Form 45-106F2
Offering Memorandum for Non-Qualifying Issuers

Date:	June 21, 2017
The Issuer	
Name:	**Net Wealth Inc.**
Head office:	216, 3722 – 57th Avenue, Red Deer, Alberta T4N 4R6
Phone No:	888-346-0808
E-mail address:	patricia.pollitt@ricrd.ca
Fax No.:	(403) 347-9577
Currently listed or quoted?	No. **These Preferred Shares do not trade on any exchange or market.**
Reporting issuer	No
SEDAR filer?	Yes

The Offering

Securities offered:	2,000,000 Class B Preferred Shares (the “Preferred Shares” OR “securities”)
Price per security:	$1 per share
Minimum offering:	$0. **There is no minimum. You may be the only purchaser.**
Maximum offering:	$2,000,000 **Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Minimum Subscription:	$20,000 or less, in the discretion of the Issuer. **See item 5.5 – Acceptance and Rejection of Subscription**
Payment terms:	Bank draft or certified cheque on closing
Proposed closing date:	Closings will occur on acceptance of subscriptions at the Issuer’s discretion.
Income Tax consequences:	There are important tax consequences of ownership of the Preferred Shares. **See item 6 - Income Tax Consequences and Deferred Income Plan Eligibility.**
Selling agent:	No

Resale restrictions

You will be restricted from selling the Preferred Shares for an indefinite period. **See item 10 – Resale Restrictions.**

Purchaser’s rights

You have 2 business days to cancel your agreement to purchase these Preferred Shares. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11 – Purchasers’ Rights.

No securities regulatory authority has assessed the merits of these Preferred Shares or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8 – Risk Factors.

Forward Looking Statements

This Offering Memorandum contains certain forward-looking information ("forward looking information") within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as "plan" "expect" "budget", "schedule", "estimate", "forecast", "intend", "anticipate" or "believe" or variations of such words and phrases or statements that certain actions, events or result "may", "could", "would", "might", "should", "will" or similar words suggesting future outcomes. Forward-looking information includes statements regarding the Offering, our business, the proposed use of proceeds, working capital deficiency and proposed distributions. With respect to forward-looking information contained herein, we have made numerous assumptions including assumption about our ability to raise financing under the Offering, the development of our business, financing and the state of economic, competitive and marketing conditions. Such forward-looking information is subject to risks, uncertainties and other factors which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. These risks and uncertainties include the risks identified under **Item 8 – Risk Factors**. There can be no assurance that forward-looking information referenced herein will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Also, many of the factors are beyond the control of the Issuer. Accordingly, readers should not place undue reliance on forward-looking information. We undertake no obligation to reissue or update any forward-looking information except as required by law. All forward-looking information herein is qualified by this cautionary statement.

Table of Contents

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:

"Accountants" means an independent firm of chartered professional accountants appointed by the Issuer as accountants for the Issuer for the time being, whether or not such firm of chartered professional accountants is regularly retained by the Issuer or any affiliated entity;

"Closing" means the day or days upon which the Preferred Shares are issued to the Subscribers pursuant to this Offering;

“Dividend Reinvestment” means a dividend on the Preferred Shares which is paid by the issue of additional Preferred Shares and not in cash.

“IFRS” means International Financial Reporting Standards, further described in **Item 12 – Financial Statements.**

"Non-Arm's-Length Parties" means related persons within the meaning of the *Income Tax Act;*

"Offering" means the offering of the Preferred Shares described herein or in any amendment hereto;

"Offering Memorandum" means this confidential offering memorandum, including any amendment hereto;

"Register" means the register the Issuer shall prepare and maintain which shall include, without limitation, the names and addresses of Preferred Shareholders, as may be amended from time to time;

"Resident" means resident in Canada for the purposes of the *Income Tax Act*;

"Securities Act" means the *Securities Act* (Alberta), including the rules and regulations promulgated thereunder, as may be amended from time to time;

"Subscribers” means those persons subscribing for Preferred Shares pursuant to this Offering; and

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

In this Offering Memorandum, references to "dollars" and "$" are to the currency of Canada, unless otherwise indicated.

Item 1 Use of Available Funds

1.1 Funds

The available funds of this Offering are calculated as follows:

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this Offering	$0	$2,000,000
B	Selling commissions and fees	$0	$0
C	Estimated offering costs (e.g., legal, accounting, audit.)	$0	$30,000
D	Net proceeds: D = A - (B+C)	$0	$1,970,000
E	Additional sources of funding required	$0	$0
F	Working capital deficiency	$0	$0
G	Total: G=(D+E) -F	$0	$1,970,000

1.2 Use of Available Funds

The available funds of this Offering will be used as follows:

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
Investment in mortgages – See Item 2 – Business of the issuer *	$0	$1,970,000
Total: Equal to G in the Funds table above	$0	$1,970,000

* Note:

(a) The Issuer and Eagles Edge Capital Corporation (the “Manager”) are parties to a Financial Services Agreement whereby the Manager is compensated by a fee based upon the aggregate redemption amount of the outstanding Preferred Shares plus GST and payable monthly (the “Management Fee”). **See Item 2.7 – Material Agreements**.

(b) There exists a possibility that the interest revenue of the Issuer may be insufficient to fund the Management Fee and accordingly, funds raised through this Offering may be used to fund the Management Fee. The funds available for investment in mortgages shall be reduced, dollar for dollar, to the extent that this occurs.

1.3 Reallocation

We intend to spend the net proceeds as stated. We will reallocate funds only for sound business reasons.

1.4 Working Capital Deficiency

There is no working capital deficiency.

Item 2 Business of the Issuer

2.1 Structure

The Issuer was incorporated under the *Business Corporations Act* (Alberta) on March 21, 2012. The Issuer's registered office is located at 807, 400 – 4th Avenue South, Lethbridge, Alberta T1J 4E1. Its business office is located at 216, 3722 – 57th Avenue, Red Deer, Alberta T4N 4R7. The auditor of the Issuer is Collins Barrow Red Deer LLP of Red Deer, Alberta.

2.2 Our Business

(a) General

(i) The Issuer has been organized under the laws of Alberta to operate as a mortgage investment corporation. The Issuer may also register, where required, to carry on business as a mortgage investment corporation in British Columbia, Saskatchewan and other jurisdictions of Canada, when business conditions justify geographic expansion.

(ii) The Issuer's primary business is:

- investing in residential, commercial, construction and other mortgages of real property located principally in Alberta, Saskatchewan and British Columbia. The Issuer's loans shall be primarily made in urban centers and growth areas where investment opportunities may be maximized; and

- investing, to a lesser extent, in credit facilities secured by assets other than real estate.

(iii) The Issuer's loan portfolio consists primarily of first and second mortgages of residential and commercial property and construction projects. The Issuer thereby offers preferred shareholders with an opportunity to participate in a program of residential project equity, construction, interim, and land servicing mortgage loans and related investments in quality residential, commercial, office and industrial real estate projects, within the rules regarding investments for mortgage investment corporations. The Issuer can invest in credit facilities secured by assets other than real estate to provide a diversified hedge against systemic real estate risk, but has not done so as of the date of this Offering Memorandum. Market conditions and fluctuations in the value of real estate do not always affect other segments of the economy.

(iv) Generally speaking, the Issuer participates in only a part of a loan through syndication arrangements with other lenders, primarily Eagles Edge Capital Corporation. By restricting its participation in any particular investment, the Issuer benefits from increased portfolio diversification, and enables the Issuer to participate in larger real estate financings than it would otherwise undertake.

(v) Eagles Edge Capital Corporation is affiliated with the Issuer. **See item 2.7 – Material Agreements.**

(vi) The Issuer may employ leverage, to the extent permitted for mortgage investment corporations by the *Income Tax Act* (Canada). **See item 6.1 – Income Tax Consequences and Deferred Income Plan Eligibility**. The Issuer has not done so as at the date of this Offering Memorandum, and shall not do so.

(vii) The funds of the Issuer are, to the greatest extent possible, invested in mortgage loans. Funds not immediately required for mortgage investment are invested at ATB Financial in a daily interest account.

(b) Competition

(i) Many companies compete for business in the mortgage sector of the financial industry in Alberta, British Columbia and Saskatchewan.

(ii) The Issuer's primary business is financing the development of real estate projects. There are fewer competitors for this business and since the Issuer commenced business it has never encountered any difficulty sourcing sound lending opportunities with attractive rates of return.

(iii) The Issuer does not consider competition from other lenders to be a significant factor in its business in the foreseeable future, based upon the Issuer's past experience.

(c) Operating Policies

The Issuer's operating policies include:

(i) Income is derived from interest income earned from loans secured by first and second mortgages;

(ii) The Issuer also has the ability to earn income from interest on credit facilities other than real estate, to the extent that the Issuer may while meeting the qualification of a mortgage investment corporation.

(iii) Mortgage security must comply with the following:

- A first financial charge on the mortgaged property in a principal amount not to exceed 75% of the appraised value both at the time of loan approval and upon completion; or

- A second financial charge on the mortgaged property in a principal amount which when added to the principal amount of the first financial charge, will not exceed 80% of its appraised value at the time of loan approval and upon completion.

(iv) The Issuer focuses on investing in short term financing of 24 months or less, but will consider longer terms if justified by the degree of risk, the return and the liquidity requirements of the Issuer;

(v) The Issuer does not make loans to its shareholders or its affiliates and, without limitation, under any other circumstances that would result in any issued Preferred Shares of the Issuer losing their status as "qualified investments" under the *Income Tax Act* (Canada);

(vi) The Issuer manages its portfolio such that a minimum of 65% of the aggregate balance of all of its investments will be in first mortgages. The remaining balance of the portfolio, to a maximum amount of 35%, is invested in second mortgages and other investments secured by assets other than real estate;

(vii) The Issuer's investments, generally speaking, fall into the following categories:

- Residential Loans – These are loans secured by first and second mortgages against residential property. Principal and interest payments on the loans are payable monthly, unless otherwise agreed by the Issuer.

- Construction Loans – These are loans advanced to finance the construction and development of residential, commercial, office or industrial property. Interest payments are typically due monthly or quarterly and may be deducted from progress advances on a work-in-place/cost-to-complete basis. These loans are higher risk than loans on completed buildings and accordingly, the interest rate is substantially higher, generally in the range of 8% to 12% per annum.

- Interim Loans – These are loans to finance a complete or substantially completed residential, commercial, office or industrial building with potential for higher returns as a result of renovation, redevelopment, new tenancies or other circumstances. Interest payments are typically due monthly or quarterly. While the construction risk is substantially eliminated, the success of these projects is subject to market conditions. Accordingly, the return is usually similar to construction loans.

- Land Servicing Loans – These are loans to finance the development of land zoned or approved for development to a condition suitable for construction. The development process includes, without limitation, clearing, grading, road construction, installation of sewer and water systems, underground utilities and other improvements such as roads, curbs and gutters. This will involve, where applicable, the funding of progress advances on a work-in-place/cost-to-complete basis. The initial advance under a land-servicing loan may be made before development commences, but generally not before the subject property is zoned or approved by the municipality for the intended use. Interest payments are typically due monthly or quarterly and may be deducted from progress payments. Principal repayments are typically made as and when individual lots or parcels are sold. Land servicing loans tend to be higher risk and therefore offer a higher return because they are made at an early stage of project development and tend to be higher risk.

- Credit facilities secured by assets other than real estate – These are loans secured by receivables, accounts and other personal property. These financings are significantly smaller in size than commercial mortgage loans.

(viii) The directors of the Issuer have established its investment and operating policies, and may by resolution amend those policies from time to time.

(d) Investment Portfolio

(i) The following sets out each of the Issuer's investments as at the date of this Offering Memorandum:

Type of Loan	**Location**	**Total Syndicated Amount**	**Issuer Portion Amount**	**Interest Rate**	**Security**	**Loan Term Maturity Date**	**Loan to Value Ratio**	**Status**	**Allow-ance for Loan Loss**
Residential	Blackfalds, Alberta	$970,000	$137,500	9.5%	1st Mortgage	October 1, 2017	75%	In good standing	None
Residential	Lake Isle, Alberta	$1,300,000	$129,500	10%	1st Mortgage	December 1, 2017	14%	In good standing	None
Commer-cial	Airdrie, Alberta	$185,000	$75,000	14%	2nd Mortgage	December 31, 2017	17%	In good standing	None
Residential	Melville, SK	$325,000	$75,000	10%	1st Mortgage	June 1, 2017 (1)	75%	In good standing	None

(1) Loan term matured June 1, 2017 and is anticipated to be paid out approximately June 30, 2017.

(ii) The disclosure of loan-to-value is based upon the Issuer’s estimate of the fair market value of the mortgaged property at the time of loan approval. The estimate is based upon an appraisal.

(iii) Loan-to-value can change over time on account of changes in the fair market value of the property, and of the loan balance. Accordingly, the disclosure of the loan-to-value ratio may not be accurate as of the date of this Offering Memorandum.

(iv) Loan-to-value in the case of a construction mortgage is based upon an appraisal “as completed”. Thereafter, advances are made on a cost-to-complete basis, based upon the estimate of the Issuer.

(v) Loan-to-value includes the Issuer’s mortgage and all prior mortgages.

(vi) Interest on all loans is payable monthly. The principal and any accrued interest is due at the end of the loan term.

(e) Management

(i) The Issuer has no employees and does not anticipate having employees. The Issuer has contracted management services to Eagles Edge Capital Corporation (the “Manager”), who, together with the directors of the Issuer, are responsible for the management of the investment portfolio **See item 2.7 – Material Agreements**. The directors of the Manager are Patricia Pollitt and Mark Pollitt, directors and shareholders of the Issuer.

(ii) The Issuer also relies upon the services of its directors to assist with management generally, and in particular, to serve on the Issuer’s audit committee.

(f) Business Risk Management

(i) The Issuer recognizes that there are inherent risks associated with mortgage lending, whereby loan losses may result in inconsistencies and fluctuations in the rate of return from one period to the next. Accordingly, the Issuer intends to address the risk of fluctuating returns by withholding a portion of distributions until such time as a loss is incurred or the corporation is dissolved. If a loss is sustained, the distributions previously withheld will be distributed in whole or in part at that time in order to minimize the fluctuations in the rate of return.

(ii) The Issuer will account for its investments initially at fair value and subsequently at amortized cost in accordance with the CPA Canada Handbook Part I – International Financial Reporting Standards (IFRS), IFRS 9 - Financial Instruments. Accordingly, investments are considered impaired when there is reasonable doubt as to the timely collection of some portion of principal or interest and an allowance for investment losses in an amount considered adequate to absorb credit losses is recognized in the statement of comprehensive income.

(g) Marketing Materials Disclosure

(i) Realty Investments Corporation advertises the opportunity to purchase the Preferred Shares of the Issuer through Eagles Edge Capital Corporation, the Issuer's investment fund manager, at the website http://ricrd.ca/ (the "Realty Investments website").

(ii) The references to the Issuer, the Offering Memorandum and related commentary therein are deemed to be incorporated by reference into this Offering Memorandum.

(iii) For certainty, any perceived contradiction between the information set out in the Realty Investments website and the text of this Offering Memorandum is resolved by reference to this Offering Memorandum.

2.3 Development of Business

The Issuer commenced operations on April 1, 2012. As of the date of this Offering Memorandum, it had $417,000.00 in investments under administration, plus cash in the sum of $15,229.66. The investments are 4 separate mortgages of real property, located in Alberta and Saskatchewan. **See Item 3.2 (d) – Our Business.**

The rate of return of the dividends paid to the preferred shareholders during the last three years were as follows:

Fiscal Year End	Rate of Return
March 31, 2015	7.67%
March 31, 2016	8.00%
March 31, 2017	8.34%

2.4 Long Term Objectives

The Issuer's long-term objectives are:

(a) to maintain a high rate of return for the Preferred Shareholders through sound mortgage investments;

(b) to invest funds in a more diversified loan portfolio, within the rules pertaining to mortgage investment corporations; and

(c) to expand the geographic base of the loan portfolio in Alberta and elsewhere in Western Canada as sound investment opportunities arise.

2.5 Short Term Objectives and How We Intend to Achieve Them

The Issuer will continue to invest in short term loans located in the provinces of Alberta, British Columbia and Saskatchewan. The terms will continue to be 18 months or less. The Issuer will continue to raise capital to expand the investment portfolio. Preferred Share subscriptions are not expected to exceed 2,000,000 Preferred Shares in the next calendar year.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Complete this Preferred Share Offering	36 months	$30,000
Invest the available funds raised through this Offering in mortgage loans in Western Canada	ongoing	$1,970,000

2.6 Insufficient Proceeds

All of the funds raised through this Offering will be invested in loans as soon as possible following receipt. The possibility that this Offering will not be fully subscribed may delay the achievement of the Issuer's long-term goals of a larger and more diversified loan portfolio; however it is considered unlikely that the rate of return would be detrimentally affected thereby.

2.7 Material Agreements

The Issuer is a party to the following material agreements as at the date of this Offering Memorandum, namely:

(a) A Financial Services Agreement between the Issuer and Eagles Edge Capital Corporation (the "Manager") dated effective April 1, 2012, as amended on April 1, 2014. **See item 2.2 – Our Business**. The Manager is registered as an investment fund manager and as an exempt market dealer in the Provinces of Alberta, British Columbia and Saskatchewan.

The Financial Services Agreement provides that:

(i) the Manager shall act as the Issuer's investment fund manager and as its exempt market dealer;

(ii) the Manager must carry out its duties fairly, honestly and in the best interests of the Issuer, and must exercise the degree of care, diligence and skill expected of one who is experienced in the business of mortgage management and management.

(iii) the Manager is compensated by a fee not to exceed 2% per annum plus GST of the aggregate redemption amount of the issued Preferred Shares, and calculated by reference to the balance of the issued Preferred Shares of the last day of each month. The fee is paid in monthly installments.

(iv) the Manager is responsible for the payment of legal fees and disbursements related to attendance at the annual directors' and shareholders' meetings and preparation of related resolutions, and audit and accounting fees and disbursements related to the preparation and presentation of annual audited financial statements, from and after April 1, 2014.

(v) Otherwise, the Issuer is responsible for its direct costs including, without limitation, extraordinary audit, accounting and legal fees and disbursements not required to be paid by the Manager and regulatory filing fees and directors' and officers' liability insurance premiums.

(vi) The Financial Services Agreement may be terminated:

- by mutual consent;
- by the Issuer, if the Manager makes a general assignment for the general benefit of its creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);
- by the Issuer, if the Manager assigns any of its rights under the Financial Services Agreement without the prior written consent of the Issuer; and
- by the Issuer, if the Manager is in breach of the Financial Services Agreement.

(vii) the Manager has agreed to keep all information which it receives from the Issuer confidential and specifically, but without limitation, has agreed to keep confidential all information which it receives in relation to the shareholders of the Issuer, unless the Manager has received the written consent of the Issuer to disclose such information. The Issuer permits the disclosure of such information only to the extent required by law (for example, to the extent necessary to comply with securities legislation regarding trades of the shares of the Issuer).

(viii) the Manager is not liable to the Issuer for loss caused by the Manager in carrying out its duties unless that loss resulted from the negligence, willful misconduct or dishonesty of the Manager. The Issuer has agreed to indemnify the Manager for any loss incurred by the Manager in carrying out its duties under the Financial Services Agreement, unless those losses were caused by the negligence willful misconduct or dishonesty of the Manager, its officers, employees and agents.

(ix) The term of the Financial Services Agreement expires on December 31, 2017, and automatically renews for further 1 year terms unless terminated by the parties in accordance with the Financial Services Agreement.

The directors of the Manager are Patricia Pollitt and Mark Pollitt, directors and shareholders of the Issuer. Accordingly, Patricia Pollitt and Mark Pollitt have a material interest in the agreements to which the Issuer and the Manager are the parties.

(b) Syndication Agreements between the Issuer and other lenders, including Eagles Edge Capital Corporation, respecting a number of individual loan investments, which offer the Issuer the following:

(i) The lending of funds through a syndication agreement allows the Issuer to invest in a portion of a mortgage-secured loan with other lenders.

(ii) The risk is better managed as the Issuer accepts only a portion of the risk of any particular loan.

(iii) The Issuer is able to participate in larger financings than it would undertake as the sole lender.

The directors of Eagles Edge Capital Corporation are Patricia Pollitt and Mark Pollitt, directors and shareholders of the Issuer. Accordingly, Patricia Pollitt and Mark Pollitt have a material interest in these agreements.

Item 3 Interests of Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The following table provides information about each director, officer and promoter of the Issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Issuer (a "principal holder"):

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by Issuer or related party in the most recently completed financial years and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of minimum offering	Number, type and percentage of securities of the Issuer held after completion of maximum offering (*1)
Patricia Pollitt Red Deer, Alberta	Director, President and CEO since April, 2012	None (*2) (*3)	1 Class A 4.50% 10,341 Class B 2.26%	1 Class A 4.50% 10,341 Class B 0.42%
Mark Pollitt Red Deer, Alberta	Director and Chief Financial Officer since April, 2012	None (*2) (*3)	1 Class A 4.50% 74,480 Class B 16.30%	1 Class A 4.50% 74,480 Class B 3.03%
David McNabb Red Deer, Alberta	Director and Secretary since April, 2012	None	2 Class A 9.10% 23,043 Class B 5.04%	2 Class A 9.10% 23,043 Class B 0.94%

Vicki Chapman Red Deer, Alberta	Director since April, 2012	None	2 Class A 9.10%	2 Class A 9.10%
Robert Brunner Red Deer, Alberta	Director since April, 2012	None	2 Class A 9.10% 16,168 Class B 3.54%	2 Class A 9.10% 16,168 Class B 0.66%
Jim Heisler Lacombe, Alberta	Director since April, 2012	None	2 Class A 9.10% 11,556 Class B 2.53%	2 Class A 9.10% 11,556 Class B 0.47%
Ray Miller Red Deer, Alberta	Director since April, 2012	None	2 Class A 9.10%	2 Class A 9.10%

(*1) The principal holders may subscribe for further preferred shares or demand the redemption of any Preferred Shares issued to them in accordance with the provisions of this Offering Memorandum and the Articles of the Issuer.

(*2) Patricia Pollitt and Mark Pollitt are directors of the Issuer and are the directors and hold shares in the capital of the shareholders of the Manager. Accordingly, Patricia Pollitt and Mark Pollitt may receive compensation indirectly through the Financial Services Agreement made between the Issuer and the Manager. **See Item 2.7 (a) – Material Agreements – Financial Services Agreement**.

(*3) Furthermore, the Manager will charge fees to borrowers of the funds raised through this Offering. Accordingly, Patricia Pollitt and Mark Pollitt will be compensated indirectly through fees charged to borrowers by the Manager, although such fees shall not be payable by the Issuer. **See Item 2.7 (b) – Material Agreements – Syndication Agreements**.

3.2 Management Experience

The following table discloses the principal occupations of the directors and senior officers over the past five years:

Name	Principal occupation and related experience
Patricia Pollitt	Ms. Pollitt is the President of the Issuer, and its Chief Executive Officer. Ms. Pollitt is also the President and a shareholder of Realty Investments Corporation, a commercial investment company that has specialized in marketing, management and financing of commercial investment real estate since 1979. Ms. Pollitt has served as a director and President of the Red Deer Real Estate Board, has served on and chaired the CI Committee of the Canadian Real Estate Association and has been a director of the Commercial Investment Real Estate Institute of the National Association of Realtors. Ms. Pollitt completed her CCIM designation in 1984. This designation is an internationally recognized commercial designation that required the completion of courses in investment analysis, taxation, marketing and financing of commercial investment properties. Ms. Pollitt currently administers a syndicated mortgage portfolio. Ms. Pollitt has been a Mortgage Broker in the Province of Alberta since 1992. Ms. Pollitt passed the Exempt Market Products examination to be a dealing representative in exempt market products in September, 2010, for Eagles Edge Capital Corporation, of which Ms. Pollitt is a Director and a Shareholder.

Mark Pollitt	Mr. Pollitt is the Chief Financial Officer, a director of the Issuer and a member of its audit committee. Mr. Pollitt is also a director, shareholder and VP of Operations for Realty Investments Corporation. Mr. Pollitt is also a Director and Shareholder of Eagles Edge Capital Corporation, the Investment Fund Manager. He is the company's Chief Compliance Officer and part of the team that underwrites and administers the investments of the Issuer. Mr. Pollitt holds a Business Marketing diploma from S.A.I.T. and a Bachelor of Management, Finance Major, from the University of Lethbridge. He completed the Canadian Securities Course 2001, the Partners, Directors and Senior Officers (PDO) Examination in 2010 from the Canadian Securities Institute. Mr. Pollitt earned the Specialist Trust designation in the Mortgage Program of the Institute of Canadian Bankers in 2008. Mr. Pollitt has been a registered Mortgage Broker in the Province of Alberta since 2002 and in BC since 2008. Mr. Pollitt passed the Exempt Market Products examination to be a dealing representative in exempt market products in September, 2010.
David McNabb	Mr. McNabb is a director and Secretary of the Issuer. Mr. McNabb is a director of Regional Mortgage Corporation. Regional Mortgage Corporation's principal business is the brokerage of residential mortgages in central Alberta since 1998. Mr. McNabb was on the Board of Directors of the Alberta Mortgage Brokers Association for over nine years, holding the position of Secretary/Treasurer and one term as President. Mr. McNabb is also on the Board of Directors for the Build a Kid/Golf a Kid to Cure – Fundraiser for Central Alberta. Prior to starting Regional Mortgage Corporation, Mr. McNabb spent over 20 years in financial management in the building and real estate industries as well as retail financing in the automotive industry.
Robert Brunner	Mr. Brunner is a director of the Issuer and a member of its audit committee. Mr. Brunner has directed and managed multiple sales and manufacturing companies in the interior architecture and cabinetry industry. The geographical areas these corporations operated included Canada, United States, Japan and Europe. With over 30 years' experience, Mr. Brunner expanded his companies through perseverance in market analyses, product design, manufacturing and distribution. Creating partnerships and alliances in the industry and motivating a forward momentum to "get things done", Mr. Brunner was successful in accomplishing world-class design centres and manufacturing facilities. Mr. Brunner also manages his personal investment portfolio of real estate, stocks, bonds, income trusts, mortgages and oil and gas flow-thru shares.
Jim Heisler	Mr. Heisler is a director of the Issuer and is also President of Bow Glen Resources Ltd. Mr Heisler has participated in the commercial real estate business since 1978. He has been involved in all aspects of the commercial real estate business including developing new projects from start to inception, financing and project management. Currently, Hr. Heisler invests in real estate and mortgages and accepts projects on a contract basis.

Vicki Chapman	Ms. Chapman is a director of the Issuer and a member of its audit committee. Ms. Chapman is a Chartered Professional Accountant with over 30 years' experience in taxation for small business and investors. Previous experience includes managing, as a co-owner, a taxation and accounting business and a commercial janitorial service business. She also worked in the agriculture financial field for fifteen years. Ms. Chapman has been investing in real estate, mortgages and mortgage investment corporations for over twenty years.
Ray Miller	Mr. Miller is a director of the Issuer. Mr. Miller has been the owner operator of Miller Petroleum Red Deer Ltd. for over 35 years. Millar Petroleum is a bulk fuel and cardlock business that has three cardlock sites and two stores in Red Deer and cardlock site and store in Delburne. Mr. Miller is involved in the day to day operations and business development of all the stores and cardlock sites with his two children and together, they employ over twenty employees. Mr. Miller is very active in the Rotary Club and has participated with them on many trips to other countries to promote business development. He is involved in and supports numerous other community clubs and activities. Mr. Miller has been investing in real estate, mortgages and mortgage investment corporations for over 20 years.

3.3 Penalties, Sanctions and Bankruptcy

(a) No penalty or sanction is now in effect or has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against (i) a director, senior officer or control person of the Corporation; or (ii) an issuer of which a person or company referred to in (i) was a director, senior officer or control person at the time.

(b) No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last 10 years with regard to any (i) a director, senior officer or control person of the Corporation; or (ii) an issuer of which a person or company referred to in (i) was a director, senior officer or control person at the time.

3.4 Loans

There are no amounts due to or from the directors, management, promoters or principal holders of the Issuer as of the date of this Offering Memorandum.

Item 4 Capital Structure

4.1 Share Capital

The details of the outstanding securities of the Issuer are as follows:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at May 31, 2017	Number outstanding after minimum offering	Number outstanding after maximum offering
Class A common voting	Unlimited	$1	22	22	22
Class B preferred non-voting	Unlimited	$1	457,067	457,067	2,457,067

4.2 Long-Term Debt

The Issuer has no long-term debt.

4.3 Prior Sales

The Issuer has issued the following preferred shares within the last 12 months.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
June, 2016	Preferred Shares	5,992	$1	(Dividend Reinvestment) $0
July, 2016	Preferred Shares	0	$1	$0
August, 2016	Preferred Shares	0	$1	$0
September, 2016	Preferred Shares	6,085	$1	(Dividend Reinvestment) $0
October, 2016	Preferred Shares	1,113	$1	$1,113
November, 2016	Preferred Shares	0	$1	$0
December, 2016	Preferred Shares	6,512	$1	(Dividend Reinvestment) $0
January, 2017	Preferred Shares	0	$1	$0
February, 2017	Preferred Shares	23,602	$1	$23,602
March, 2017	Preferred Shares	6,391	$1	(Dividend Reinvestment) $0
April, 2017	Preferred Shares	16,081	$1	$16,081
May, 2017	Preferred Shares	8,490	$1	$8,490

24,980 of the securities issued were issued pursuant to a dividend reinvestment plan. Otherwise, no securities have been issued other than for cash.

Item 5 Securities Offered

The Issuer is offering 2,000,000 Preferred Shares for sale at a price of $1 per share. This includes all Preferred Shares that have been sold as at the date of this Offering Memorandum.

5.1 Terms of Securities

(a) Voting

Save in respect of such matters as are by law expressly required to be voted upon by the holders of Preferred Shares, the holders of the Preferred Shares shall not be entitled to vote at any meeting of the shareholders of the Issuer.

(b) Dividend Entitlement:

(i) Holders of the Preferred Shares are entitled to non-cumulative dividends, in the discretion of the Directors, in priority to holders of the Class A common shares, based on the paid up capital amount of the Preferred Shares. The Issuer does not intend to declare dividends payable to the holders of the Class A common shares in any event;

(ii) It is the intention of the Issuer that dividends on the Preferred Shares will be declared quarterly, subject to the discretion of the Directors. The dividend declared on a Preferred Share for the quarter in which a Preferred Share is issued shall be prorated according to the fraction created by the number of days in that quarter that the share was issued and outstanding divided by the number of days in that quarter.

(iii) The Issuer intends to pay dividends within one month of the end of the quarter, either as a share dividend or by way of cash, depending upon the preference of each holder of Preferred Shares.

(c) Liquidation Entitlement

If the Issuer is liquidated, dissolved or wound-up, or in the event of a reduction or redemption of the Issuer's capital stock or other distribution of property or assets of the Issuer among the shareholders other than by way of dividends, holders of Preferred Shares will be entitled to receive rateably the amount paid up on the Preferred Shares held by them respectively in preference to any payment to the holders of common shares.

(d) Allotment and Transferability:

(i) The Preferred Shares will not be transferable, except with the approval of the Directors.

(ii) Section 130.1(6)(d) of the *Income Tax Act* (Canada) stipulates that a mortgage investment corporation may not have fewer than 20 shareholders. A trust governed by a registered pension plan or a deferred profit sharing plan which holds shares of the Issuer is counted as four shareholders for the purpose of determining the number of shareholders of the Issuer.

(iii) Furthermore, no person shall own, directly or indirectly, more than 25% of any class of the shares of the Issuer. A person is deemed to own the shares of his or her spouse or common law partner, minor children and minor grandchildren, corporations controlled by such persons and by trusts respecting which the person is a beneficiary. A trust governed by a registered profit sharing plan or deferred profit sharing plan is counted as one shareholder for the purpose of determining whether the 25% test has been met.

(iv) There are further, more stringent restrictions affecting a trust governed by registered plans. **See Item 6.3 (a) and (c) – Income Tax Consequences and Deferred Income Plan Eligibility - Deferred Income Plans**.

(v) Neither a shareholder nor any person related to a shareholder can be indebted to the Issuer.

(vi) Accordingly, the Articles of the Issuer prohibit any transaction whereby any shareholder of the Issuer shall hold, or be deemed to hold, more than 25% of any class of the issued shares, or there shall be fewer than 20 shareholders or if the Issuer would otherwise cease to meet the qualifications of a mortgage investment corporation.

(vii) There are other restrictions on the resale of the Preferred Shares. **See Item 10 – Resale Restrictions.**

(e) Redemption:

(i) The Preferred Shares are redeemable by the Issuer at the Issuer's option at any time.

(ii) Holders of Preferred Shares cannot redeem Preferred Shares for a period of one year from the date that the Preferred Shares were issued. Thereafter, the Preferred Shares are redeemable by Holders of Preferred Shares if the Issuer receives a written request for redemption and such request is received 90 days before the end of the next-following calendar quarter, and, subject to the Articles of Incorporation, the Issuer will redeem the Preferred Shares as soon as possible, having regard to the Issuer's available cash, the Issuer's obligations to fund loans and the Issuer's policies regarding maintenance of cash revenues, if any.

(iii) Holders of Preferred Shares called for redemption shall be entitled to receive the redemption amount of $1.00 per Preferred Share together with any declared but unpaid dividends.

(iv) The Issuer shall not redeem Preferred Shares if, as a result of the redemption, the Issuer would not meet the requirements of a mortgage investment corporation set out in the *Income Tax Act* (Canada).

(v) The Issuer shall not redeem Preferred Shares if there are reasonable grounds for believing that the Issuer is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of the Issuer's assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes.

(vi) In instances where demands for redemption of Preferred Shares exceeds the Issuer's available cash for that purpose, the Issuer may in its discretion, redeem Preferred Shares in the order that the demands for redemption have been received or redeem Preferred Shares respecting which demand for redemption has been made *pro rata*.

5.2 Subscription Procedure

(a) The Issuer is offering the Preferred Shares in British Columbia, Alberta and Saskatchewan.

(b) The Offering is being made in accordance with registration and prospectus exemptions in force in British Columbia, Alberta, and Saskatchewan whereby the Issuer is exempted from legislative provisions requiring the Issuer to utilize a registered dealer to sell the Preferred Shares through a registered dealer and to file a prospectus. Accordingly, no securities commission or comparable authority in each province will review this Offering Memorandum.

(c) The Issuer must be able to rely upon these exemptions in order to accept a subscription for Preferred Shares. The exemptions apply only if you qualify to purchase the Preferred Shares in the jurisdiction in which you reside. Therefore, the first, and most important part of the subscription procedure is your investigation and determination of whether or not you qualify to purchase the Preferred Shares. You must initial the provision in the Subscription Agreement provided with this Offering Memorandum describing the exemption provision under which you qualify to subscribe for the Preferred Shares.

5.3 Delivery of Documents

You may subscribe for Preferred Shares by delivering the following documents to us at the address shown in the Subscription Agreement:

(a) an executed Subscription Agreement, in the form provided with this Offering Memorandum;

(b) a cheque or bank draft made payable to the Issuer in the amount of the subscription price for the Preferred Shares or an irrevocable direction to a financial institution to deliver to the Issuer full payment for the Preferred Shares upon delivery of certificates representing the Preferred Shares to the financial institution or to the Subscriber; and

(c) an executed Risk Acknowledgement form (Form 45-106F4), provided with this Offering Memorandum.

5.4 **Funds Held In Trust**

The subscription funds will be held in trust until midnight on the second business day after the day on which the Issuer received your signed Subscription Agreement. **See item 11 – Purchaser's Rights.**

5.5 **Acceptance or Rejection of Subscription**

(a) The Issuer reserves the right to accept or reject any subscription. In particular:

(i) the Issuer will reject a subscription if, as a result of accepting it, the Issuer would not qualify as a mortgage investment corporation, or if the Issuer on reasonable grounds believes that the subscriber does not qualify to purchase the Preferred Shares under the Offering Memorandum exemption; and

(ii) the Issuer will normally reject the subscription of a first time subscriber who subscribes for less than 20,000 Preferred Shares. However, the Issuer, in its discretion, may accept subscriptions of a lesser amount from existing holders of Preferred Shares, or from subscribers related to existing holders of Preferred Shares that otherwise meet subscription requirements.

(b) If your subscription is not accepted, the subscription price paid will immediately be refunded, without interest or deduction.

Item 6 Income Tax Consequences and Deferred Income Plan Eligibility

6.1 **Summary**

This summary sets out a number of income tax consequences that apply to investments in mortgage investment corporations. It is not exhaustive, and it is subject to the Issuer remaining qualified as a mortgage investment corporation in accordance with the provisions of the *Income Tax Act* (Canada). That qualification is maintained by the Issuer, if throughout the year:

(a) it was a Canadian corporation;

(b) its only undertaking was the investing of funds of the Issuer and it did not manage or develop any real property;

(c) none of the property of the Issuer consisted of:

(i) debts owed to the Issuer that were secured on real property situated outside of Canada;

(ii) debts owed to the Issuer by non-residents of Canada, unless those debts were secured by real property situated in Canada;

(iii) shares of the capital stock of corporations not resident in Canada; or

(iv) any ownership or leasehold interest in real property situated outside of Canada.

(d) there were at least 20 shareholders of the Issuer, and no shareholder owned, directly or indirectly, or was deemed by the *Income Tax Act* (Canada) to have owned, more than 25% of the issued shares of any class of the Issuer;

(e) holders of Preferred Shares of the Issuer had a right, after payment to them of their preferred dividends, and payment of dividends of a like amount per share to the holders of the common shares of the Issuer, to participate *pari passu* with the holders of the common shares in any further payment of dividends;

(f) the cost amount of the Issuer’s property consisting of:

(i) mortgages on houses and housing projects (as defined by the *National Housing Act* (Canada),

(ii) deposits with a bank or other corporation whose deposits are insured by Canada Deposit Insurance Corporation or a credit union, and

(iii) the amount of any money of the Issuer

was at least 50% of the cost amount of all of the Issuer’s property;

(g) the cost amount to the Issuer of all real property of the Issuer, including leasehold interests of such property, (except real property acquired by the Issuer by foreclosure or otherwise by default on a mortgage) did not exceed 25% of the cost amount of all of its property; and

(h) its liabilities did not exceed:

(i) three times the amount by which the cost amount of all of the Issuer's property exceeded its liabilities, excluding the Preferred Shares, where at any time in the year the cost amount to it of the property described in 6.1(f), above, was less than two-thirds of the cost amount to it of all of its property; or

(ii) five times the amount by which the cost amount to the Issuer of all of its property exceeded its liabilities, excluding the Preferred Shares, where 6.1(h)(i) is not applicable.

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

6.2 **Provisions**

The Issuer has been advised by Collins Barrow Red Deer LLP, Chartered Professional Accountants, that:

(a) The Issuer:

A mortgage investment corporation is subject to taxation on the same basis as any Canadian public corporation. However, special rules relating to a mortgage investment corporation enable it to reduce its federal taxable income in the year if, during the year or within 90 days after the end of the year, it distributed some or all of its capital gains arising in the year by way of capital gains dividends, and some or all of its other income by way of taxable dividends. More specifically, the Issuer is entitled to deduct from its federal income the total of:

(i) all taxable dividends, other than capital gains dividends, paid by the Issuer during the year or within 90 days after the end of the year to the extent that those dividends were not deductible for the Issuer in computing its income for the preceding year; and

(ii) one-half of all capital gains dividends paid by the Issuer during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year.

No deduction may be made under Section 112 of the *Income Tax Act* (Canada) in respect of taxable dividends received by it from other corporations.

No federal tax is payable by the Issuer for any year in which all of the Issuer's federal taxable income for that year is distributed in this manner.

(b) Shareholders:

(i) Dividends payable to holders of Preferred Shares, other than capital gains dividends, paid by the Issuer are not included in the income of a shareholder as taxable dividends, but rather are deemed to have been received as interest on a bond issued by the Issuer after 1971. The "gross-up/dividend tax credit" mechanism provided in the *Income Tax Act* (Canada) does not apply to taxable dividends paid by the Issuer to Canadian resident individual shareholders. Canadian resident corporate shareholders are not entitled to deduct the amount of a taxable dividend received from a mortgage investment corporation in computing taxable income.

(ii) If the Issuer distributes all of its income, it is again effectively treated as a conduit between the investor and the underlying investment, at least with respect to rental and interest income earned by the Issuer.

(iii) As is the case with capital gains dividends, if the Issuer does not distribute all of its income within the required time by way of taxable dividends, the income remains taxable in the Issuer in the same manner as any other public corporation. When amounts are subsequently distributed to the shareholders through the payment of taxable dividends, the combined corporate and shareholder tax may be significantly higher than had all of the income been distributed as taxable dividends.

(iv) Assuming that the Preferred Shares are capital property to the shareholder, the usual rules apply on the disposition of those shares as would apply on similar shares of any other public corporation. Certain taxpayers, such as securities dealers and those who have acquired the shares in the course of a business of buying and selling shares or in a transaction that is an "adventure in the nature of a trade", would not be considered to be a holder of the shares as capital property.

(v) Redemptions or other acquisitions of the shares of the Issuer (for example, on a winding up) may result in taxable capital gains or allowable capital losses or deemed taxable dividends to the shareholder. It may not be possible for the Issuer to treat such a deemed dividend as a capital gains dividend. Any amount that represents the payment of a declared but unpaid dividend that is distributed on the redemption or other acquisition of the share by the Issuer, and which is not a capital gains dividend, will be characterized as interest received by the shareholder.

(vi) One-half of any capital gain that is realized on the disposition of the Preferred Shares will be included in the shareholder's income. Any amount that is deemed to be interest or a capital gains dividend on the redemption or other acquisition of the shares by the Issuer is not included in determining the proceeds of disposition of the Preferred Shares for capital gains purposes.

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

6.3 **Deferred Income Plans**

The Issuer has been advised by Collins Barrow Red Deer LLP, Chartered Professional Accountants, that:

(a) The Preferred Shares are qualified investments for trusts governed by Registered Retirement Savings Plans, Registered Education Savings Plans, Registered Disability Savings Plans, Deferred Profit Sharing Plans and Registered Retirement Income Funds at a particular time if the Issuer is qualified as a mortgage investment corporation under the *Income Tax Act* (Canada), and the annuitant is not a specified shareholder of the Issuer as defined in Section 248 (1) of the *Income Tax* Act (Canada) as a shareholder who owns, or is deemed to own, directly or indirectly, at any time during the year, 10% or more of the issued shares of any class of capital stock of the Issuer or any other corporation that is related to the Issuer, and if, throughout the calendar year in which the particular time occurs, the Issuer does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, a subscriber or an employer, as the case may be, under the governing plan trust, or of any other person who does not deal at arm's length with that person;

(b) Dividends received by such deferred income plans on Preferred Shares while the Preferred Shares are qualified investments for such plans will be tax deferred until withdrawal in accordance with the provisions of the *Income Tax Act* (Canada) governing those plans.

(c) The Preferred Shares are qualified investments for trusts governed by Tax Free Savings Accounts at a particular time if the Issuer is qualified as a mortgage investment corporation under the *Income Tax Act* (Canada), and the annuitant is not a specified shareholder of the Issuer as defined in Section 248 (1) of the *Income Tax* Act (Canada) as a shareholder who owns, or is deemed to own, directly or indirectly, at any time during the year, 10% or more of the issued shares of any class of capital stock of the Issuer or any other corporation that is related to the Issuer, and if, throughout the calendar year in which the particular time occurs, the Issuer does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, a subscriber or an employer, as the case may be, under the governing plan trust, or of any other person who does not deal at arm's length with that person;

(d) Dividends received by such deferred income plans on Preferred Shares while the Preferred Shares are qualified investments for such plans will be tax exempt in accordance with the provisions of the *Income Tax Act* (Canada) governing Tax Free Savings Accounts.

(e) Note that the foregoing opinion is qualified to the extent that if, for any reason, the Issuer fails to maintain its qualification as a mortgage investment corporation under the *Income Tax Act* (Canada), the dividends paid by the Issuer on the Preferred Shares offered will cease to be deductible from the income of the Issuer and the Preferred Shares will cease to be qualified investments for deferred income plans. **See item 8 – Risk Factors.**

Not all securities are eligible for investment in a Registered Retirement Savings Plan, Registered Education Savings Plan, Registered Disability Savings Plan, Deferred Profit Sharing Plan, Registered Retirement Income Fund or Tax Free Savings Account. You should consult your own professional advisors to obtain advice on the eligibility of the Preferred Shares for investment in registered plans.

6.4 Interest Expense

(a) Except for money borrowed for the purposes of paying a premium or making a contribution to one of the deferred income plan trusts described above to enable such a trust to hold the Preferred Shares, a reasonable amount of interest paid or payable (pursuant to a legal obligation) by an investor on money borrowed to acquire Preferred Shares should be deductible in computing income for purposes of the *Income Tax Act* (Canada), so long as the Investor continues to own the Preferred Shares.

(b) The *Income Tax Act* (Canada) may allow an investor to continue to deduct interest costs where the Preferred Shares are disposed of at a loss or the Preferred Shares have declined in value.

6.5 Non-Resident Shareholders

Shareholders who are considered to be non-residents of Canada are subject to the rule in the *Income Tax Act* (Canada) that any taxable dividends paid from the Issuer to a non-resident shareholder would be subject to Canadian withholding tax at a maximum rate of 25% of the taxable dividend paid. This rate may be reduced if Canada has ratified a bilateral income tax treaty with the country in which the shareholder is resident.

Item 7 Compensation Paid to Sellers and Finders

7.1 Sellers and Finders

No person or company has or will receive any compensation in connection with this Offering.

Item 8 Risk Factors

8.1 Investment Risk

(a) This is a speculative Offering. There is no assurance of a guaranteed return on the Preferred Shares or that your investment will be returned.

(b) The Preferred Shares are not insured by the Canada Deposit Insurance Corporation, or otherwise.

(c) You may not be able to withdraw your investment when you wish to do so. In particular:

(i) As no market for the Preferred Shares exists or will exist after this Offering, the purchaser cannot sell them. **See item 10 – Resale Restrictions**. The Preferred Shares are, however, redeemable at the option of the holder under certain circumstances. **See item 5 - Securities Offered.**

(ii) The Preferred Shares cannot be redeemed if, as a result of their redemption, the Issuer would cease to qualify as a mortgage investment corporation. **See item 5.1 – Terms of Securities.**

(d) The rights of the preferred shareholders are subordinate to the rights of creditors of the Issuer.

8.2 **Issuer Risk**

(a) Under the Financial Services Agreement, the Manager has agreed to ensure that the Issuer's operations are conducted so as to retain its qualification as a mortgage investment corporation under the *Income Tax Act* (Canada). If, for any reason, the Issuer fails to maintain its qualifications as a mortgage investment corporation under the *Income Tax Act* (Canada), the dividends paid by the Issuer on the Preferred Shares offered will cease to be deductible from the income of the Issuer and the Preferred Shares will cease to be qualified investments for deferred income plans. **See item 6 - Income Tax Consequences and Deferred Income Plan Eligibility.**

(b) Holders of Preferred Shares do not have any voting rights, save for the limited voting rights specifically reserved for holders of non-voting shares in the *Business Corporations Act* (Alberta). Investors must consequently rely upon the ability, experience and good faith of the directors of the Issuer.

(c) The Issuer and its shareholders are dependent in large part upon the experience, expertise and good faith of the Manager. The Manager is entitled to act in a similar capacity for other companies that may have similar or different investment policies to that of the Issuer. However, the Manager is contractually obligated pursuant to the terms of the Financial Services Agreement to manage the affairs of the Issuer fairly, honestly and in the best interests of the Issuer.

(d) There are potential conflicts of interest to which the directors and officers of the Issuer may be subject in connection with the operation of the Issuer. These conflicts arise primarily out of the contractual relationships between the Issuer and Eagles Edge Capital Corporation, which is obligated to manage the Issuer to a certain standard, and Eagles Edge Capital Corporation, with whom the Issuer may enter into syndication agreements. **See item 2.7 - Material Agreements**.

(e) There is no working capital deficiency as at the date of this Offering Memorandum. However, should the Issuer suffer a working capital deficiency, there are potential serious consequences for holders of Preferred Shares. Specifically, the Issuer may not be able to pay any dividends or redeem Preferred Shares.

(f) The Issuer does not currently employ leverage. **See Item 2.2 (a) (vi) – Our Business.** Should the Issuer employ leverage in the future, the rights of the holders of Preferred Shares are subordinated to the rights of the creditors of the Issuer.

8.3 **Industry Risk**

(a) The ability of the Issuer to achieve income is dependent in part upon the Manager being able to identify and assemble an adequate supply of mortgages. There is no assurance that this will occur.

(b) The profitability of the Issuer will be dependent on both general and local economic conditions and will be affected by fluctuations in the rate of economic growth and the rate of expansion of the real estate market in the target areas.

(c) There are certain risks inherent in mortgage lending over which neither the Issuer nor the Manager has any control. These risks include significant fluctuations in interest rates, the general state of the economy, concentration of mortgages on properties which are in one geographic location, demand for residential and commercial real estate and changing real estate values. Should the net asset value of the Issuer's assets be less than the sum of the Issuer's liabilities and the aggregate Redemption Amount of the Preferred Shares, the Issuer will not be able to pay dividends or redeem Preferred Shares.

(d) There may be insufficient cash to redeem Preferred Shares at a particular time. In particular:

(i) Investments in real estate are illiquid;

(ii) The Issuer's cash may be otherwise committed to fund mortgages; or

(iii) The Issuer's cash may be otherwise committed to maintain a cash reserve, should the Issuer establish policies in that regard;

any of which may affect the ability of the Issuer to redeem the Preferred Shares at any time, and which consequently affect the liquidity of an investment in Preferred Shares.

(e) There is no assurance that the historical rates of return on the Preferred Shares can be repeated in the future.

(f) The Issuer generally obtains environmental assessment reports prior to the purchase of property. Nevertheless, the presence of, or the release of, environmental contamination on or from real estate mortgaged to the Issuer may limit the remedies available to the Issuer or increase the risk of liability for the costs of environmental rehabilitation in the event that the Issuer must realize on its security. Environmental contamination may also adversely affect the value of the real estate mortgaged to the Issuer.

8.4 **Taxation**

(a) The normal gross-up and dividend tax credit rules do not apply to dividends paid on the Preferred Shares. **See item 6 - Income Tax Consequences and Deferred Income Plan Eligibility.**

(b) There is no assurance that tax laws will not change in a manner affecting the tax consequences to holders who are either holding or disposing of the Preferred Shares.

Item 9 Reporting Obligations

9.1 **No Continuous Disclosure Requirements**

The Issuer is not a reporting issuer and will not become a reporting issuer in any jurisdiction in Canada. Consequently, the Issuer will not be subject to the continuous disclosure requirements set out in securities legislation. **The Issuer is not required to send you any documents on an annual or ongoing basis.**

9.2 **Statements**

The Issuer will provide holders of Preferred Shares with unaudited quarterly statements regarding dividends payable, and annually with audited financial statements and a Canada Revenue Agency Form T-5 Statement of Investment Income.

9.3 Information about the exempt market is available at the following addresses:

(a) Alberta Securities Commission:
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Website: www.albertasecurities.com
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

(b) British Columbia Securities Commission:
P. O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Website: www.bcsc.bc.ca
Telephone: (604) 899-6854
Facsimile: (604) 899-6506

(c) Government of Saskatchewan
Financial and Consumer Affairs Authority
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Website: www.fcaa.gov.sk.ca
Telephone: (306) 787-5645
Facsimile: (306) 787-5899

Item 10 Resale Restrictions

10.1 **General Statement**

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

10.2 **Restricted Period – British Columbia, Alberta and Saskatchewan**

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

Item 11 Purchasers' Rights

11.1 **Introduction**

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

(b) If you purchase the Preferred Shares based on the Offering Memorandum exemption in British Columbia, Alberta or Saskatchewan and have received a copy of this Offering Memorandum, you have the contractual or statutory rights listed below, as applicable.

(c) For the purposes of this section, a misrepresentation is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary in order to make any statement in the Offering Memorandum not misleading in light of the circumstances in which it was made.

(d) For the purposes of this section, a material fact is a fact that significantly affects, or would reasonably be expected to significantly affect, the market price or value of the Preferred Shares.

11.2 Alberta and British Columbia

If you are resident in Alberta or British Columbia and are purchasing the Preferred Shares under the Offering Memorandum exemption, you have the following rights:

(a) **Two Day Cancellation Right** – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

(b) **Statutory Rights of Action in the Event of a Misrepresentation** – If there is a misrepresentation in this Offering Memorandum and you purchase the Preferred Shares offered hereunder, you are deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and you have a right of action for damages or rescission against the Issuer. You also have a right of action for damages against every director who was a director of the Issuer at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

(c) If you elect to exercise your right to cancel your agreement to purchase the Preferred Shares (rescission) against the Issuer, you will not have a right of action for damages against the Issuer or any other person named in paragraph (b) above.

(d) In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Preferred Shares were offered to you under this Offering Memorandum.

(e) This right of action for misrepresentation is available to you without regard to whether you relied on the misrepresentation. However, there are various defenses available to the persons or companies against which you have a right of action. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the Preferred Shares.

(f) If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Preferred Shares. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the Preferred Shares.

You may have other rights in addition to those described above. For information about your rights, you should consult a lawyer.

11.3 Saskatchewan

If you are resident in Saskatchewan and are purchasing the Preferred Shares under the Offering Memorandum exemption, you have the following rights:

(a) **Two Day Cancellation Right** – You can cancel your agreement to purchase the Preferred Shares offered by this Offering Memorandum. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the Preferred Shares.

(b) **Statutory Rights of Action in the Event of a Misrepresentation** – If there is a misrepresentation in this Offering Memorandum and you purchase the Preferred Shares offered hereunder, you are deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and you have a right of action for damages or rescission against the Issuer. You also have a right of action for damages against:

(i) every promoter and director of the Issuer at the time this Offering Memorandum or any amendment to it was sent or delivered to you;

(ii) every person or company whose consent has been filed with the Offering Memorandum or amendment to it but only with respect to reports, opinions or statements that have been made by them;

(iii) every person who or company that, in addition to those persons referenced in subparagraphs (i) and (ii) above, signed the Offering Memorandum or any amendment to it; and

(iv) every person who or company that sells the Preferred Shares on behalf of the Issuer under this Offering Memorandum or any amendment to it.

(c) If you elect to exercise your right to cancel your agreement to purchase the Preferred Shares (rescission) against the Issuer, you will not have a right of action for damages against the Issuer or any other person named in paragraph (b) above.

(d) If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Preferred Shares. You must commence your action for damages within the earlier of:

(i) one year after you first had knowledge of the facts giving rise to the cause of action; and

(ii) six years after the date of the transaction that gave rise to the cause of action.

(e) In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Preferred Shares were offered to you under this Offering Memorandum.

(f) There are various defenses available to the persons or companies against which you have a right of action. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the securities.

You may have other rights in addition to those described above. For information about your rights, you should consult a lawyer.

Item 12 Financial Statements

COLLINS BARROW

Collins Barrow Red Deer LLP

546 Laura Avenue
Red Deer County, Alberta T4E 0A5
Canada

T 403.342.5541
F 403.347.3766

collinsbarrow.com

AUDITOR'S CONSENT

We consent to the use of our report dated June 21, 2017 to the shareholders of Net Wealth Inc. on the statement of financial position as at March 31, 2017 and the statements of changes in equity (deficiency), operations and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information in the Offering Memorandum of Net Wealth Inc. dated June 21, 2017 relating to an offering of 2,000,000 Class B preferred shares at a price of $1.00 per share of the company.

Collins Barrow Red Deer LLP

Red Deer County, Alberta
June 12, 2017

Chartered Professional Accountants

NET WEALTH INC.

Presented in CDN $

Independent Auditor's Report and Financial Statements

March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Net Wealth Inc.

We have audited the accompanying financial statements of Net Wealth Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of changes in equity (deficiency), operations 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 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, we consider internal control relevant to the company'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 company'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.

INDEPENDENT AUDITOR'S REPORT, continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Net Wealth Inc. as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Red Deer County, Alberta

Collins Barrow Red Deer LLP

June 21, 2017

Chartered Professional Accountants

NET WEALTH INC.

Presented in CDN $
Contents
March 31, 2017

Financial Statements	**Page**
Statement of Financial Position	1
Statement of Changes in Equity (Deficiency)	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 15

COLLINS BARROW

NET WEALTH INC.

Presented in CDN $
Statement of Financial Position
As at March 31, 2017

	2017	2016
ASSETS		
Cash	$ 15,230	$ 2,525
Accrued interest receivable	4,208	3,489
Investments (note 4)	442,000	405,000
	$ 461,438	$ 411,014
LIABILITIES		
Accounts payable and accruals	$ 2,284	$ 1,575
Dividends payable	2,479	2,022
Preferred shares (note 5)	457,067	407,372
	461,830	410,969
Commitment (note 7)		
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Common shares (note 6)	22	22
Retained earnings (deficit)	(414)	23
	(392)	45
	$ 461,438	$ 411,014

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

Approved by the board:

_______________ Director

_______________ Director

COLLINS BARROW

NET WEALTH INC.

Presented in CDN $
Statement of Changes in Equity (Deficiency)
Year ended March 31, 2017

	Number of Common Shares		Share Capital		Retained Earnings (Deficit)		Total
Balance, March 31, 2015	22	$	22	$	418	**$**	**440**
Net and comprehensive loss	-		-		(395)		**(395)**
Balance, March 31, 2016	22		22		23		**45**
Net and comprehensive loss	-		-		(437)		**(437)**
Balance, March 31, 2017	**22**	**$**	**22**	**$**	**(414)**	**$**	**(392)**

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

NET WEALTH INC.
Presented in CDN $
Statement of Operations
Year ended March 31, 2017

	2017	2016
Interest revenue	**$ 43,976**	$ 35,878
Expenses		
Dividends on preferred shares	**34,918**	28,754
Management fees (note 8)	**8,800**	7,159
Professional fees	**575**	240
Interest and bank charges	**120**	120
	44,413	36,273
Net and comprehensive loss	**$ (437)**	$ (395)

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

COLLINS BARROW

NET WEALTH INC.
Presented in CDN $
Statement of Cash Flows
Year ended March 31, 2017

	2017	2016
CASH PROVIDED BY (USED FOR)		
Operating activities		
Interest received	**$ 43,257**	$ 35,489
Cash paid to suppliers and management	**(8,666)**	(7,596)
Dividends paid	**(9,481)**	(1,660)
Interest paid	**(120)**	(120)
	24,990	26,113
Investing activities		
Funding of investments	**(242,000)**	(526,000)
Repayment of investments	**205,000**	458,027
	(37,000)	(67,973)
Financing activities		
Redemption of preferred shares	**-**	(5,719)
Issuance of preferred shares	**24,715**	42,015
	24,715	36,296
Increase (decrease) in cash	**12,705**	(5,564)
Cash, beginning of year	**2,525**	8,089
Cash, end of year	**$ 15,230**	$ 2,525

During the year, dividends in the amount of $24,980 (2016 - $25,072) were reinvested in preferred shares by the shareholders. These amounts have been excluded from the statement of cash flows as they represent non-cash transactions.

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

NET WEALTH INC.
Presented in CDN $
Notes to the Financial Statements
March 31, 2017

1. Nature of Operations

Net Wealth Inc. is incorporated under Alberta's Business Corporations Act and operates as a mortgage investment corporation as defined by the Income Tax Act (Canada). The company's head office is located at 216, 3722 57 Avenue in Red Deer, Alberta.

2. Significant Accounting Policies

Statement of compliance

The financial statements of the company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The significant policies are detailed as follows:

Basis of presentation

These financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, as explained in the financial instrument policy below.

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

NET WEALTH INC.
Presented in CDN $
Notes to the Financial Statements
March 31, 2017

2. Significant Accounting Policies, continued

Significant accounting estimates

The preparation of these financial statements requires management to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the financial statements. Actual results may differ from management's best estimates as additional information becomes available in the future.

Allowance for uncollectible interest and investment losses

Estimates required to assess the collectibility of accrued interest and impairment of investments may include assumptions regarding local real estate market conditions, interest rates and availability of credit, cost and terms of financing, the impact of present or future legislation, prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty and uncertainty of predictions concerning future events. Actual results may differ from management's best estimates by a material amount should the underlying assumptions change.

Fair value of financial instruments

The estimated fair values of cash, accrued interest receivable, investments, accounts payable and accruals and dividends payable approximate their carrying values due to the relatively short-term nature of the instruments. The estimated fair values of preferred shares also approximate carrying values due to the fact that there are set redemption values.

Significant judgments in applying accounting policies

In preparation of these financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

2. Significant Accounting Policies, continued

Investments

Mortgage investments are secured by first and second mortgages and are initially reported at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment losses. Investments are considered impaired when there is a reasonable doubt as to the timely collection of some portion of principal or interest. When a loan is classified as impaired, recognition of interest revenue in accordance with the original loan agreement ceases.

The company maintains an allowance for investment losses in an amount considered adequate to absorb credit losses existing in its loan portfolio. The losses are calculated as the difference between the carrying amount and the present value of the estimated future cash flows. Losses are recognized in the statement of comprehensive income and reflected in an allowance against the mortgage investments. When a subsequent event causes the amount of impairment losses to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Financial instruments

The company has early adopted the amendments in IFRS 9, Financial Instruments, issued in October 2010 with a date of initial application upon adoption of IFRS. IFRS 9 introduced new requirements for classifying and measuring financial assets into two measurement categories: fair value and amortized cost.

The company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs, and the subsequent measurement depends on their classification.

Financial assets are classified as subsequently measured at amortized cost when the asset is held with the objective of collecting contractual cash flows on specified dates which are solely payments of principal and interest on the principal amount outstanding. Financial assets that are not measured at amortized cost are classified as measured at fair value, with any resultant gain or loss recognized in profit or loss ("FVTPL").

NET WEALTH INC.
Presented in CDN $
Notes to the Financial Statements
March 31, 2017

2. Significant Accounting Policies, continued

Financial instruments, continued

Financial liabilities classified as measured at FVTPL are measured at fair value. Gain or loss is recognized in profit and loss unless the change in the fair value is attributed to the changes in the credit risk, with the resultant gain or loss being recognized in other comprehensive income. Financial liabilities not at FVTPL are classified as subsequently measured at amortized cost using the effective interest method.

The company's financial assets include cash, accrued interest receivable and investments. The company's financial liabilities include accounts payable and accruals, dividends payable and preferred shares. Classification of these financial instruments is as follows:

Cash	Subsequently measured at fair value
Accrued interest receivable	Subsequently measured at amortized cost
Investments	Subsequently measured at amortized cost
Accounts payable and accruals	Subsequently measured at amortized cost
Dividends payable	Subsequently measured at amortized cost
Preferred shares	Subsequently measured at amortized cost

Financial instruments measured at fair value are classified under the fair value hierarchy as follows:

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

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

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

Cash is classified as level 1.

Financial assets are derecognized when, and only when, the contractual rights to the cash flows from the respective assets have expired or the respective assets have been transferred and the company has not retained substantially all the risks and rewards of ownership and has not retained control of the financial asset. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishments of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

2. Significant Accounting Policies, continued

Share capital

Common shares are classified as equity.

Preferred shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as an expense in profit or loss as accrued.

Revenue recognition

Interest income is recorded on the accrual basis as earned in accordance with the original loan agreements and only when collection is reasonably assured. No interest is accrued on loans over 30 days in arrears.

Income taxes

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

The applicable tax rate of the company is 27% and there is no taxable income for the current year.

3. Recent Accounting Pronouncements

The following pronouncements issued by the IASB will become effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

IFRS 9 - Financial Instruments in final form uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9.

IFRS 15 Revenue from Contracts with Customers where the core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

IAS 40 Investment Property was amended to clarify the requirements on transfers to, or from, investment property.

The company has not yet completed its evaluations of the effect of adopting the above standards and the impact it may have on its financial statements.

NET WEALTH INC.
Presented in CDN $
Notes to the Financial Statements
March 31, 2017

4. Investments

Investments include first and second commercial and residential mortgages secured by real property which require monthly payments of interest, with principal amounts due at maturity. The interest rates range from 9.5% to 14% with maturity dates ranging from June 2017 to December 2017, except as noted below. All investments are expected to mature within the next twelve months.

	2017	2016
Residential first mortgages	**$ 367,000**	$ 330,000
Commercial second mortgages	**75,000**	75,000
Total investments	**$ 442,000**	$ 405,000

At March 31, 2017, there is one residential first mortgage past due in the amount of $25,000 which has been repaid in full subsequent to year end. There are no other mortgages outstanding with payments in arrears, therefore no provision for investment losses has been recorded.

NET WEALTH INC.
Presented in CDN $
Notes to the Financial Statements
March 31, 2017

5. Preferred Shares

Authorized:
Unlimited number of Class B non-voting, redeemable preferred shares

	2017	2016
Issued:		
457,067 Class B shares (2016 - 407,372)	**$ 457,067**	$ 407,372
Balance, beginning of year	**407,372**	346,004
Shares issued for cash	**24,715**	42,015
Shares issued for dividends re-invested	**24,980**	25,072
	457,067	413,091
Share redemptions	**-**	(5,719)
	$ 457,067	$ 407,372

Preferred shares carry a par value of $1.

Share-based payments consist of dividends by way of cash or re-investment of preferred shares. As the preferred shares are liability-classified, there is no profit per share presented.

The preferred shares are redeemable by the company at the company's option at any time. The holder of the preferred shares has no redemption rights for a period of one year from the date that the subscription for preferred shares is accepted. After that period of time the company will redeem preferred shares if the company receives a written request for redemption and such request is received 90 days before the end of the next-following calendar quarter, and, subject to the Articles of Incorporation, the company will redeem the preferred shares within 90 days after the end of the next-following calendar quarter. The holder of preferred shares called for redemption shall be entitled to receive the redemption amount of $1.00 per preferred share together with any declared but unpaid dividends. The company shall not redeem preferred shares if, as a result of the redemption, the company would not meet the requirements of a mortgage investment corporation set out in the Income Tax Act (Canada). The company shall not redeem preferred shares if there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of the company's assets would, after the payment, be less than the aggregate of its liabilities and stated capital of all classes.

Presented in CDN $

6. Common Shares

Authorized:
Unlimited number of Class A voting common shares

	2017	2016
Issued:		
22 Class A shares	$ 22	$ 22

Common shares carry a par value of $1.

7. Commitments

The company is committed for the payment of quarterly management fees to Eagles Edge Capital Corporation, based on a pre-determined calculation. This commitment expires on December 31, 2017, and shall be automatically renewed for further one year terms until termination.

8. Related Party Transactions

During the year, the company incurred management fees payable to Eagles Edge Capital Corporation, a company under common management, in the amount of $8,800 (2016 - $7,159), of which $2,284 (2016 - $1,575) is included in accounts payable and accruals at year-end.

At year-end, the company held $442,000 (2016 - $405,000) of mortgages brokered by Eagles Edge Capital Corporation which represents 100% (2016 - 100%) of the outstanding mortgages. The company earned interest revenue on these mortgages of $43,976 (2016 - $35,878), of which $4,208 (2016 - $3,489) is included in accrued interest receivable at year-end.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Financial Risk Management

The company is not exposed to significant interest, credit, liquidity, market or currency risks except as follows:

Credit risk
The company is exposed to credit risk as mortgagees may be unable to meet their payment obligations due to instability in the real estate sector and an adverse change in economic conditions in Canada which could result in declines in the value of the real property securing the company's investments. The company mitigates this risk by adhering to its investment and operating policies such as investing in first mortgages, participating in syndicated mortgages and limiting the loan to appraised value ratio to 75% of the appraised value at the time of the loan. The maximum exposure at March 31, 2017 consists of the accrued interest receivable and the investment amount outstanding totaling $446,208 (2016 - $408,489).

Interest rate risk
The company is exposed to interest rate price risk as the investments bear interest at fixed interest rates. The risk is mitigated by the fact the company is not exposed to market mortgage rates because there is no specific market for mortgages of similar type, term and credit risk. As well, the short-term maturities of the mortgage portfolio allow the company to manage the risk.

Liquidity risk
The company is exposed to liquidity risk due to the fluctuations in cash flow as a result of timing of mortgage investment funding and repayment and redemption requests of preferred shares. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized but has no assurance that expected cash flows will happen as forecasted. The accounts payable and dividends payable are all expected to be paid within the next 12 months. The payment of any preferred share redemption requests can be restricted by management as disclosed in note 5.

Fair value measurement
Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

9. Financial Risk Management, continued

Capital management

The company's objectives when managing capital are to continue to grow its total funds invested in diversified mortgages through generating and maintaining investor interest in the preferred shares and to maintain a high rate of return for preferred shareholders through sound mortgage investments.

The company's capital structure is made up of preferred shares issued and outstanding and as such the company's total capital at year end is $457,067 (2016 - $407,372).

The company regularly monitors and reviews the amount of capital in proportion to risk and future investment opportunities. The company manages the capital structure and makes adjustments to future investments in light of changes in economic conditions and investor interest.

The company is exposed to external restrictions in its capital, as to continue as a mortgage investment company it must comply with the requirements set forth in Section 130.1 of the Income Tax Act (Canada). The company regularly monitors its compliance with these externally imposed restrictions and is currently in compliance with the restrictions.

There has been no change in the company's capital management policies during the year.

10. Approved by the Board of Directors

These audited financial statements were approved by the board of directors on June 21, 2017.

Item 13 Date and Certificate

Dated: June 21, 2017

This Offering Memorandum does not contain a misrepresentation.

NET WEALTH INC.

PER: ______________________

PER: ______________________

____
PATRICIA POLLITT

____
MARK POLLITT

____
DAVID MCNABB

____
ROBERT BRUNNER

____
JIM HEISLER

____
VICKI CHAPMAN

____
RAY MILLER