPLICABLE (SEE ABOVE QUALIFICATION)**

**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 Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- 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 \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealing representatives, parties related to the Corporation and/or CNI, employees and/or contractors of such parties, and officers and directors of the Corporation and/or CNI. The Corporation will also pay 1% of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains. CNI will pay all such compensation to the above parties on the Corporation's behalf.

**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.

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**You have 2 business days to cancel your purchase**

To do so, send a notice to Yestercap Holdings Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> 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 Yestercap Holdings Inc. at its business address. Keep a copy of the notice for your records.

**The Issuer:** Yestercap Holdings Inc.  
**Address:** Suite 900, 517 – 10 Avenue SW  
Calgary, Alberta T2R 0A8  
**Phone:** (403) 229-0275  
**Fax:** (403) 229-0290  
**Email:** gerry@capitalnow.ca

**You are buying Exempt Market Securities**

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

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

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

### **You will receive an Offering Memorandum**

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

### **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

### **The issuer of your securities is a non-reporting issuer**

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

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

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 or visit its website at [www.albertasecurities.com](http://www.albertasecurities.com).
- If you live in Saskatchewan, contact the Financial and Consumer Affairs Authority at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).
- If you live in the Northwest Territories, contact the Office of the Superintendent of Securities, Department of Justice at (867) 920-3318, or visit its website at [www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry).
- If you live in Nunavut, contact the Office of the Superintendent of Securities, Department of Justice at (867) 975-6590, or visit its website at [www.justice.gov.nu.ca](http://www.justice.gov.nu.ca).
- If you live in the Yukon, contact the Superintendent of Securities, Community Services at (867) 667-5225, or visit its website at [www.community.gov.yk.ca/corp/secureinvest.html](http://www.community.gov.yk.ca/corp/secureinvest.html).
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)
- If you live in New Brunswick, contact the New Brunswick Securities Commission at (506) 658-3060 or visit its website at [www.nbsec-cvmnb.ca](http://www.nbsec-cvmnb.ca).
- If you live in Newfoundland and Labrador, contact the Securities Commission of Newfoundland & Labrador at (709) 729-4189 or visit its website at [www.gs.gov.nl.ca/cca/scon](http://www.gs.gov.nl.ca/cca/scon).
- If you live in Nova Scotia contact the Nova Scotia Securities Commission at (902) 424-7768 or visit its website at [www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc).
- If you live in Prince Edward Island, contact the Prince Edward Island Securities Office at (902) 368-4569 or visit its website [www.gov.pe.ca/securities](http://www.gov.pe.ca/securities).

**Instruction: The purchaser must sign 2 copies of this form.  
The purchaser and the issuer must each receive a signed copy.**

**SCHEDULE B-2**

**To be executed where the party selling the Bonds is registered under National Instrument 31-103**

**FORM 45-106F4**

**TO BE COMPLETED BY ALBERTA, BRITISH COLUMBIA, NORTH WEST TERRITORIES, NUNAVUT, YUKON TERRITORY, MANITOBA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, PRICE EDWARD ISLAND AND NEW BRUNSWICK RESIDENTS, IF APPLICABLE (SEE ABOVE QUALIFICATION)**

**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 Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- 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 \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future.

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**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.

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**You have 2 business days to cancel your purchase**

To do so, send a notice to Yesterypay Holdings Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> 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 Yesterypay Holdings Inc. at its business address. Keep a copy of the notice for your records.

**The Issuer:** Yesterypay Holdings Inc.  
**Address:** Suite 900, 517 – 10 Avenue SW  
Calgary, Alberta T2R 0A8  
**Phone:** (403) 229-0275  
**Fax:** (403) 229-0290  
**Email:** gerry@capitalnow.ca

**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**

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You may never be able to sell these securities.

### **The issuer of your securities is a non-reporting issuer**

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

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

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- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 or visit its website at [www.albertasecurities.com](http://www.albertasecurities.com).
- If you live in Saskatchewan, contact the Financial and Consumer Affairs Authority at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).
- If you live in the Northwest Territories, contact the Office of the Superintendent of Securities, Department of Justice at (867) 920-3318, or visit its website at [www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry).
- If you live in Nunavut, contact the Office of the Superintendent of Securities, Department of Justice at (867) 975-6590, or visit its website at [www.justice.gov.nu.ca](http://www.justice.gov.nu.ca).
- If you live in the Yukon, contact the Superintendent of Securities, Community Services at (867) 667-5225, or visit its website at [www.community.gov.yk.ca/corp/secureinvest.html](http://www.community.gov.yk.ca/corp/secureinvest.html).
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)
- If you live in New Brunswick, contact the New Brunswick Securities Commission at (506) 658-3060 or visit its website at [www.nbsec-cvmnb.ca](http://www.nbsec-cvmnb.ca).
- If you live in Newfoundland and Labrador, contact the Securities Commission of Newfoundland & Labrador at (709) 729-4189 or visit its website at [www.gs.gov.nl.ca/cca/scon](http://www.gs.gov.nl.ca/cca/scon).
- If you live in Nova Scotia contact the Nova Scotia Securities Commission at (902) 424-7768 or visit its website at [www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc).
- If you live in Prince Edward Island, contact the Prince Edward Island Securities Office at (902) 368-4569 or visit its website [www.gov.pe.ca/securities](http://www.gov.pe.ca/securities).

**Instruction: The purchaser must sign 2 copies of this form.  
The purchaser and the issuer must each receive a signed copy.**



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**SCHEDULE C**

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**REPRESENTATION LETTER – NATIONAL INSTRUMENT 45-106 ELIGIBLE INVESTOR**

**TO BE COMPLETED BY ALBERTA, SASKATCHEWAN, MANITOBA, PRINCE EDWARD ISLAND,  
NORTH WEST TERRITORIES, NUNAVUT OR YUKON RESIDENTS  
WHO ARE SUBSCRIBING FOR MORE THAN \$10,000 IN BONDS**

The undersigned (the “**Subscriber**”) hereby confirms and certifies to Yesterpay Holdings Inc. that the Subscriber is purchasing the Bonds as principal, that the Subscriber is resident in the jurisdiction set out on the execution page hereof, and that the Subscriber is: **[check appropriate boxe(s)]**

- ☐ an “**Eligible Investor**”, being a person or company whose  
    **[circle one or more]**
  - (i) net assets, alone or with a spouse, exceed CDN \$400,000,
  - (ii) net income before taxes exceeded CDN \$75,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year, or
  - (iii) net income before taxes combined with that of a spouse exceeded CDN \$125,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year,
- ☐ a person or company of which a majority of the voting securities are beneficially owned by Eligible Investors or a majority of the Directors are Eligible Investors,
- ☐ a general partnership in which all of the partners are Eligible Investors,
- ☐ a limited partnership in which the majority of the general partners are Eligible Investors,
- ☐ a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are Eligible Investors,
- ☐ an accredited investor (as defined in National Instrument 45-106),
- ☐ a person who is a family member, close personal friend or close business associate as described in Section 2.5 of National Instrument 45-106; or
- ☐ person or company that has obtained advice regarding the suitability of the investment and if the person or company is in a jurisdiction of Canada that advice has been obtained from an eligibility adviser (as defined in National Instrument 45-106).

EXECUTED by the Subscriber this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

**If a Corporation, Partnership or other entity:**

**If an individual:**

\_\_\_\_\_  
Signature of Authorized Signatory

\_\_\_\_\_  
Signature

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Name and Position of Signatory

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Print Name

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Name of Purchasing Entity

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Jurisdiction of Residence

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**SCHEDULE D**

**Form 45-106F9**  
**Form for Individual Accredited Investors**

**WARNING!**

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

**SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**1. About your investment**

Type of securities: 8% Unsecured Series A and 8% Unsecured Series B Bonds of the Issuer	Issuer: Yesterpay Holdings Inc.
Purchased from: <i>[Instruction: Indicate whether securities are purchased from the issuer or a selling security holder.]</i>	

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

**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:	<b>Your initials</b>
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Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
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Liquidity risk – You may not be able to sell your investment quickly – or at all.	
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Lack of information – You may receive little or no information about your investment.	
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Lack of advice – 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> .	
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**3. Accredited investor status**

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>
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• 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.)	
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• 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.	
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• 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.	
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• 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.)	
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**4. Your name and signature**

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print):

Signature:	Date:
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**SECTION 5 TO BE COMPLETED BY THE SALESPERSON**

**5. Salesperson information**

First and last name of salesperson (please print):

Telephone:	Email:
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Name of firm (if registered):

**SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**6. For more information about this investment**

For investment in a non-investment fund

**Yesterpay Holdings Inc.**

Suite 900, 517 – 10 Avenue SW

Calgary, Alberta T2R 0A8

Phone: (403) 229-0275

Email: [gerry@capitalnow.ca](mailto:gerry@capitalnow.ca)

Attention: Gerry Wawzonek

**For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at [www.securities-administrators.ca](http://www.securities-administrators.ca).**

**Instructions:**

- The purchaser must sign 2 copies of this form.
- The purchaser and the issuer must each receive a signed copy.
- The issuer and/or selling security holder must retain a copy of this form for 8 years after the date of distribution.

**SCHEDULE D**

**Form 45-106F9**  
**Form for Individual Accredited Investors**

**WARNING!**

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

**SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**1. About your investment**

Type of securities: 8% Unsecured Series A and 8% Unsecured Series B Bonds of the Issuer	Issuer: Yesterpay Holdings Inc.
Purchased from: <i>[Instruction: Indicate whether securities are purchased from the issuer or a selling security holder.]</i>	

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

**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:	<b>Your initials</b>
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**Risk of loss** – You could lose your entire investment of \$ \_\_\_\_\_. *[Instruction: Insert the total dollar amount of the investment.]*

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

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

**Lack of advice** – You will not receive advice from the salesperson about whether this investment is suitable for you unless the 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 [www.aretheyregistered.ca](http://www.aretheyregistered.ca).

**3. Accredited investor status**

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.)

**4. Your name and signature**

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print):

Signature:	Date:
------------	-------

**SECTION 5 TO BE COMPLETED BY THE SALESPERSON**

**5. Salesperson information**

First and last name of salesperson (please print):

Telephone:	Email:
------------	--------

Name of firm (if registered):

**SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**6. For more information about this investment**

For investment in a non-investment fund

**Yesterpay Holdings Inc.**

Suite 900, 517 – 10 Avenue SW

Calgary, Alberta T2R 0A8

Phone: (403) 229-0275

Email: [gerry@capitalnow.ca](mailto:gerry@capitalnow.ca)

Attention: Gerry Wawzonek

**For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at [www.securities-administrators.ca](http://www.securities-administrators.ca).**

**Instructions:**

- The purchaser must sign 2 copies of this form.
- The purchaser and the issuer must each receive a signed copy.
- The issuer and/or selling security holder must retain a copy of this form for 8 years after the date of distribution.

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**SCHEDULE D-1**

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**ACCREDITED INVESTOR REPRESENTATION LETTER FOR NON-INDIVIDUAL INVESTORS**

**TO:**     ***Yesterpay Holdings Inc. (the "Corporation")***

In connection with the purchase of bonds (the "**Bonds**") of the Corporation by the undersigned subscriber (the "**Subscriber**" for the purposes of this Schedule D-1), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1.     The Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;
2.     The Subscriber is purchasing the Bonds as principal for its own account and not for the benefit of any other person;
3.     The Subscriber is an "accredited investor" within the meaning of NI 45-106 by virtue of satisfying the indicated criterion as set out in Appendix A to this Accredited Investor Representation Letter;
4.     The Subscriber was not created or used solely to purchase or hold securities pursuant to an exemption available under NI 45-106; and
5.     Upon execution of this Schedule D-1 by the Subscriber, this Schedule D-1 shall be incorporated into and form a part of the Subscription Agreement.

*The statements made in this Accredited Investor Representation Letter are true and accurate as of the date of signing and will be true and accurate as of the Closing Date. If any such representations and warranties shall cease to be true and accurate at any time prior to Closing, the Subscriber will promptly notify the Corporation.*

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Print name of Subscriber

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

Signature

\_\_\_\_\_  
Print name of Signatory (if different from Subscriber)

\_\_\_\_\_  
Title

**IMPORTANT: PLEASE MARK THE CATEGORY OR CATEGORIES IN APPENDIX A**

**ON THE NEXT PAGE THAT DESCRIBES THE INVESTOR**

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## APPENDIX A

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### TO SCHEDULE D-1

**NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.**

**Accredited Investor** - (defined in National Instrument 45-106) means:

- |       |       |  |
|-------|-------|--|
| _____ | I.    | except in Ontario, a Canadian financial institution, or an authorized foreign bank named in Schedule III of the <i>Bank Act</i> (Canada); or   |
| _____ | II.   | except in Ontario, the Business Development Bank of Canada incorporated under the <i>Business Development Bank of Canada Act</i> (Canada); or  |
| _____ | III.  | except in Ontario, a subsidiary of any person referred to in paragraphs (I) or (II), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by Directors of that subsidiary; or   |
| _____ | IV.   | except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer; or   |
| _____ | V.    | an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (IV); or  |
| _____ | VI.   | if 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 <i>Securities Act</i> (Ontario) or the <i>Securities Act</i> (Newfoundland and Labrador),   |
| _____ | VII.  | 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; or   |
| _____ | VIII. | 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; or   |
| _____ | IX.   | except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or   |
| _____ | X.    | except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) a pension commission or similar regulatory authority of a jurisdiction of Canada; or  |
| _____ | XI.   | a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or   |
| _____ | XII.  | an investment fund that distributes or has distributed its securities only to<br>(a) a person that is or was an accredited investor at the time of the distribution, or<br>(b) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or<br>(c) a person described in paragraph (a) or (b) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or |
| _____ | XIII. | an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or  |
| _____ | XIV.  | a trust company or trust corporation registered or authorized to carry on business under the <i>Trust and Loan Companies Act</i> (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or   |
| _____ | XV.   | a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction or   |
| _____ | XVI.  | a registered charity under the <i>Income Tax Act</i> (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or  |



- \_\_\_\_\_ XVII. an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (I) to (IV) or paragraph (IX) in form and function; or
- \_\_\_\_\_ XVIII. a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by Directors, are persons that are accredited investors; or
- \_\_\_\_\_ XIX. an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- \_\_\_\_\_ XX. a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor.
- \_\_\_\_\_ XXI. 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.

**For the purposes hereof:**

- (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) **"control person"** has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds:
- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
  - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (c) **"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;
- (d) **"eligibility adviser"** means:
- (i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
  - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
    - 1. have a professional, business or personal relationship with the issuer, or any of its Directors, executive Officers, founders, or control persons, and
    - 2. have acted for or been retained personally or otherwise as an employee, executive Officer, Director, associate or partner of a person that has acted for or been retained by the issuer or any of its Directors, executive Officers, founders or control persons within the previous 12 months;
- (e) **"executive officer"** means, for an issuer, an individual who is:
- (i) a chair, vice-chair or president,
  - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
  - (iii) an Officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or
  - (iv) performing a policy-making function in respect of the issuer;
- (f) **"foreign jurisdiction"** means a country other than Canada or a political subdivision of a country other than Canada;
- (g) **"founder"** means, in respect of an issuer, a person who,
- (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
  - (ii) at the time of the distribution or trade is actively involved in the business of the issuer;

- (h) **"fully managed account"** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (i) **"investment fund"** has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (j) **"jurisdiction"** means a province or territory of Canada except when used in the term foreign jurisdiction;
- (k) **"local jurisdiction"** means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (l) **"non-redeemable investment fund"** means an issuer,
  - (i) whose primary purpose is to invest money provided by its security holders;
  - (ii) that does not invest;
    - 1. 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
    - 2. 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;
- (m) **"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;
- (n) **"regulator"** means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;
- (o) **"Schedule III bank"** means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada); and
- (p) **"subsidiary"** means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

**All monetary references are in Canadian Dollars**

## SCHEDULE E

If the Bonds are being sold by a person pursuant to the terms and conditions of the Alberta Securities Commission Blanket Order 31-505, then Schedule E must be completed.

### Risk Acknowledgement under BLANKET ORDER 31-505

#### *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*

Name of Issuer: YESTERPAY HOLDINGS INC.

Name of Seller: \_\_\_\_\_

**I acknowledge that:**

1. the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
2. the person selling me these securities does not act for me;
3. this is a risky investment and I could lose all my money; and
4. I am investing entirely at my own risk.

Date: \_\_\_\_\_

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

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

\_\_\_\_\_  
Name of salesperson acting on behalf of seller

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

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National Instrument 45-106 *Prospectus Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

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**SCHEDULE E**

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**Risk Acknowledgement under BLANKET ORDER 31-505**

***Registration Exemption for Trades in  
Connection with Certain Prospectus-Exempt Distributions***

**Name of Issuer:** YESTERPAY HOLDINGS INC.

**Name of Seller:** \_\_\_\_\_

**I acknowledge that:**

1. the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
2. the person selling me these securities does not act for me;
3. this is a risky investment and I could lose all my money; and
4. I am investing entirely at my own risk.

**Date:** \_\_\_\_\_

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

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

\_\_\_\_\_  
Name of salesperson acting on behalf of seller

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

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National Instrument 45-106 *Prospectus Exemptions* may require you to sign an additional risk acknowledgement form.

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**SCHEDULE F**

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**RELEASE OF ANY CLAIMS BY SUBSCRIBER AGAINST CONTROLLING SHAREHOLDER**

TO: Target Capital Inc.

In consideration for Target Capital Inc. ("Target") continuing to act as the controlling shareholder of Yesterpay Holdings Inc. (the "Corporation") and such other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged and confirmed, the undersigned hereby agree as follows:

1. Prior to subscribing for securities of the Corporation (the "Securities"), the undersigned subscriber (the "Subscriber") acknowledges that it has received an offering memorandum from the Corporation (the "Offering Memorandum").
2. The Subscriber confirms that it has read the Offering Memorandum and understands the terms on which the Securities are being offered.
3. The Subscriber acknowledges and confirms that Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation.
4. The Subscriber hereby acknowledges that Target owes no fiduciary duty of care or any other duty to the Subscriber in connection with the Securities issued by the Corporation. Further, the Subscriber agrees that Target shall not be liable to the Subscriber for any costs, expenses, liabilities, losses or damages suffered or incurred by the Subscriber in connection with its investment in the Corporation, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Securities issued by the Corporation.
5. The Subscriber hereby releases and forever discharges Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Corporation or the acquisition of the Securities from the Corporation.
6. The Subscriber acknowledges and confirms that it was encouraged to seek independent legal advice before executing and delivering this release.
7. This release may be executed in several counterparts and by facsimile, each of which when so executed shall be deemed to be an original, and all such counterparts shall be deemed to be executed effective as of the day and year hereinafter written.

Dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Subscriber)

\_\_\_\_\_  
(Name of Subscriber – Please Print)