# Offering Memorandum

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 Risk Factors.**

**Date:** **October 3, 2016**

**The Issuer:** **Yesterpay Holdings Inc. (the "Corporation")**
Address: 121 - 234 5149 Country Hills Boulevard NW
Calgary, Alberta, T3A 5K8
Phone: (587) 779-7929
Email: info@yesterpay.com

Currently listed or quoted? **No. These securities do not trade on any exchange or market.**
Reporting Issuer? No.
SEDAR filer? Yes.

## The Offering

| | | |
|---|---|---|
| **Securities Offered** | There will be four series of unsecured bonds of the Corporation offered pursuant to the Current Offering (as defined herein), each with separate interest payment terms (referred to herein as the "**Series C Bonds**", the "**Series D Bonds**", the "**Series E Bonds**" and the "**Series F Bonds**" and collectively as the "**Offered Bonds**" and individually, as an "**Offered Bond**"). Below is a summary of the basic terms of the Bonds, and this summary is qualified entirely by the description in Item 5.1:<br>**Type of Bond** / **Term** / **Interest Rate** / **Interest Payment Provisions**<br>Series C Bonds / 1 Year / 6.5% / Payable on the last day of each month<br>Series D Bonds / 2 Years / 7.5% / Payable on the last day of each month<br>Series E Bonds / 3 Years / 8.5% / Payable on the last day of each month<br>Series F Bonds / 3 Years / 8.5% / Compounded monthly and payable on maturity<br>**See Item 5.1 for details regarding the Offered Bonds and Item 5.2 for the limitations placed on subscription for the Offered Bonds.** | |
| **Price Per Security** | $100 per Offered Bond | |
| **Minimum Offering** | **To date the Corporation has issued an aggregate of 700 Historical Issued Bonds (as defined herein) and 5,604 Current Offering Issued Bonds (as defined herein) pursuant to the Initial Offerings (as defined herein), raising in the aggregate $1,260,400.00 as of the date hereof. This Offering is not subject to any minimum offering amount. You may be the only purchaser.** | |
| **Maximum Offering** | $13,739,600 | (137,396 Bonds) |
| **Minimum Subscription Amount Per Subscriber** | $1,000 | (10 Offered Bonds) |
| **Available Funds** | **Funds available under this Offering may not be sufficient to accomplish our proposed objectives.** | |
| **Payment Terms** | Payment in full by certified cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. **See Item 5.2 Subscription Procedure.** | |
| **Proposed Closing Date(s)** | Closings will take place periodically at the Corporation's discretion. | |
| **Income Tax Consequences** | There are important tax consequences to these securities. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.** | |
| **Purchasers' Rights** | You have two business days to cancel your Subscription Agreement (as defined herein) to purchase these securities. If there is a misrepresentation in this Offering Memorandum (as defined herein), you have the right to sue either for damages or to cancel the Subscription Agreement. **See Item 11 Purchasers' Rights.** | |
| **Resale Restrictions** | You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. **See Item 10 Resale Restrictions.** | |

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| **Selling Agents** | Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Offered Bonds under this Current Offering to any one of, or a combination of, the following parties: registered dealers and exempt market dealing representatives, each of whom are registered in accordance with applicable securities laws. The Corporation will pay up to two percent (2%) of the gross proceeds realized on the sale of Offered Bonds to exempt market dealers that it retains as a dealer listing fee. Capital Now Inc. ("**CNI**") may pay all such compensation to the above parties on the Corporation's behalf pursuant to the Loan Commitment Fee. **See Item 7 Compensation Paid to Sellers and Finders.** |

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

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**Investor Initials**

# Offering Memorandum

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## The Offering

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| **Price Per Security** | $100 per Offered Bond | |
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| **Available Funds** | **Funds available under this Offering may not be sufficient to accomplish our proposed objectives.** | |
| **Payment Terms** | Payment in full by certified cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. **See Item 5.2 Subscription Procedure.** | |
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| | |
|---|---|
| **Selling Agents** | Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Offered Bonds under this Current Offering to any one of, or a combination of, the following parties: registered dealers and exempt market dealing representatives, each of whom are registered in accordance with applicable securities laws. The Corporation will pay up to two percent (2%) of the gross proceeds realized on the sale of Offered Bonds to exempt market dealers that it retains as a dealer listing fee. Capital Now Inc. ("**CNI**") may pay all such compensation to the above parties on the Corporation's behalf pursuant to the Loan Commitment Fee. **See Item 7 Compensation Paid to Sellers and Finders.** |

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

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## NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This Offering Memorandum contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "feels", "may", "will", "would", "believe", "plans", "intends", "possible", "future" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this Offering Memorandum contains forward-looking information and statements pertaining to, among other things: the use of the proceeds from the issuance of Bonds; the minimum and maximum pursuant to the Offering; expected tax treatment of Deferred Plan Capital (as defined herein); the Corporation's intentions to pay commissions to certain parties; the estimated costs of the Offering; the types of Credit Receivables (as defined herein) that will be purchased by CNI; the anticipated rates of recovery for Credit Receivables; the anticipated timelines in respect of raising funds pursuant to the Offering; and the Corporation's intention to not become a reporting issuer in a jurisdiction of Canada. This forward-looking information and the related statements are based upon factors, expectations and assumptions reflected in the forward-looking statements that are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements contained in this Offering Memorandum are based upon several material factors, expectations and assumptions of the Corporation including, without limitation: that the Corporation will continue to conduct its operations in a manner consistent with past operations; the Corporation and CNI may introduce new products and services as the market dictates; the general continuance of current or, where applicable, assumed industry conditions; availability of sources to fund the Corporation's and CNI's capital and operating requirements as needed; the ability of the Corporation to attract Subscribers; the availability of quality Credit Receivables for CNI's business; no changes to the current taxation regime that may impact any Deferred Plan Capital raised by the Corporation; and certain other cost assumptions.

The forward-looking information and statements included in this Offering Memorandum are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements including, without limitation: general economic, market and business conditions; absence of review by any securities regulatory authority or regulator; absence of deposit insurance; the Corporation's limited working capital; redemption risk; redemption limitation; tax risk; changes in tax laws; absence of any advanced tax ruling; potential changes of directors, absence of voting rights attached to Offered Bonds; lack of trustee in connection with Offered Bonds; conflicts of interest; changes in portfolio resulting from industry change; terms of the CNI Loan Agreement (defined herein); absence of management rights attached to Offered Bonds; debt securities; limited operating history; illiquidity of investment; interest rate risk; and other risks described in Item 8 Risk Factors herein. Further, there may be circumstances where, for unforeseen reasons, a reallocation of funds may be necessary as may be determined at the discretion of the Corporation and there can be no assurance as at the date of this Offering Memorandum as to how those funds may be reallocated; should any one of a number of issues arise, the Corporation may find it necessary to alter its current business strategy and/or capital expenditure program; including, without limitation, those risks identified in this document.

The forward-looking information and statements contained in this document speak only as of the date of this document, and the Corporation does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

## NOTE REGARDING INDUSTRY INFORMATION

In certain sections of this Offering Memorandum, including without limitation "Item 2 Business of the Corporation – Business of Capital Now Inc.", the Corporation provides certain historical, market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the factoring transaction industry in which the Corporation operates (including management's estimates and assumptions relating to the industry based on that knowledge). This third-party source information is derived from publicly available information sources that the Corporation believes are predominantly independent in nature. Historically, market and industry data and forecasts generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. The Corporation believes that the provision of this third-party source information is relevant to the Corporation's activities, given its Credit Receivables interests and operations (either ongoing or planned) in the areas in question, however, readers are cautioned that there is no certainty that any of the Corporation's activities in these areas will be successful to the extent in which operations in the areas in which the third-party source information is derived from were successful, or at all. Further, estimates of historical growth rates in the markets where we operate are not necessarily indicative of future growth rates in such markets.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Offering Memorandum, as required by applicable securities laws pursuant to NI 45-106 (as defined herein). The following documents, are specifically incorporated by reference into this Offering Memorandum and after each closing of the Offering will be filed with or delivered to the securities commissions or similar authorities in the applicable provinces and territories of Canada, as required by applicable securities law:

a) the offering summary dated October 3, 2016; and

b) the investor presentation related to the Offering Memorandum, dated October 3, 2016.

## 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 the corresponding meanings:

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

**"Accredited Investor"** shall have the meaning provided for in sections 1.1 and 2.3 of National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators.

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

**"Bondholder(s)"** means an Existing Bondholder, or a Subscribing Bondholder, or any of them.

**"Bonds"** means the Existing Bonds and the Offered Bonds.

**"Capital Raising Fee"** means the fee payable by the Corporation to Target in cash in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the total Deferred Plan Capital raised by the Corporation in excess of $500,000 since the execution date of the Target Agreement, being November 8, 2012.

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

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

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

**"CNI Loan Agreement"** means the loan agreement dated October 31, 2014 between the Corporation and CNI, as amended.

**"Commissions"** shall have the meaning provided for in Item 7 herein.

**"Corporation"** means Yesterpay Holdings Inc.

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

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

**"Current Offering Issued Bonds"** means collectively Series C Bonds, Series D Bonds, Series E Bonds, Series F Bonds issued by the Corporation pursuant to the Initial Offerings.

**"Current Offering"** means the offering of up to 137,396 Offered Bonds pursuant to the terms of this Offering Memorandum.

**"Dealer Listing Fees"** shall have the meaning provided for in Item 7 herein.

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

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

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

**"Eligible Investor"** shall have the meaning provided for in section 1.1 of National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators.

**"Event of Default"** shall have the meaning provided for in Item 2.8.2 herein.

**"Existing Bonds"** means collectively the Current Offering Issued Bonds and the Historical Issued Bonds.

**"Existing Bondholders"** means holders of Existing Bonds.

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

**"Historical Issued Bonds"** means collectively the Series A Bonds and the Series B Bonds issued by the Corporation pursuant to the Initial Offerings.

**"Initial Offerings"** means the offering of bonds by the Corporation, whereby the Corporation issued the 700 Historical Issued Bonds and 5,604 Current Offering Issued Bonds, raising in the aggregate $1,260,400.00 as of the date hereof.

**"Loan Commitment Fee"** means a sum, payable by CNI to the Corporation, equal to all reasonable charges, fees, commissions and costs incurred by the Corporation in connection with any offering of securities undertaken by the Corporation to raise funds for the purposes of advancing the CNI Loan to CNI pursuant to the terms and conditions of the CNI Loan Agreement.

**"Management Agreement"** means the management agreement dated effective August 12, 2016, as amended from time to time, among the Manager, the Corporation and CNI as more particularly described in Item 2.3.1 Business of Capital Now Inc.

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

**"Manager"** means Pangaea Asset Management Inc., an Ontario corporation registered as a Portfolio Manager in accordance with the *Securities Act* (Ontario).

**"Maximum Offering Amount"** means 137,396 Offered Bonds ($13,739,600).

**"NI 45-106"** means National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators.

**"Offered Bonds"** means collectively the Series C Bonds, the Series D Bonds, the Series E Bonds and the Series F Bonds issued by the Corporation pursuant to this Offering Memorandum.

**"Offering"** means together, the Initial Offerings and the Current Offering.

**"Offering Jurisdictions"** means the offering of the Offered Bonds to residents of all Provinces and Territories in Canada except Quebec.

**"Offering Memorandum"** means this offering memorandum dated October 3, 2016, as amended or supplemented.

**"Offering Memorandum Exemption"** shall have the meaning provided for in Item 5.2 herein.

**"Principal Amount"** means the aggregate dollar value of each Subscriber's subscription for Offered Bonds as determined by multiplying the number of Offered Bonds purchased by a Subscriber by $100.

**"Redeemable Bonds"** shall have the meaning provided for in Item 5.1 herein.

**"Redemption Penalty Amount"** means with respect to the Redeemable Bonds for which the Corporation has received a Redemption Notice (as that term is defined in Item 5.1 herein), as applicable to the specific terms of each Redeemable Bond:

(a) five percent (5%) of the amount of the Principal Amount of the Redeemable Bonds to be redeemed where the request for redemption occurs within 12 months of the date of the certificate(s) representing such Redeemable Bonds;

(b) one percent (1%) of the amount of the Principal Amount of the Redeemable Bonds to be redeemed where the request for redemption occurs between 13 months and 24 months of the date of the certificate(s) representing such Redeemable Bonds; and

(c) with respect to the Series E Bonds and Series F Bonds, one percent (1%) of the amount of the Principal Amount of the Redeemable Bonds to be redeemed where the request for redemption occurs between 25 months and 36 months of the date of the certificate(s) representing such Redeemable Bonds.

**"Regulations"** means the Tax Act regulations.

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

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

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

**"Selling Commissions"** shall have the meaning provided for in Item 7 herein.

**"Series A Bonds"** means the eight percent (8%) unsecured bonds of the Corporation issued previously by the Corporation.

**"Series B Bonds"** means the eight percent (8%) unsecured bonds of the Corporation issued previously by the Corporation.

**"Series C Bonds"** means the six and a half percent (6.5%) unsecured bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

**"Series D Bonds"** means the seven and a half percent (7.5%) unsecured bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

**"Series E Bonds"** means the eight and a half percent (8.5%) unsecured bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

**"Series F Bonds"** means the eight and a half percent (8.5%) unsecured bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

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

**"Subscribing Bondholders"** means holders of Bonds purchased by a Subscriber pursuant to this Offering Memorandum.

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

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

**"Target Agreement"** means the agreement between the Corporation and Target dated November 8, 2012, as amended from time to time, the terms of which are referred to in Item 2.2 and Item 2.8.3 herein.

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

**"Target Shares"** means the 60,000 Class A Shares held by Target as of the date of this Offering Memorandum.

**"Tax Act"** means the *Income Tax Act* (Canada).

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

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

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

## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the available funds of this Offering:

| | | Assuming Minimum Offering | Assuming Maximum Offering |
|---|---|---|---|
| A | Amount to be raised by issuance of this Offering | $1,260,400[(1)] | $13,739,600 |
| B | Selling Commissions and fees [(2)] | $110,474 | $1,376,793 |
| C | Estimated Offering costs [(3)] | $148,625 | $243,625 |
| D | Annual Fee and Capital Raising Fee [(4) (5)] | $7,527 | $139,473 |
| E | Available funds: E = A – (B + C + D) | $993,774 | $11,979,709 |
| F | Additional sources of funding required [(6)] | Nil | Nil |
| G | Working capital deficiency [(7)] | Nil | Nil |
| H | Total: H = (E + F) - G | $993,774 | $11,979,709 |

(1) This reflects the amount raised pursuant to the Initial Offerings.

(2) This amount reflects the total sum of: (a) all Commissions payable with respect to the sale of Offered Bonds pursuant to this Offering, estimated to be $824,376 with respect to the Maximum Offering Amount; (b) all Dealer Listing Fees payable with respect to the sale of Offered Bonds pursuant to this Offering, estimated to be $274,792 with respect to the Maximum Offering Amount; (c) all Management Fees payable over three years with respect to the oversight of this Offering pursuant to the terms of the Management Agreement, estimated to be $275,125 with respect to the Maximum Offering Amount, on the assumption that $4,439,600 is raised in the first year, $5 million is raised in the second year, and the remaining $4,300,000 is raised in the third year, and on the further assumption that the Manager was not paid any other compensation on these amounts pursuant to Item 7 Compensation Paid to Sellers and Finders; and (d) all review fees payable to Target for review of the Offering Memorandum, estimated to be $2,500 with respect to both the minimum offering amount and Maximum Offering Amount. The sum of (a), (b), (c) and (d) is to be reimbursed by CNI pursuant to the Loan Commitment Fee. **See Item 2.3.1 Business of Capital Now Inc., Item 2.8.1 Agreement with Target Capital Inc., and Item 7 Compensation Paid to Sellers and Finders.**

(3) This amount reflects the total sum of: (a) all legal fees payable, estimated to be $110,000 with respect to the minimum offering amount, and $160,000 with respect to the Maximum Offering Amount; (b) all audit fees, estimated to be $23,625 with respect to the minimum offering amount and $53,625 with respect to the Maximum Offering Amount; and (c) all accounting fees, estimated to be $15,000 with respect to the minimum offering amount, and $30,000 with respect to the Maximum Offering Amount. The sum of (a), (b) and (c) is to be reimbursed by CNI pursuant to the Loan Commitment Fee.

(4) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Annual Fee and the Capital Raising Fee, which is to be reimbursed by CNI pursuant to the Loan Commitment Fee. **See Item 2.8.1 Agreement with Target Capital Inc.**

(5) Target Annual Fees and Capital Raising Fees are incurred by the Corporation each year with respect to this Offering, which will be reimbursed by CNI pursuant to the Loan Commitment Fee. These fees are estimated to be $73,674 and $65,799, respectively, for a total sum of $139,473 with respect to the Maximum Offering Amount, on the assumption that the Maximum Offering Amount is raised over three years, with $5 million being raised in each of the first and second year, and the remaining $3,739,600 being raised in the third year. **See Item 2.8.1 Agreement with Target Capital Inc.**

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

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

### 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds of this Offering in the 48 months ensuing from the date of this Offering Memorandum:

| Description of intended use of available funds listed in order of priority | Assuming Minimum Offering[(1)] | Assuming Maximum Offering |
|---|---|---|
| The available funds of this Offering shall be loaned by the Corporation to CNI and used by CNI to: | | |
| 1. pay for all costs, and Selling Commissions associated with this Current Offering [(2)] pursuant to the Loan Commitment Fee; and | $266,626 | $1,759,891 |
| 2. as working capital for the purchase of discounted Credit Receivables. | $993,774 | $11,979,709 |
| **Total** | $1,260,400 | $13,739,600 |

(1) All funds raised pursuant to the Initial Offerings have been loaned by the Corporation to CNI.

(2) See notes (2)-(5) in Item 1.1 above.

### 1.3 Reallocation

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

### 1.4 Future Cash Calls

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

## ITEM 2 - BUSINESS OF THE CORPORATION

### 2.1 Structure

The Corporation is a corporation incorporated under the ABCA pursuant to articles of incorporation dated November 7, 2012. The Corporation's head office is located at 121 - 234 5149 Country Hills Boulevard NW, Calgary, Alberta, T3A 5K8 and its registered office is located at Suite 900 - 517 10 Avenue SW, Calgary, Alberta. The Corporation is controlled by Target. Please see **www.sedar.com** for further information with respect to Target.

### 2.2 Voting Control – Target Capital Inc.

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

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

Specifically:

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

**Subscribers in these securities should understand that Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Target does not encourage or discourage an investment in the Corporation.**

**The Subscription Agreement to be signed by Subscribers contains a specific acknowledgement by Subscribers acknowledging that Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Offered Bonds issued under this Offering. Further, in signing the Subscription Agreement, Subscribers are agreeing therein that Target shall not be liable to Subscribers for any liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Bonds issued pursuant to this Offering.**

#### 2.2.1 Release of Target Capital Inc.

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

(a) Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;
(b) Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Offered Bonds issued under this Offering;

(c) Target shall not be liable to Subscribers for any costs, expenses, liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Bonds issued pursuant to this Offering; and
(d) the Subscriber will release and forever discharge Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Offered Bonds of the Corporation or the acquisition of the Offered Bonds from the Corporation.

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

### 2.3 Our Business

The Corporation has been operating for four years and has been successful in raising funds for the purpose of lending the funds to CNI as explained herein.

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

As of the date of this Offering Memorandum, the Corporation has raised the sum of $1,260,400 through the issuance of: 273 Series A Bonds; 427 Series B Bonds and 5,604 Series E Bonds under the Initial Offerings, and has advanced the sum of $1,260,400 to CNI pursuant to the CNI Loan. CNI has used the proceeds of this advance, after payment and costs associated with the Initial Offerings to acquire Credit Receivables in the conduct of its business.

### 2.3.1 Business of Capital Now Inc.

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

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

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

Attached as Schedule A hereto are the audited 2015 Financial Statements of CNI.

Since inception, CNI has handled approximately $97 million worth of Factoring Transactions. In its history, CNI has had relatively few Factoring Transactions in which a Debtor has defaulted on its payment obligations with respect to a Credit Receivable and which were deemed un-collectible by CNI. These claims total approximately $239,035, representing approximately 0.03% of CNI's total dollar volume of Factoring Transactions that it has facilitated.

Beginning in September 2011, CNI has raised $1,774,000 in capital through a private debenture offering. This offering is ongoing and will be fully subscribed when the maximum offering of $2,000,000 is reached. Funds from this CNI offering have been used by CNI to acquire Credit Receivables in the conduct of its business. CNI will use the remaining funds to be raised under this CNI offering for the same purpose. Investors under this offering have a secured interest against all the present and after acquired personal property of CNI. These security interests are subordinated to the security granted to the Corporation by CNI with respect to the CNI Loan. **See Item 2.8.2 Loan Agreement with Capital Now Inc.**

Factoring in Canada has existed as an industry for over 100 years and currently represents a growing annual market of approximately $4 billion dollars. Factoring involves a process where a manufacturer, distributor or service provider (the "**Vendor**") sells goods or services to a customer (the "**Debtor**"), with payment ("**Credit Receivables**") due in 30 to 90 days. To realize cash on the sale more quickly, the Vendor sells the rights to the Credit Receivables, at a discount, to a company such as CNI (the "**Factor**").

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

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

- CNI will advance funds based on the face value of the Credit Receivable to cover costs like raw material, labor etc. to the Vendor. CNI holds back a large portion of the Credit Receivable face value to ensure timely attention to the Debtors outstanding invoice requirements. Once CNI receives payment from the Debtor, CNI releases the holdback less its fees.

- Credit Receivables are collected by CNI on an average of 41 days.
- If a Credit Receivable is unpaid after 30 days, additional fees are charged.
- Internal risk management procedures ensure no single Credit Receivable can exceed 20% of CNI's total Credit Receivable portfolio.
- Due diligence includes some or all of the following: the underwriting process; invoice verification; public record searches; private industry databases; credit reporting agencies; and other sources.
- The Debtor's credit rating is determined with some of the following: a credit bureau, industry inquiries, private industry databases and other sources.
- Transactions that relate to restaurants, logging, retail and real estate commissions will not be underwritten by CNI.
- Additional security from the Vendor such as equipment or inventory may be obtained by CNI as security for payment of a Credit Receivable.
- In the event that a Credit Receivable remains unpaid after 90 days of the purchase date, CNI has the option to assign the Credit Receivable back to a Vendor and accept a different Credit Receivable from the Vendor as payment for the balance on the outstanding Credit Receivable.

CNI's competitive advantage lies in its ability to react quickly to small and medium sized businesses and provide fast and flexible service.

**The Manager**

Pangaea Asset Management Inc. is the Manager. Pursuant to the terms and conditions of the Management Agreement, the Manager will provide certain services to CNI and the Corporation, which shall include: the oversight of the activities of CNI on behalf of the Corporation's subscribers; ensuring the activities of CNI are in compliance with Item 2.3.1 of the Corporation's offering memorandum; assisting the management of CNI, from time to time as requested by CNI, with general management advice; and providing settlement and subscription assistance to the Corporation's staff and legal team, which can include, but is not limited to, evaluating the compliance of subscription forms, settlement with dealers, deposit of funds, transport of paperwork and receipts.

CNI, on its own behalf and as agent for the Corporation, will pay a management fee to the Manager equal to one percent (1%) per year if its Credit Receivable portfolio is under $10 million and 0.875% if the portfolio is over $10 million in assets (the "**Management Fees**"). The Management Fees are not payable on the portion of the Credit Receivable portfolio comprised of subscriptions for which the Manager was paid compensation pursuant to Item 7 Compensation Paid to Sellers and Finders. The Management Fees are payable to the Manager on a quarterly basis. The Management Agreement can be terminated by the Corporation or CNI within ten (10) business days before a new quarter, giving one quarter's notice without penalty. All amounts payable to the Manager under the Management Agreement shall be paid by CNI on the Corporation's behalf. **See Item 3.3 The Manager.**

### 2.3.2 Offering Structure

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

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

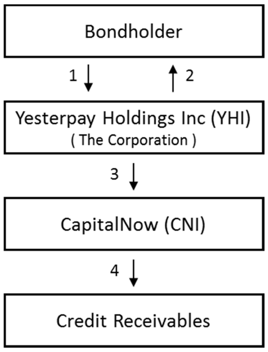
No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. **See Item 8 Risk Factors.**

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

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

### 2.3.3 Investment Flow Chart

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




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

### 2.4 Development of Business

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

I. entering into the Target Agreement;
II. entering into the agreement in respect of the CNI Loan;
III. entering into the Management Agreement;
IV. raising $1,260,400 under the Initial Offerings; and
V. advancing $1,260,400 to CNI pursuant to the CNI Loan.

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

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

### 2.5 Long-Term Objectives

The Corporation's long-term goals are to raise up to $15 million in the aggregate under the Offering and loan the funds from the Offering to CNI to be used by CNI for the purposes set out in Item 1.2 herein. Assuming the Maximum Offering Amount and no other material changes in risks, the Corporation anticipates completion of this goal within 24 to 48 months. Once the Maximum Offering Amount is accomplished, the Corporation may continue to sell Bonds as required to replace Bonds that mature or have been redeemed.

The anticipated costs to be incurred by the Corporation with respect to the completion of its long-term objectives are the same as the Maximum Offering Amount as set out in Item 1.2 herein.

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

The Corporation's goal for the next 12 months is to take steps to make progress toward the long-term objectives through the completion of this Offering. **See Item 2.5 Long-Term Objectives**. The following outlines the Corporation's short-term objective and the method and cost associated with the achievement thereof.

| What we must do and how we will do it | Target number of months to complete | Our cost to complete(1) |
|---|---|---|
| To raise the first $5,000,000(1) through the Offering, and loan the available funds to CNI pursuant to the CNI Loan Agreement. **See Item 2.3 Our Business and Item 2.8.2 Loan Agreement with Capital Now Inc.** | 12 months | $634,930(2) |

(1) This amount reflects the remaining $4,439,600 of the first $5,000,000 to be raised through the Offering, as the Corporation has already raised the first $560,400 pursuant to the 5,604 Current Offering Issued Bonds issued on September 16, 2016.
(2) Represents all estimated costs, fees and commissions associated with raising $4,439,600 through the Offering over the above period. CNI will pay the Corporation, pursuant to the Loan Commitment Fee, all fees, costs and commissions associated with this Offering. See notes (1)-(5) in Item 1.1 Available Funds.

### 2.7 Insufficient Funds

The available funds raised from the Offering will be committed to the business objectives of the Corporation. The Corporation does not intend to hold any significant cash reserves, as all administration and operating expenses incurred by the Corporation in the conduct of its business will likely be covered by the Loan Commitment Fee. The Corporation does not anticipate requiring additional funds to pursue its objectives.

### 2.8 Material Agreements

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

#### 2.8.1 Agreement with Target Capital Inc.

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

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

(a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out herein within sixty (60) days of such amounts being owed to Target;

(b) the Corporation failing to deliver signed copies of the Target Release for each subscriber of the Corporation's securities;

(c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents (as defined below) disclosure on such terms required by the Target Agreement (the "**Required Disclosure**");

(d) the Corporation failing to deliver a signed copy of the "Consent to Release Information" form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement; and

(e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving written request from Target to review such documentation;

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

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

The Corporation entered into the Target Agreement on November 8, 2012, whereby Target agrees to hold the Target Shares pursuant to Item 2.2 Voting Control – Target Agreement Inc. on the following terms:

(a) The Corporation shall pay to Target:

  (i) the Annual Fee on each anniversary date of the Target Agreement; plus

  (ii) the Capital Raising Fee on the date which the Corporation raises Deferred Plan Capital.

  Any amounts owing by the Corporation to Target that have been outstanding for more than 60 days will be subject to interest penalties at a rate of two percent (2%) per month.

(b) **Access to Records**. If requested, the Corporation shall promptly provide Target with copies of all corporate records.

(c) **Target Release/Required Disclosure**. The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.

(d) **Offering Document Review.** Target's approval is required prior to the release of any Offering Documents. Target may charge a review fee of $2,500 for each Offering Document submitted for review subsequent to the original Offering Documents, including updated or revised Offering Memoranda.

(e) **Indemnity**. The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target's shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.

(f) **Term**. The Target Agreement shall be in effect from the date of that Agreement to the date on which Target ceases to be the majority shareholder of the Corporation. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target the Annual Fee and the Capital Raising Fee that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two years.

(g) **Termination by the Corporation**. Subject to the two year minimum payment obligations set out in sub-paragraph (f) above and the survival of the indemnity set out in sub-paragraph (e) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.

(h) **Termination by Target**. In the event of a Material Breach of the Target Agreement by the Corporation, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the

Corporation in exchange for $1.00.

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

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

CNI will pay to Target the Annual Fee and the Capital Raising Fee during the term of the Target Agreement on the Corporation's behalf, pursuant to the Loan Commitment Fee. **See Item 2.8.2 Loan Agreement with Capital Now Inc.**

### 2.8.2 Loan Agreement with Capital Now Inc.

The Corporation has also entered into the CNI Loan Agreement with CNI, the material terms of which are summarized below:

(a) **Loan Amount:** The Corporation agrees to provide loans to CNI up to a maximum amount of $15,000,000. The loans advanced shall be raised through the issuance of Bonds.

(b) **Interest Rate:** The interest rate for the CNI Loan is as follows:

  (i) eight percent (8%) per annum with respect to funds advanced to CNI through the issue of Series A Bonds by the Corporation;

  (ii) eight percent (8%) per annum, compounded monthly, with respect to funds advanced to CNI through the issue of Series B Bonds by the Corporation;

  (iii) six and a half percent (6.5%) per annum with respect to funds advanced to CNI through the issue of Series C Bonds by the Corporation;

  (iv) seven and a half percent (7.5%) per annum with respect to funds advanced to CNI through the issue of Series D Bonds by the Corporation;

  (v) eight and a half percent (8.5%) per annum with respect to funds advanced to CNI through the issue of Series E Bonds by the Corporation; and

  (vi) eight and a half percent (8.5%) per annum, compounded monthly, with respect to funds advanced to CNI through the issue of Series F Bonds by the Corporation.

(c) **Loan Maturity:** Pursuant to the terms of the CNI Loan Agreement, in respect of each of the Series A Bonds, Series B Bonds, Series C Bonds, Series D Bonds, Series E Bonds, Series F Bonds and any other bonds issued by the Corporation from time to time for that class of bonds, the maturity date shall be determined by the Corporation in the CNI Loan Agreement and incorporated therein from time to time and provided to CNI (the "**Maturity Date**").

(d) **Payments:** All principal and unpaid interest shall be due and payable on the Maturity Date. CNI shall make interest payments to the Corporation, or as directed by the Corporation, on the last day of each month during the term of the CNI Loan with respect to funds advanced to CNI through the issuance of Series A Bonds, Series C Bonds, Series D Bonds and Series E Bonds by the Corporation. Interest with respect to funds advanced by CNI through the issue of Series B Bonds and Series F Bonds by the Corporation will be paid in a lump sum on the dates referred to in section (c) above.

(e) **Security:** The CNI Loan is secured by way of a general security agreement securing all present and after-acquired personal property of CNI in favour of the Corporation.

(f) **Direction:** The CNI Loan Agreement provides that, the Corporation and CNI agree that the Corporation may from time to time direct CNI to pay the Bondholders directly on the Corporation's behalf payments of principal, interest or any other payments due and owing by the Corporation to the Bondholder or for any other payments to third parties referenced in the CNI Loan Agreement.

(g) **Additional Terms:** All charges, fees, commissions and costs incurred by the Corporation with respect to the Offering and the CNI Loan Agreement shall form a Loan Commitment Fee and shall be paid by CNI to the Corporation on or before the Maturity Date.

(h) **Prepayment:** The CNI Loan may be repaid by CNI in part or in full at any time without penalty or bonus.

(i) **Event of Default :** The CNI Loan Agreement contains commercially standard events of default including without limitation those related to non-payment when due of any principal or interest, the failure to comply with or observe any obligation under the CNI Loan Agreement, or any security, a representation, warranty or statement made which is untrue or misleading, and matters related to the bankruptcy, insolvency or making of an assignment in bankruptcy of CNI, among other commercially standard events of default.

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

### 3.1 Compensation and Securities Held

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

| Name and municipality of principal residence | Position held and date of obtaining that position | Compensation paid by the Corporation in the most recently completed financial year and the compensation anticipated to be paid in current financial year | Number, type and percentage of securities of the Corporation held after completion of the Minimum Offering | Number, type and percentage of securities of the Corporation held after completion of the Maximum Offering |
|---|---|---|---|---|
| Target Capital Inc.<br>Calgary, Alberta | Shareholder since November 8, 2012 | \$5,427.00 (1)<br>\$47,073.00(2)(3) | 60,000 Class A Shares (60%) | 60,000 Class A Shares (60%) |
| C. Gerry Wawzonek (4)<br>Calgary, Alberta | President, Director and Shareholder since Nov. 7, 2012 | Nil | 20,000 Class A Shares (20%) | 20,000 Class A Shares (20%) |
| Natalia K. Wawzonek (5)<br>Calgary, Alberta | Secretary, Treasurer, Director and Shareholder since Nov. 7, 2012 | Nil | 20,000 Class A Shares (20%) | 20,000 Class A Shares (20%) |
| Cleve C. Pohl<br>Calgary, Alberta | Vice-President and Director since Nov. 7, 2012 | Nil | Nil | Nil |

(1) Represents fee paid or payable to Target to date pursuant to the Target Agreement.
(2) Represents the fee payable to Target pursuant to the Target Agreement, assuming the Corporation raises \$5,000,000 through the Offering during this period. **See Item 2.8.1 Agreement with Target Capital Inc.**
(3) CNI will pay to the Corporation, as a Loan Commitment Fee, all amounts due and owing under the Target Agreement on the Corporation's behalf.
(4) Gerry Wawzonek is also a director, officer and shareholder of CNI.
(5) Natalia Wawzonek is also a director, officer and shareholder of CNI.

### 3.2 Management Experience

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

| Name and position | Principal Occupation and Related Experience |
|---|---|
| **C. Gerry Wawzonek**<br>President and Director | Mr. Wawzonek graduated from the University of Guelph with a Bachelor of Arts Degree. He was a registered mortgage broker agent for Axcess Capital Partners, HSBC and CIBC over a 15 year period. In 2007, Mr. Wawzonek founded Capital Now Inc. (formerly PGV Inc.) and has acted in all aspects of the factoring business, including underwriting, funding, administration, collections and investor relations. Mr. Wawzonek's position involved the establishment and revision of all corporate documents, development of best practices, implementation of industry specific software and automating the banking process. Since 2015, Mr. Wawzonek has been certified as a Factoring Account Executive by the International Factoring Association. |
| **Natalia K. Wawzonek**<br>Secretary, Treasurer and Director | Ms. Wawzonek is co-founder of Capital Now Inc. and has fifteen years of Asset Based Lending experience. Ms. Wawzonek has been involved in all areas of the factoring business including the day-to-day operations of the business such as administrative duties, funding, client retention, investor relations and financial duties. She has been instrumental in the development of best practices, deal flow and customer service. Ms. Wawzonek was previously a sales executive and has won multiple awards for excellence in sales. She is certified as a Factoring Account Executive by the International Factoring Association. |
| **Cleve C. Pohl**<br>Vice President and Director | In Mr. Pohl's 21 years of professional development he has been an entrepreneur, a technology "evangelist" and sold all forms of technology, from underlying software to large back office transformational applications. Mr. Pohl worked with Sun Microsystems and Oracle over the last 13 years. He has received numerous awards including the President's Club at Oracle in 2011. The latest role for Mr. Pohl at Oracle is that of major account development and management. He works closely with the major stakeholders of some of Canada's largest corporations to transform the back office. |
| **Arthur Smith**<br>Vice President - Corporate Strategy and Business Development | Mr. Smith has over 15 years of executive leadership experience in Canadian corporations. He has extensive industry experience in utilities, manufacturing, oil and gas and technology working for corporations like TransCanada, Northern Telecom, Cortex Business Solution and others. In his last executive role he grew a small startup into an industry leading publicly traded technology service company in North America. Throughout his career Mr. Smith has been recognized for delivering business results by leading people, sales, delivery, technology, capital market and operations. |

### 3.3 The Manager

The name and background information in respect of the Manager is as follows:

| **Name** | **Principal Occupation and Related Experience** |
|---|---|
| Pangaea Asset Management Inc. | Pangaea is an independent, privately held investment firm. Founded in December 2005, Pangaea was established to serve individual and institutional investors by providing unique investment opportunities as well as individually managed accounts. Linda Palin is the founder of Pangaea. Ms. Palin's professional experience includes years as an equity analyst, institutional and private client portfolio manager. She has managed both equity and fixed income funds and has significant experience in asset selection across all market capitalizations and industry sectors. Linda received her BA and MBA from York University and is a Chartered Financial Analyst, Certified Management Accountant, and Fellow of the Institute of Canadian Bankers. She is past President of the CFA Society Toronto and served as Chair of its Audit, Private Client, Derivatives, and Governance Committees. |

### 3.4 Penalties, Sanctions and Bankruptcy

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

### 3.5 Loans

The Corporation has entered into the CNI Loan. **See Item 2.8.2 Loan Agreement with Capital Now Inc.** As at October 3, 2016, the principal amount of the CNI Loan is $1,260,400.

Natalia Wawzonek, a current director and officer of the Corporation and CNI, has subscribed for 20 Series B Bonds in one of the Initial Offerings for a total principal amount of $20,000, subject to the standard terms and conditions applicable to the Series A Bonds of the Corporation.

**See Item 2.8.2 Loan Agreement with Capital Now Inc.** and **Item 4.2 Long-Term Debt Securities.**

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Share Capital

**The share capital of the Corporation is as follows:**

| **Description of Security** | **Number authorized to be issued** | **Price per security** | **Number outstanding as at October 3, 2016** | **Number outstanding assuming completion of Minimum Offering** | **Number outstanding assuming completion of Maximum Offering** |
|---|---|---|---|---|---|
| Class A Preferred Shares | Unlimited | $0.01 | 100,000 | 100,000 | 100,000 |
| Class B Common Shares | Unlimited | N/A | Nil | Nil | Nil |

<u>**Class A Preferred Shares and Class B Common Shares**</u>

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

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

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

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

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

(i) prior to the Class A Shareholders receiving any consideration in the occurrence of a Winding-Up Event, any bondholders of the Corporation at the time of such Winding-Up Event shall be entitled to receive from the Corporation an amount equal to the face value of their bond together with any accrued interest thereon up to the date of payment (the "**Redemption Amount**") in priority to any distribution of any of the Corporation's assets or property to the Class A Shareholders. If the Corporation does not have sufficient property or assets to pay the aggregate of the Redemption Amount then each bondholder will be entitled to their *pro rata* share of the Corporation's property or assets in priority to the Class A Shareholders; and

(ii) the Class A Shareholders shall be entitled to receive an amount equal to the aggregate amount of paid up capital on the Class A Shares held by them respectively after repayment of the aggregate Redemption Amount and in the event that there is not sufficient property or assets to return the entire amount of paid up capital thereon to all shareholders, the amount available for distribution shall be distributed to the shareholders on a *pro rata* basis according to the number of Class A Shares owned by each shareholder.

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

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

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

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

### 4.2 Long-Term Debt Securities

As of the date of this Offering Memorandum, the Corporation has the following long-term debt arising from the issue of 700 Historical Issued Bonds and 5,604 Current Offering Issued Bonds pursuant to the Initial Offerings:

| Description of Long-term Debt | Interest Rate | Repayment Terms | Number Outstanding as at June 30, 2016 | Principal Amount Outstanding as at June 30, 2016 (1) (2) |
|---|---|---|---|---|
| Series A Bonds (unsecured) – Issued October 31, 2014 | 8% per annum | Interest in respect of these Series A Bonds is payable on the last day of each month during the term of the Series A Bonds and the principal is repaid on October 31, 2017. | 30 | $30,000 |
| Series B Bonds (unsecured) – Issued October 31, 2014 | 8% per annum, compounded monthly | Interest and principal in respect of these Series B Bonds is repaid on October 31, 2017. | 269 | $269,000 |
| Series A Bonds (unsecured) – Issued December 3, 2015 | 8% per annum | Interest in respect of these Series A Bonds is payable on the last day of each month during the term of the Series A Bonds and the principal is repaid on December 3, 2018. | 115 | $115,000 |
| Series B Bonds (unsecured) – Issued December 3, 2015 | 8% per annum, compounded monthly | Interest and principal in respect of these Series B Bonds is repaid on December 3, 2018. | 145 | $145,000 |

| | | | | |
|---|---|---|---|---|
| Series A Bonds (unsecured) – Issued February 11, 2016 | 8% per annum | Interest in respect of these Series A Bonds is payable on the last day of each month during the term of the Series A Bonds and the principal is repaid on February 11, 2019. | 128 | $128,000 |
| Series B Bonds (unsecured) – Issued February 11, 2016 | 8% per annum, compounded monthly | Interest and principal in respect of these Series B Bonds is repaid on February 11, 2019. | 13 | $13,000 |
| Series E Bonds (unsecured) – Issued September 16, 2016 | 8.5% per annum | Interest in respect of these Series E Bonds is payable on the last day of each month during the term of the Series E Bonds and the principal is repaid on September 16, 2019. | 5,604 | $560,400 |
| **Total Debt** | - | - | 700 Historical Issued Bonds<br>5,604 Current Offering Issued Bonds | $1,260,400 |

(1) The Historical Issued Bonds were issued at a price of $1,000 per Historical Issued Bond.

(2) The Current Offering Issued Bonds were issued at a price of $100 per Current Offering Issued Bond.

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

| Description of Security | Number authorized to be issued | Number outstanding as at October 3, 2016 assuming completion of Minimum Offering | Number outstanding assuming completion of Maximum Offering |
|---|---|---|---|
| 8% unsecured Series A Bonds | Unlimited | 273 Series A Bonds Representing a principal amount of $273,000 owed to Subscribers. | 273 Series A Bonds Representing a principal amount of $273,000 owed to Subscribers. |
| 8% unsecured Series B Bonds | Unlimited | 427 Series B Bonds Representing a principal amount of $427,000 owed to Subscribers. | 427 Series B Bonds Representing a principal amount of $427,000 owed to Subscribers. |
| 6.5% unsecured Series C Bonds | Unlimited | Nil | 137,396 Series C Bonds (1) (2) Representing a principal amount of $13,739,600 owed to Subscribers under this Current Offering. |
| 7.5% unsecured Series D Bonds | Unlimited | Nil | 137,396 Series D Bonds (1) (2) Representing a principal amount of $13,739,600 owed to Subscribers under this Current Offering. |
| 8.5% unsecured Series E Bonds | Unlimited | 5,604 Series E Bonds Representing a principal amount of $560,400 owed to Subscribers | 137,396 Series E Bonds (1) (2) Representing a principal amount of $13,739,600 owed to Subscribers under this Current Offering and 5,604 Series E Bonds Representing a principal amount of $560,400 owed to Subscribers under the Initial Offering. |

| Description of Security | Number authorized to be issued | Number outstanding as at October 3, 2016 assuming completion of Minimum Offering | Number outstanding assuming completion of Maximum Offering |
|---|---|---|---|
| 8.5% unsecured Series F Bonds | Unlimited | Nil | 137,396 Series F Bonds (1) (2) Representing a principal amount of $13,739,600 owed to Subscribers under this Current Offerings. |

(1) **See Item 5.1 Terms of Securities** for the terms of the Bonds offered pursuant to this Current Offering.
(2) Assumes that the maximum amount of this particular Bond is issued as part of this Current Offering, and no others. Only a maximum aggregate of 137,396 Series C Bonds, Series D Bonds, Series E Bonds and Series F Bonds will be issued pursuant to this Current Offering.

### 4.3 Prior Sales

As of October 3, 2016, there are 100,000 Class A Shares of the Corporation issued and outstanding.

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

As of October 3, 2016, there are 700 Historical Issued Bonds and 5,604 Current Offering Issued Bonds issued and outstanding. The following tables set forth descriptions of the Existing Bonds issued by the Corporation pursuant to the Initial Offerings:

**Series A Bonds:**

| Date of issuance | Type of security issued | Number of securities issued | Price per security | Total funds received |
|---|---|---|---|---|
| October 31, 2014 | Series A Bonds | 30 | $1,000 | $30,000 |
| December 3, 2015 | Series A Bonds | 115 | $1,000 | $115,000 |
| February 11, 2016 | Series A Bonds | 128 | $1,000 | $128,000 |

**Series B Bonds:**

| Date of issuance | Type of security issued | Number of securities issued | Price per security | Total funds received |
|---|---|---|---|---|
| October 31, 2014 | Series B Bonds | 269 | $1,000 | $269,000 |
| December 3, 2015 | Series B Bonds | 145 | $1,000 | $145,000 |
| February 11, 2016 | Series B Bonds | 13 | $1,000 | $13,000 |

**Series E Bonds:**

| Date of issuance | Type of security issued | Number of securities issued | Price per security | Total funds received |
|---|---|---|---|---|
| September 16, 2016 | Series E Bonds | 5,604 | $100 | $560,400 |

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

**Securities:** The securities being offered pursuant to the Current Offering are:

| Type of Bond | Term | Interest Rate | Interest Payments |
|---|---|---|---|
| Series C Bonds | 1 Year | 6.5% | Payable on the last day of each month |
| Series D Bonds | 2 Years | 7.5% | Payable on the last day of each month |
| Series E Bonds | 3 Years | 8.5% | Payable on the last day of each month |
| Series F Bonds | 3 Years | 8.5% | Compounded monthly and payable on maturity |

The price of each Offered Bond is $100. The minimum number of Offered Bonds that must be purchased by a Subscriber is 10 Offered Bonds requiring a minimum investment of $1,000. There is no maximum number of Bonds allocated to any Subscriber. The Bondholders shall not be entitled to receive notice of, to attend or vote at any meetings of the shareholders of the Corporation.

**Maturity:** Subject to the right of early redemption with respect to the Corporation and the Bondholders as set out below: a Bondholder's Series C Bonds shall mature on the first anniversary of the date of issue of such bonds; a Bondholder's Series D Bonds shall mature on the second anniversary of the date of issue of such bonds; and a Bondholder's Series E Bonds or Series F Bonds shall mature on the third anniversary of the date of issue of such bonds.

**Corporation's Right of Early Redemption:** The Corporation shall have the right to redeem up to 100% of a Bondholder's Offered Bonds at any time by providing the Bondholder with 21 days written notice of its intention to do so, through the payment of the principal amount of the redeemed Offered Bonds and all accrued and unpaid interest thereon to the date of redemption.

**Early Redemption by the Bondholders:**

The Series C Bonds do not have a right of early redemption by the Bondholder.

In respect of the Series D Bonds, the Series E Bonds and the Series F Bonds (collectively, the "**Redeemable Bonds**" individually, a "**Redeemable Bond**"), beginning on the date that is six (6) months from the issue date of a Redeemable Bond, a Bondholder shall be entitled (the "**Redemption Right**") twice a calendar year to cause the Corporation to redeem up to 10% of the Bondholder's outstanding Redeemable Bonds upon written notice being provided to the Corporation 45 days in advance of each Redemption Period (as defined herein) at its head office (a "**Redemption Notice**"), subject to the limitations referred to herein. Series D Bonds, the Series E Bonds and the Series F Bonds with respect to which a Redemption Notice has been received shall be redeemed by the Corporation on March 31st and September 30th of each year (each a "**Redemption Period**").

The Redemption Right of each Bondholder is subject to the limit that no more than ten percent (10%) of the issued and outstanding Bonds of the Corporation may be redeemed at each Redemption Period.

The Redemption Right is subject to the following terms and conditions:

(a) The Redemption Notice must specify the number of Bonds which the Bondholder wishes to redeem and be accompanied by the certificate(s) for those Bonds. A Redemption Notice without the applicable certificate(s) is void and of no effect. A Redemption Notice once delivered to the Corporation is irrevocable;

(b) The proceeds payable for the redemption of a Bond by the Corporation (the "**Redemption Amount**") will be the amount of the outstanding Principal Amount of each such Bond to be redeemed as of the date of receipt by the Corporation of a Redemption Notice less the applicable Redemption Penalty Amount, if any;

(c) The Corporation will pay the Redemption Amount by way of a cash payment. Payment made by the Corporation of the Redemption Amount is conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the Bondholder unless the cheque is dishonored upon presentment. Upon the payment of the Redemption Amount, the Corporation will be discharged from all liability to the Bondholder in respect of the Bonds so redeemed; and

(d) Upon receipt by the Corporation of the Redemption Notice, the Bondholder submitting such Notice will thereafter cease to have any rights with respect to the Bonds tendered for redemption (other than to receive the Redemption Amount in respect thereof). Interest will cease to accrue with respect to the Bonds with respect to which a Redemption Notice has been received as of the date of receipt of such a Notice by the Corporation. Bonds will be considered to be tendered for redemption on the date that the Corporation has, to its satisfaction received the Redemption Notice and other required documents or evidence as aforesaid.

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

- Series C Bonds: six and a half percent (6.5%) interest per annum, payable on the last day of each month during the term of the Series C Bonds;
- Series D Bonds: seven and a half percent (7.5%) interest per annum, payable on the last day of each month during the term of the Series D Bonds;
- Series E Bonds: eight and a half percent (8.5%) interest per annum, payable on the last day of each month during the term of the Series E Bonds; and
- Series F Bonds: eight and a half percent (8.5%) interest per annum, compounded monthly and payable on maturity.

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

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

**Event of Default:** The Bonds contain commercially standard events of default including without limitation those related to breach or default of any obligation, or non-payment of any principal or interest, and matters relating to the bankruptcy, insolvency, or making of an assignment in bankruptcy of the Corporation, among other commercially standard events of default.

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

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

### 5.2 Subscription Procedure

### (a) Subscription Documents

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

In order to subscribe for Offered Bonds, Subscribers must complete, execute and deliver the following documentation to the Corporation at c/o Pangaea Asset Management Inc., Attn: Richard Strand, Suite 300-5 Richard Way S.W., Calgary, Alberta T3E-7M8:

1. one (1) completed and signed copy of the Subscription Agreement (including any required schedules attached thereto);
2. a certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "Yesterpay Holdings Inc.";
3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your specific circumstances and the amount of your investment:

    (i) **If the Subscriber is resident in a Province or Territory of Canada other than Quebec:**

    i. you must execute two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy must be submitted to the Corporation and one copy may be retained for your records);

    ii. **<u>AND, IF APPLICABLE,</u> if the Subscriber is subscribing for more than $10,000 in Bonds but no more than $30,000 in Bonds, and including this purchase, has not purchased more than $30,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months**, one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;

iii. **<u>AND, IF APPLICABLE,</u> if the Subscriber is subscribing for more than $30,000 in Bonds but no more than $100,000 in Bonds, and including this purchase, has not purchased more than $100,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months**:
1. one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C; and
2. one (1) copy of the Portfolio Manager, Investment Dealer or Exempt Market Dealer Advice Certificate in the form attached to this Subscription Agreement as Schedule D;

(ii) **If the Subscriber is <u>an Individual</u> Accredited Investor and resident in a Province or Territory of Canada other than Quebec**:

i. you must execute two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy must be submitted to the Corporation and one copy may be retained for your records);
ii. two (2) copies of the Accredited Investor Risk Acknowledgement attached to this Subscription Agreement as Schedule E (please initial as indicated, one copy must be submitted to the Corporation and one copy may be retained for your records); and
iii. the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated); or

(iii) **If the Subscriber is a <u>Non-Individual</u> Accredited Investor and resident in a Province or Territory of Canada other than Quebec**:

i. you must execute two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy must be submitted to the Corporation and one copy may be retained for your records); and
ii. the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated); or

4. all Subscribers must execute the Target Release attached as Schedule F to the Subscription Agreement and provide the Corporation with an originally executed version of such release.

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

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

### (b) Distribution

The Corporation is offering the Offered Bonds to residents of the Offering Jurisdictions. The Offering is being made pursuant to the following exemptions from the registration and prospectus requirements contained in the applicable securities laws, as applicable:

(a) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, Yukon and the Northwest Territories pursuant to the exemptions from the prospectus requirements afforded by Section 2.9(1), 2.9(2) and 2.9(2.1) (the "**Offering Memorandum Exemption**") of NI 45-106; and

(b) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, Yukon and the Northwest Territories pursuant to the exemption from the prospectus requirements afforded by Section 2.3 of NI 45-106 (the "**Accredited Investor Exemption**").

The Offering Memorandum Exemption in Section 2.9(1) of NI 45-106 is available for distributions to Subscribers resident in **British Columbia and Newfoundland and Labrador** purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment (Form 45-106F4) in the prescribed form, which is attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto.

The Offering Memorandum Exemption in Section 2.9(2) of NI 45-106 is available for distributions to Subscribers who are resident in **Manitoba, Northwest Territories, Nunavut, Prince Edward Island or Yukon** purchasing as principals, and who acknowledge having received and read a copy of this Offering Memorandum prior to signing the Subscription Agreement and who:

(a) if subscribing for more than $10,000 in Bonds, is an Eligible Investor, which includes Subscribers who are Accredited Investors, who have signed a copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C; and

(b) have signed a Risk Acknowledgment (Form 45-106F4) in the prescribed form, which is attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto.

As the Corporation is resident in the Province of Alberta, the Corporation and Subscribers must also comply with the Offering Memorandum Exemption in Section 2.9(2.1) of NI 45-106, which is available for distributions to Subscribers who are **resident in a Province or Territory of Canada other than Quebec** purchasing as principals, and who acknowledge having received and read a copy of this Offering Memorandum prior to signing the Subscription Agreement and who:

(a) if subscribing for less than $10,000 in Bonds, has not purchased more than $10,000 in securities utilizing the Offering Memorandum Exemption in the previous 12 months;

(b) if subscribing for more than $10,000 in Bonds but no more than $30,000 in Bonds, is an Eligible Investor, which includes Subscribers who are Accredited Investors, who have not purchased more than $30,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months and who have signed a copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;

(c) if subscribing for more than $30,000 in Bonds but not more than $100,000 in Bonds, who have not purchased more than $100,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months and who have signed a copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C and a copy of the Portfolio Manager, Investment Dealer or Exempt Market Dealer Advice Certificate in the form attached to this Subscription Agreement as Schedule D; and

(d) have signed a Risk Acknowledgment (Form 45-106F4) in the prescribed form which is attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto.

The Accredited Investor Exemption in Section 2.3 of NI 45-106 is available for distributions to Subscribers **resident in a Province or Territory of Canada other than Quebec** purchasing as principal, or deemed to be purchasing as principal pursuant to applicable securities laws and who are Accredited Investors. Under this exemption, where the Subscriber is **an individual**, the Corporation is required to obtain:

(a) a copy of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto;

(b) a signed Accredited Investor Risk Acknowledgement Form (Form 45-106F9), which is attached to the Subscription Agreement as Schedule E, from the Subscriber and to retain that risk acknowledgement form for eight years after the distribution; and

(c) the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated).

Under the Accredited Investor Exemption, where the Subscriber is a **non-individual**, the Corporation is required to obtain:

(a) a copy of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto; and

(b) the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated).

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

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

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

### 6.1 Summary of Principal Federal Income Tax Consequences

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

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

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

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

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

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

## ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

**Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Offered Bonds under this Current Offering to any one of, or a combination of, the following parties: registered dealers and exempt market dealing representatives, who are registered in accordance with applicable securities laws (the "Commissions"). The Corporation will pay up to two percent (2%) of the gross proceeds realized on the sale of Offered Bonds to exempt market dealers that it retains as a dealer listing fee (the "Dealer Listing Fees", and together with the Commissions, the "Selling Commissions"). CNI will pay all such compensation to the above parties on the Corporation's behalf pursuant to the Loan Commitment Fee. See Item 2.8.2 Loan Agreement with Capital Now Inc.**

## ITEM 8 - RISK FACTORS

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

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

### Investment and Issuer Risk

1. **No Review by Regulator**: Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.
2. **No Deposit Insurance**: The Offered Bonds offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
3. **Limited Working Capital**: The Corporation will have a limited amount of working capital as the available funds of this Offering will be loaned to CNI.
4. **Redemption Risk**: There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Offered Bonds, that such financing will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Offered Bonds and cannot secure financing, it will not be able to redeem any or all of the Offered Bonds.

5. **Redemption Limitation:** The Offered Bonds are not listed on a securities exchange. There is currently no secondary market through which the Offered Bonds may be sold, there can be no assurance that any such market will develop and the Corporation has no current plans to develop such a market or to list the Offered Bonds on an exchange. Accordingly, it is expected that the sole method of liquidation of an investment in Offered Bonds will be by way of redemption of the Offered Bonds. Cash redemptions are limited to twice a calendar year for up to 10% of certain of the Subscribing Bondholder's outstanding Redeemable Bonds. **See Item 5.1 Terms of Securities - Early Redemption by Bondholders.**

6. **Tax Risk**: The tax consequences associated with an investment in Offered Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of Offered Bonds. In the event that Target ceases to control the Corporation, ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a subscriber for Offered Bonds. Upon such an event occurring, the Offered Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Offered Bonds. If the Offered Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Offered Bonds may be required to include in his or her income the fair market value of the Offered Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investments in the Offered Bonds. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

7. **Changes to the Tax Act**: No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of Offered Bonds with respect to acquiring, holding or disposing of Offered Bonds. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Offered Bonds purchased pursuant to the Offering.

8. **No Advance Tax Ruling**: No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

9. **Change of Director**: The issued Class A Shares of the Corporation are held collectively by Target, Gerry Wawzonek and Natalia Wawzonek. Pursuant to the ABCA and the constating documents of the Corporation, the holders of the Corporation's Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation. Consequently, Target can change the directors of the Corporation and Gerry Wawzonek and Natalia Wawzonek do not have a mechanism to ensure that they and Cleve Pohl will remain the directors of the Corporation. There is no assurance that the directors of the Corporation will remain the same as disclosed in this Offering Memorandum.

10. **No Right to Vote**: Subscribing Bondholders will have no right to vote on matters relating to the Corporation. Exclusive authority and responsibility for managing the Corporation rests with management of the Corporation and those persons, consultants and advisors retained by management on behalf of the Corporation. Accordingly, Subscribers should appreciate that they will be relying on the good faith, experience, expertise and ability of the directors and officers of the Corporation and other parties for the success of the business of the Corporation.

11. **Lack of Trustee**: There is no trustee being used in connection with Offered Bonds issued pursuant to this Offering. Subscribing Bondholders must rely on the Corporation to make all payments to Bondholders pursuant to the terms of the Offered Bonds.

12. **Conflict of Interest**: There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the ABCA.

13. **CNI Loan**: The CNI Loan is primarily secured by a general security agreement against the present and after acquired personal property of CNI. In the event that CNI defaults in its obligations under the CNI Loan, the Corporation will have to enforce its security registered against CNI. There may be intervening encumbrances or other interests of other third parties, that may stand in priority to the Corporation's security. The existence of any intervening encumbrances may prevent the Corporation from realizing on or enforcing some or all of its security against the assets of CNI. There may be principles at law or at equity that may prevent the Corporation from enforcing some or all of it security against CNI and/or its assets. The assets of CNI may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation. If the Corporation's security under the CNI Loan is subordinated and the collateral is realized upon, lenders with security

interests in priority to the Corporation's will take priority over the disposition of any of CNI's assets, with the result that there may be insufficient assets to repay the indebtedness under the CNI Loan. **See Item 2.8.2 Loan Agreement with Capital Now Inc.**

14. **No Management Rights**: Except as disclosed herein, the directors and officers of the Corporation and not Bondholders, will make decisions regarding the management of the Corporation's affairs. Subject to the ABCA, Bondholders will have no rights to attend meetings of shareholders or vote in any manner. Subscribers must carefully evaluate the personal experience and business performance of the directors and officers of the Corporation. In very limited circumstances, such as an insolvency proceeding, Bondholders may have a right to vote on such proceeding, but such vote would be limited in scope and at that time, a return on the investment in Bonds would likely be compromised.
15. **Blind Pool**: This Offering is a "blind pool" offering as the Credit Receivables to be acquired by CNI have not yet been identified. Management of CNI will, in its sole discretion, without notice to or approval from any Bondholder of the Corporation, analyze and select the Credit Receivables to be acquired by CNI from time to time.
16. **Debt Securities**: The Offered Bonds offered by the Corporation are not a direct investment in the Credit Receivables acquired by CNI but an investment in debt securities of the Corporation.
17. **Independent Counsel**: No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.
18. **Limited Operating History**: There is limited operating history upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stage of its business and, therefore, is subject to all risks associated with early stage companies, including: start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, and the evolving and unpredictable nature of the Corporation's business. There can be no assurance that the Corporation will continue to be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.
19. **Illiquidity of Investment**: An investment in the Offered Bonds of the Corporation is an illiquid investment. **There is currently no market through which the Bonds of the Corporation may be sold.** The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Offered Bonds. The Offered Bonds are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Offered Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation. **See Item 10 Resale Restrictions.**
20. **Interest Rate Risk**: The interest rate return for each Bond series are fixed for the Bond term and are not subject to increase in the event of a general rise in domestic interest rates for other investments.

**CNI's Operational and Industry Risk**

1. **Business Results from changes in Industry Conditions**: The CNI Loan will be used to allow CNI to underwrite Factoring Transactions. CNI's portfolio, as described in Item 2.3.1 Business of Capital Now Inc. is affected by general economic conditions globally, nationally and locally, real estate and oil and gas markets, operating expenses and various other factors. Deteriorating market conditions and associated industry changes could affect the diversity of the Factoring Transactions and the returns available. There is no assurance that CNI's future portfolio will reflect its past portfolio, and such composition may render it less profitable than in the past.
2. **Competitive Industry**: The factoring industry in which CNI operates is, and will continue to be, very competitive. There is no assurance that CNI will be able to continue to compete successfully or that the level of competition and that pressure on pricing will not affect its margins.
3. **Management Performance**: The success of the Corporation's business strategy depends to a certain extent, on the efforts and abilities of its management and on external factors such as, among other things, the general political and economic conditions that may prevail from time to time, which factors are out of the control of the Corporation. A return on investment for a purchaser of Offered Bonds depends upon CNI and its ability to meet its payment obligations under the CNI Loan. As a result, there is no guarantee that Subscribing Bondholders will earn a return on their investment in the Offered Bonds.
4. **Required Return**: CNI's investing is based entirely on the acquisition of Credit Receivables. The past performance of CNI's business, as referred to throughout this Offering Memorandum, may not be indicative of future results and there is no way for either the Corporation or CNI to guarantee the future performance of CNI's factoring business. A failure by CNI to obtain a return equal to the aggregate of funds raised under this Offering and loaned pursuant to the CNI Loan, together with the applicable interest thereon in accordance with the terms of the CNI Loan Agreement, would have a negative

impact on the Corporation's interests pursuant to the CNI Loan and would adversely affect the Corporation's ability to meet its payment obligations under the terms of the Bonds.

5. **Ongoing Deployment of Funds**: Despite a business plan developed by CNI to grow its business, there is no guarantee that CNI will have the capacity to continuously deploy all of the Bond funds.

6. **Financing:** CNI's ability to access additional capital will depend on its success in its business and the status of the capital markets at the time such capital is sought. Accordingly, there can be no assurance that capital will be available to CNI from any source or that, if available, it will be at prices or on terms acceptable to CNI in order for CNI to develop its business.

7. **Credit Risk**: Whilst CNI manages exposure to any Debtor and completes due diligence to the best of its ability and secures additional security as a precaution to improve collateral receipt for capital issued, there is no absolute guarantee of repayment of invoiced amounts owed in the event of bankruptcy of the Debtor.

8. **Change in Portfolio Resulting from Industry Change**: The CNI Loan will be used to allow CNI to underwrite Factoring Transactions. CNI's portfolio, as described in Item 2.3.1 Business of CNI Capital Now Inc. is affected by general economic conditions globally, nationally and locally, real estate and oil and gas markets, operating expenses and various other factors. Deteriorating market conditions and associated industry changes could affect the diversity of the Factoring Transactions and the returns available. There is no assurance that CNI's future portfolio will reflect its past portfolio, and such composition may render it less profitable than in the past.

9. **A Vendor or Debtor's fraud could cause the Corporation to suffer losses**: The failure of a Vendor or Debtor to accurately report its financial position, could result in the loss of some or all of the principal amount of a Credit Receivable including amounts the Corporation may not have advanced had it possessed complete and accurate information.

10. **CNI may not recover the value of amounts of the Credit Receivables it purchases**: Like other commercial finance companies, CNI may experience missed and late payments, failures by Debtors to payment terms below that which was expected when CNI acquired the Credit Receivable. Any of the events described in the preceding sentence may be an indication that CNI's risk of credit loss with respect to a particular Credit Receivable has materially increased.

11. **CNI will acquire Credit Receivables from privately owned small and medium-sized companies that present a greater risk of loss than loans to larger companies**: CNI's Credit Receivable portfolio will include receivables from small and medium sized, privately owned businesses. Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete. Accordingly, Credit Receivables acquired from these types of Debtors entail higher risks than advances made to companies who are larger and more established in their industry sectors.

12. **CNI may not have all of the material information relating to potential clients at the time that it makes its credit decisions**: There is generally no publicly available information about the privately owned companies from which CNI may acquire Credit Receivables. Therefore, CNI must rely on its clients and the due diligence efforts of its employees and agents to obtain the information that it considers when making its acquisition decisions. To some extent, CNI's employees and agents may depend and rely upon the management of Debtors to provide full and accurate disclosure of material information concerning their business, financial condition and prospects. CNI does not have access to all of the material information about a particular Debtor's business, financial condition and prospects, or if a Debtor's accounting records are poorly maintained or organized. CNI's decision may not be fully informed, and may lead, ultimately, to a failure or inability to recover the value of the Credit Receivable acquired by CNI.

13. **The collateral securing a Credit Receivable may not be sufficient to protect CNI from a partial or complete loss if its security on such collateral is not properly perfected or if the Credit Receivable becomes "non-performing", and CNI is required to enforce its security**: While most of CNI's Credit Receivables will be secured by a lien on a specified collateral to which the receivable relates, there is no assurance that CNI will have obtained or properly perfected its liens, or that the collateral securing any particular Credit Receivable will protect it from suffering a partial or complete loss if the Debtor defaults in payments with respect to the Credit Receivable and CNI must proceed to enforce its security with respect to the collateral to which the Credit Receivable relates. The collateral securing CNI's Credit Receivables is subject to inherent risks that may limit its ability to recover the principal of a Credit Receivable.

## ITEM 9 - REPORTING OBLIGATIONS

### 9.1 Reporting to Bondholders

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

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs and there is, therefore, no requirement that the Corporation make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements. However, where required pursuant to applicable laws, the Corporation may be required to file with the securities regulatory authorities or deliver to the securities regulatory authorities audited annual financial statements of the Corporation, **as well as a notice that accompanies the financial statements which describes how the money raised under the Offering Memorandum has been used.** Further, the Corporation is not required to file its interim financial statements with the securities regulatory authorities.

**The Corporation does not intend to send Bondholders any financial statements of the Corporation except as may be required pursuant to applicable laws. The annual financial statements of the Corporation will be made reasonably available to each Bondholder by emailing investor relations at info@yesterpay.com.**

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

## ITEM 10 - RESALE RESTRICTIONS

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

### 10.1 General Statement

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

### 10.2 Restricted Period

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

The certificates representing the securities of the Corporation issued pursuant to this Offering will have a legend in substantially the following form:

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

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

### 10.3 Manitoba Resale Restrictions

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

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

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

## ITEM 11 - PURCHASERS' RIGHTS

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

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

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

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

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

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws. Further, in an action for damages, the amount you recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Corporation proves does not represent the depreciation value of the securities resulting from the misrepresentation. The Corporation has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

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

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

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the Corporation in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below. If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

(a) the Corporation to cancel their agreement to buy the Bonds; or

(b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the "**Insiders**" for this section).

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

(a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;

(b) the Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;

(d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

(e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

In British Columbia, an action to enforce a civil remedy created by the above must not be commenced:

(a) in the case of an action for rescission, more than 180 days after the Subscriber purchased the Bonds; or

(b) in the case of an action other than for rescission, more than the earlier of:

  (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) 3 years after the Subscriber purchased the Bonds.

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

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

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

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

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

In Alberta, no action may be commenced more than:

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

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

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

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a "**material fact**") or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a "**misrepresentation**"), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Corporation, the promoters and "directors" (as defined in *The Securities Act*, *1988* (Saskatchewan)) of the Corporation, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Corporation under this Offering Memorandum or amendment thereto.

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

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

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

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

1. in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
2. in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

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

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

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

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

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

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

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

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

A director or signatory will not be liable:

1. if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Corporation that it was delivered without their knowledge and consent;
2. if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Corporation of their withdrawal and the reasons therefore;
3. if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("**Expert Opinion**"), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
4. with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the director or signatory:
   (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
   (ii) believed there had been a misrepresentation.

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

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

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

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

(a) in the case of rescission, 180 days from the day of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

    (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; or

    (ii) two years from the day of the transaction that gave rise to the cause of action.

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

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

Section 5.3 of Ontario Securities Commission Rule 45-501 ("**Rule 45-501**") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (the "**Act**") shall be described in the offering memorandum.

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

(a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:

    (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or

    (ii) three years after the date of the transaction giving rise to the cause of action;

(b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;

(d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and

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

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

**Statutory Rights of Action of Purchasers in Newfoundland and Labrador**

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

(a) to cancel your agreement to buy these Bonds; or

(b) for damages.

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

**Time limitations**

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

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

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

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

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

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

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

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

No such individual will be liable if:

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

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

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

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

(a) that the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated;
(b) that, after the dissemination of the advertising or sales literature and before the purchase of the securities by the Subscriber, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal; or
(c) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than the Corporation, is liable with respect to any part of the advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of or, an extract from, a report, opinion or statement of an expert unless the person:

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

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

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

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

(a) in the case of an action for rescission, 180 days after the date the Subscriber purchased the Bonds; and

(b) in the case of any action, other than an action for rescission, the earlier of:

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

  (ii) six years after the date the Subscriber purchased the Bonds.

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

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

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

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

(b) no person or company signing this Offering Memorandum will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless such person or company

  (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or

  (ii) believed there had been a misrepresentation;

(c) in an action for damages, neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon;

(d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Bonds were sold to the Subscriber.

In Nova Scotia, no action may be commenced more than:

(a) in the case of an action for rescission, 180 days after the Subscriber purchased the Bonds; or

(b) in the case of any other action, the earlier of:

  (i) 180 days after the Subscriber first had knowledge of the facts giving rise to the cause of action; or

  (ii) three (3) years after the Subscriber purchased the Bonds.

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

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

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

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

(b) in an action for damages, neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable for all or any portion of such damages if the Corporation or such person or company proves that they do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied on; and

(c) the amount recoverable under this right of action must not exceed the price at which the Bonds purchased by the Subscriber were offered.

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

(a) in the case of action for rescission, no later than 180 days from the date the Subscriber purchased the Bonds; or

(b) in the case of any action, other than an action for rescission, not later than the earlier of:

   (i) 180 days from the day that the Subscriber first had knowledge of the facts giving rise to the cause of action; or

   (ii) three years from the day the Subscriber purchased the Bonds.

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

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

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

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

(a) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

(b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Corporation of the withdrawal and the reason for it;

(c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:

   (i) there had been a misrepresentation; or

   (ii) the relevant part of the Offering Memorandum:

      (A) did not fairly represent the report, statement or opinion of the expert, or

      (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A person, other than the Corporation and selling holder of a Bond, is not liable with respect to any part of an Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

(b) believed that there had been a misrepresentation.

A defendant is not liable with respect to a misrepresentation in forward-looking information:

(a) if the Offering Memorandum containing the forward-looking information also contains, proximate to the forward-looking information,

   (i) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward-looking information;

   (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

(b) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Bonds resulting from the misrepresentation. The amount recoverable by a plaintiff must not exceed the price at which the Bonds purchased by the plaintiff were offered. The right of action for rescission or damages is in addition to and without derogation from any other right the Subscriber may have at law. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

In the Northwest Territories, no action may be commenced to enforce such right of action described above unless the right is exercised within:

(a) in the case of an action for rescission, 180 days after the Subscriber purchased the Bonds; or

(b) in the case of any action other than an action for rescission,

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) three years after the date the Subscriber purchased the Bonds,

whichever period expires first.

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

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

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

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

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

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

(a) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
(b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

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

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

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

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

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

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

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

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

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

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

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

(a) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

(b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Corporation of the withdrawal and the reason for it;

(c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:

    (i) there had been a misrepresentation; or

    (ii) the relevant part of the Offering Memorandum:

        (A) did not fairly represent the report, statement or opinion of the expert, or

        (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A person, other than the Corporation and selling holder of a Bond, is not liable with respect to any part of an Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

(b) believed that there had been a misrepresentation.

A defendant is not liable with respect to a misrepresentation in forward-looking information:

(a) if the Offering Memorandum containing the forward-looking information also contains, proximate to the forward-looking information,

    (i) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward-looking information;

    (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

(b) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Bonds resulting from the misrepresentation. The amount recoverable by a plaintiff must not exceed the price at which the Bonds purchased by the plaintiff were offered. The right of action for rescission or damages is in addition to and without derogation from any other right the Subscriber may have at law. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

In the Nunavut Territory, no action may be commenced to enforce such right of action described above unless the right is exercised within:

(a) in the case of an action for rescission, 180 days after the Subscriber purchased the Bonds; or

(b) in the case of any action other than an action for rescission,

    (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) three years after the date the Subscriber purchased the Bonds,

whichever period expires first.

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

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

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

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

**ITEM 12 - FINANCIAL STATEMENTS**

**12.1 Financial Statements of the Corporation**

SIHOTA
TAYLOR
Chartered Accountants

Tel: 403.508.0060
Fax: 403.508.0062
1122 22nd Avenue N.W.
Calgary, Alberta
T2M 1P7
www.sihotataylor.com

October 3, 2016

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

Dear Sir/Madame

We refer to the offering memorandum of Yesterpay Holdings Inc. (the "**Corporation**") dated October 3, 2016 (the "**Offering Memorandum**") relating to the offering of four series of unsecured bonds by the Corporation.

We consent to being named and to the use in the above-mentioned Offering Memorandum, of our report dated July 9, 2016, to the shareholders of the Corporation on the following financial statements of the Corporation:

a. Statement of financial position as at December 31, 2015; and,

b. Statements of comprehensive income, changes in shareholders' equity and cash flows and the notes to the financial statements for the year ended December 31, 2015.

We consent to being named and to the use in the above-mentioned Offering Memorandum, of our report dated July 9, 2016, to the shareholders of the Capital Now Inc. ("**CNI**") on the following financial statements of CNI:

a. Balance sheet as at December 31, 2015; and,

b. Statements of earnings and retained earnings and cash flows and the notes to the financial statements for the year ended December 31, 2015.

We report that we have read the Offering Memorandum and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document as described in the CPA Canada Handbook – Assurance.

Sihota Taylor

Sihota Taylor Chartered Accountants

# YESTERPAY HOLDINGS INC.

## Financial Statements

## Year Ended December 31, 2015

**Management's Responsibility for Financial Reporting**

To the Shareholders of Yesterpay Holdings Inc.:

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

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

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

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

Director

Director

July 09, 2016

SIHOTA TAYLOR
Chartered Accountants

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yesterpay Holdings Inc.

We have audited the accompanying financial statements of Yesterpay Holdings Inc., which comprise the statement of financial position as at December 31, 2015 and the statements of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yesterpay Holdings Inc. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 4 to the financial statements, which explains that certain comparative information for the year ended December 31, 2014 has been restated.

Other Matter

The financial statements for Yesterpay Holdings Inc. as at December 31, 2014 and for the year then ended were audited by other auditors, who expressed an unqualified opinion on those financial statements in their report dated April 27, 2015.

Sihota Taylor

Calgary, Alberta
July 9, 2016

CHARTERED ACCOUNTANTS

**YESTERPAY HOLDINGS INC.**

**Statement of Financial Position**

**December 31, 2015**

| | 2015 | 2014 *Revised (Note 4)* |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Cash | **$ 989** | $ 989 |
| DUE FROM RELATED PARTY *(Note 5)* | **600,126** | 312,614 |
| | **$ 601,115** | $ 313,603 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | **$ 13,995** | $ 9,995 |
| BONDS *(Note 6)* | **586,120** | 302,608 |
| | **600,115** | 312,603 |
| SHAREHOLDERS' EQUITY | | |
| Share capital *(Note 7)* | **1,000** | 1,000 |
| Retained earnings | **-** | - |
| | **$ 601,115** | $ 313,603 |

COMMITMENTS *(Note 8)*

SUBSEQUENT EVENT *(Note 12)*

**Approved on behalf of the Board of Directors by:**

_______________________ *Director*

_______________________ *Director*

See notes to financial statements

## YESTERPAY HOLDINGS INC.

## Statement of Income and Comprehensive Income

## Year Ended December 31, 2015

| | | 2015 | | 2014 *Revised (Note 4)* |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Loan commitment fee *(Note 5)* | **$** | **65,606** | $ | 48,728 |
| Interest income *(Note 5)* | | **26,684** | | 3,986 |
| | | **92,290** | | 52,714 |
| **EXPENSES** | | | | |
| Professional fees | | **38,317** | | 17,272 |
| Interest on Bonds | | **26,684** | | 3,986 |
| Commissions and finance fees | | **24,410** | | 26,850 |
| Investor relations | | **2,879** | | 4,595 |
| Bank charges | | **-** | | 11 |
| | | **92,290** | | 52,714 |
| **NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR** | **$** | **-** | $ | - |

See notes to financial statements

## YESTERPAY HOLDINGS INC.
## Statement of Changes in Shareholders' Equity
## Year Ended December 31, 2015

| | Share capital | Retained earnings | Total Shareholders' equity |
|---|---|---|---|
| Balance, December 31, 2013 | $ 1,000 | $ - | $ 1,000 |
| Balance, December 31, 2014 | 1,000 | - | 1,000 |
| **Balance, December 31, 2015** | **$ 1,000** | $ - | **$ 1,000** |

See notes to financial statements

## YESTERPAY HOLDINGS INC.
## Statement of Cash Flows
## Year Ended December 31, 2015

| | **2015** | 2014 *Revised (Note 4)* |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | **$ -** | $ - |
| Change in non-cash working capital: | | |
| Accounts payable and accrued liabilities | **4,000** | 9,995 |
| Cash flow from operating activities | **4,000** | 9,995 |
| **INVESTING ACTIVITY** | | |
| Funds due from related party | **(287,512)** | (312,614) |
| **FINANCING ACTIVITY** | | |
| Proceeds from issuance of bonds | **283,512** | 302,608 |
| **INCREASE (DECREASE) IN CASH FLOW** | **-** | (11) |
| Cash - beginning of year | **989** | 1,000 |
| **CASH - END OF YEAR** | **$ 989** | $ 989 |

See notes to financial statements

1. DESCRIPTION OF BUSINESS

Yesterpay Holdings Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 7, 2012. The Company was formed to raise funds pursuant to an offering memorandum, which has been amended and updated from time to time as required (the "Offering" - Note 6) for the purposes of loaning the available funds to Capital Now Inc. ("CNI"), an entity related to the Company by common officers, directors and shareholders. The proceeds of the Offering will be loaned to CNI as working capital for the purchase of factored accounts receivables.

The proposed business of the Company relies on the success of the Offering which involves a high degree of risk and there is no assurance that it will be able to raise the funds necessary to finance its activities.

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

2. BASIS OF PRESENTATION

*a) Statement of compliance*:

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

The financial statements were approved by the Board of Directors on July 9, 2016.

*b) Basis of measurement:*

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

*c) Functional and presentation currency:*

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

*d) Use of estimates and judgments:*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are evaluated and are based on managements’ experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from these estimates. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates and judgments made by management in the preparation of the financial statements are as follows:

*i) Fair value of financial instruments*

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

*(continues)*

2. BASIS OF PRESENTATION *(continued)*

*ii) Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Further, tax interpretations, regulations and legislation are subject to change. As such, income taxes are subject to measurement uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

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

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

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

| | Classification | Measurement |
|---|---|---|
| **Financial assets:** | | |
| Cash | Loans and receivables | Amortized cost |
| Due from related party | Loans and receivables | Amortized cost |
| **Financial liabilities**: | | |
| Accounts payable and accrued liabilities | Other financial liability | Amortized cost |
| Bonds | Other financial liability | Amortized cost |

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

b) Cash

Cash consists of bank balances.

*(continues)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Share capital

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

d) Revenue recognition

Interest income and loan commitment fee income are recognized pursuant to a loan agreement with CNI as described in Note 5.

e) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) Provisions and contingent liabilities

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

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

*(continues)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Future accounting policies

IFRS 9, "Financial Instruments" ("IFRS 9"), will replace the guidance provided in IAS 39, "Financial Instruments Recognition and Measurement". The Standard includes new guidance on: i) classification and measurement of financial assets and liabilities; ii) impairment of financial assets; and, iii) hedge accounting. The Company will be required to adopt IFRS 9 effective for fiscal years ending on or after January 1, 2018, with earlier adoption permitted. The extent of the impact of adoption of IFRS 9 has not yet been determined.

In May 2014, the IASB published IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), replacing IAS 11, “Construction Contracts” and IAS 18, “Revenue” and several revenue related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The extent of the impact of adoption of IFRS 9 has not yet been determined.

4. PRIOR PERIOD ADJUSTMENTS

For the year ending December 31, 2014 expenses of the Company were recorded in CNI in error. Pursuant to the loan agreement between the Company and CNI dated October 31, 2014, CNI is to pay to the Company, as a loan commitment fee, a sum equal to all reasonable charges, fees, commissions and costs incurred by the Company in connection with any offering of securities undertaken by the Company. The correction of the prior period error has resulted in an increase (decrease) in the following financial statement items as at December 31, 2014:

| | | |
|---|---|---|
| **Statement of financial position** | | |
| Due from related party | **$** | (367) |
| **Statement of income and comprehensive income** | | |
| Loan commitment fee | **$** | 48,728 |
| Bank charges | | 11 |
| Investor relations | | 4,595 |
| Professional fees | | 17,272 |
| Commissions and finance fees | | 26,850 |

For the year ending December 31, 2014 reinvested interest on Series B Bonds was classified as Accounts payable in error. The correction of the prior period error has resulted in an increase (decrease) in the following financial statement items as at December 31, 2014:

| | | |
|---|---|---|
| **Statement of financial position** | | |
| Accounts payable and accrued liabilities | **$** | (3,975) |
| Bonds | | 3,608 |

The prior period adjustments above had no impact on net income, comprehensive income or on retained earnings for the year ended December 31, 2014.

5. RELATED PARTY TRANSACTIONS

The Company is related to CNI by common officers, directors and shareholders.

Pursuant to a loan agreement (the "CNI Agreement") entered into between the Company and CNI on October 31, 2014, the Company has agreed to lend up to $15,000,000 to CNI. Funds raised pursuant to the Offering will be loaned to CNI on the following terms:

i) the interest rate on funds loaned to CNI from Series A Bonds will be 8% per annum;

ii) the interest rate on funds loaned to CNI from Series B Bonds will be 8% per annum, compounded monthly;

iii) the maturity date of the loan of $299,000 made in 2014 to CNI is June 30, 2017. The balance owing on this loan, including accrued interest, as at December 31, 2015 is $325,230 (2014 - $302,608);

iv) the maturity date of the loan of $260,000 made in 2015 to CNI is December 3, 2018. The balance owing on this loan, including accrued interest, as at December 31, 2015 is $260,890 (2014 - $nil);

v) the advance of $14,006 (2014 - $10,006) owing from CNI with respect to the loan commitment fee is due upon the termination of the CNI Agreement; and,

vi) the loans are secured by way of a general security agreement securing all present and after-acquired personal property of CNI in favour of the Company.

Furthermore, the CNI Agreement states that CNI is required to pay the Company, as a loan commitment fee, a sum equal to all reasonable charges, fees, commissions and costs incurred by the Company in connection with any offering of securities undertaken by the Company to raise funds for the purposes of loaning money to CNI. Amounts owing from CNI that relate to the loan commitment fee are non-interest bearing.

The Company recognized $65,606 (2014 - $48,728) as loan commitment fee revenue and $26,684 (2014 - $3,986) in interest income from CNI.

The related party transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. BONDS

| | 2015 | 2014 |
|---|---|---|
| Series A Bonds maturing June 30, 2017 | $ 30,000 | $ 30,000 |
| Series A Bonds maturing December 3, 2018 | 115,000 | - |
| Series B Bonds maturing June 30, 2017 | 295,230 | 272,608 |
| Series B Bonds maturing December 3, 2018 | 145,890 | - |
| | $ 586,120 | $ 302,608 |

Pursuant to the Offering the Company is offering 8% Series A and Series B unsecured Bonds (the "Bonds"), to an aggregate maximum of 15,000 Bonds at a price of $1,000 per Bond for total gross proceeds of $15,000,000. The Company may, in the future, amend or otherwise update the Offering in order to offer one or more additional series of Bonds. The proceeds of the Offering will be loaned to CNI as working capital for the purchase of factored accounts receivables. During the year ended December 31, 2015 the Company issued $260,000 (2014 - $299,000) in Bonds.

Each Bond will entitle the holder to the following payments:

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

Series B: simple interest at a rate of 8% per annum, compounded monthly and payable on maturity.

The Company has the right to redeem up to 20% of a bondholder's Bonds twice a calendar year by providing the bondholder with 21 days written notice of its intention to do so, through the payment of the principal amount of the redeemed Bonds and all accrued and unpaid interest thereon to the date of redemption.

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

A shareholder of the Company has subscribed for 20 Series A Bonds for a total principal amount of $20,000 (2014 - $nil), subject to the standard terms and conditions applicable to the Series A Bonds.

7. SHARE CAPITAL

Authorized:

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

| | 2015 | 2014 |
|---|---|---|
| Issued and outstanding: | | |
| 100,000 Class A preferred shares | $ 1,000 | $ 1,000 |

No shares were issued or redeemed in 2015 or 2014.

8. COMMITMENTS

The Company entered into an agreement (the “Agreement”) with Target Capital Inc. (“Target”), the controlling shareholder, on November 8, 2012. Pursuant to the terms of the Agreement, the Company is required to pay to Target an annual fee of $2,500 plus 0.5% of the total funds outstanding that have been raised under the Offering that is in excess of $500,000 at the date of the anniversary of the Agreement. The annual fee is payable on each anniversary date of the Agreement.

The Agreement also requires the Company to pay a capital raising fee of 0.5% on funds raised in a year in excess of $500,000. The capital raising fee is payable within 60 days from the date that the $500,000 threshold is exceeded in the year.

With the exception of the annual fee and capital raising fee, Target will not otherwise benefit from its position as the controlling shareholder.

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

The Agreement will remain in effect until the earliest of three dates: i) termination of the Agreement by the Company, requiring 90 days written notice to Target; ii) the date on which Target ceases to be the majority shareholder; and, iii) 10 years from the date of the Agreement.

9. CAPITAL MANAGEMENT

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

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

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

The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The fair values of cash, due from related party and accounts payable and accrued liabilities approximates their carrying values due to the short term to maturity. The fair value of Bonds approximates its carrying value as the market rate is equal to the interest rate paid on the Bonds.

a) Risk management framework

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

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s maximum exposure to credit risk at December 31, 2015 is the total of cash and due from related party of $600,126 (2014 - $312,614). The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings and due from related party by reviewing the financial stability of the related party. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

c) Liquidity risk

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

d) Market risk

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

11. TAXES

The Company has no deferred tax asset to recognize and does not have any loss carryforwards for the years ended December 31, 2015 and 2014.

12. SUBSEQUENT EVENT

Subsequent to year end the Company raised $141,000 from the issuance of Bonds pursuant to the Offering.

# YESTERPAY HOLDINGS INC.

## Interim Financial Statements (UNAUDITED)

## Six Month Period Ended June 30, 2016

**YESTERPAY HOLDINGS INC.**

**Interim Statement of Financial Position (UNAUDITED)**

**June 30, 2016**

| | | **2016** | | 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT | | | | |
| Cash | **$** | **32,502** | $ | 989 |
| DUE FROM RELATED PARTY *(Note 4)* | | **728,845** | | 323,605 |
| | **$** | **761,347** | $ | 324,594 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | **$** | **13,995** | $ | 9,995 |
| BONDS *(Note 5)* | | **746,352** | | 313,599 |
| | | **760,347** | | 323,594 |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital *(Note 6)* | | **1,000** | | 1,000 |
| Retained earnings | | **-** | | - |
| | **$** | **761,347** | $ | 324,594 |

**Approved on behalf of the Board of Directors by:**

_______________________ *Director*

_______________________ *Director*

See notes to financial statements

**YESTERPAY HOLDINGS INC.**
**Interim Statement of Income and Comprehensive Income (UNAUDITED)**
**Six Month Period Ended June 30, 2016**

| | **2016** | 2015 |
|---|---|---|
| **REVENUE** | | |
| Loan commitment fee *(Note 4)* | **$ 172,253** | $ 24,185 |
| Interest income *(Note 4)* | **28,035** | 12,938 |
| | **200,288** | 37,123 |
| **EXPENSES** | | |
| Management fees *(Note 4)* | **93,737** | - |
| Professional fees | **40,324** | 21,480 |
| Commissions and finance fees | **31,117** | 2,625 |
| Interest on bonds | **28,035** | 12,938 |
| Investor relations | **3,670** | 80 |
| Advertising and promotion | **2,818** | - |
| Bank charges | **587** | - |
| | **200,288** | 37,123 |
| **NET INCOME AND COMPREHENSIVE INCOME** | **$ -** | $ - |

See notes to financial statements

**YESTERPAY HOLDINGS INC.**

**Interim Statement of Changes in Shareholders' Equity (UNAUDITED)**

**Six Month Period Ended June 30, 2016**

| | Share capital | Retained earnings | Total Shareholders' equity |
|---|---|---|---|
| Balance, December 31, 2014 | $ 1,000 | $ - | $ 1,000 |
| Balance, December 31, 2015 | 1,000 | - | 1,000 |
| **Balance, June 30, 2016** | **$ 1,000** | $ - | **$ 1,000** |

See notes to financial statements

**YESTERPAY HOLDINGS INC.**

**Interim Statement of Cash Flows (UNAUDITED)**

**Six Month Period Ended June 30, 2016**

| | 2016 | 2015 |
|---|---|---|
| **OPERATING ACTIVITY** | | |
| Net income | **$ -** | $ - |
| **INVESTING ACTIVITY** | | |
| Funds due from related party | **(128,719)** | (10,991) |
| **FINANCING ACTIVITY** | | |
| Proceeds from issuance of bonds | **160,232** | 10,991 |
| **INCREASE IN CASH FLOW** | **31,513** | - |
| Cash - beginning of period | **989** | 989 |
| **CASH - END OF PERIOD** | **$ 32,502** | $ 989 |

See notes to financial statements

1. DESCRIPTION OF BUSINESS

Yesterpay Holdings Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 7, 2012. The Company was formed to raise funds pursuant to an offering memorandum, which has been amended and updated from time to time as required (the "Offering" - Note 5) for the purposes of loaning the available funds to Capital Now Inc. ("CNI"), an entity related to the Company by common officers, directors and shareholders. The proceeds of the Offering will be loaned to CNI as working capital for the purchase of factored accounts receivables.

The proposed business of the Company relies on the success of the Offering which involves a high degree of risk and there is no assurance that it will be able to raise the funds necessary to finance its activities.

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

2. BASIS OF PRESENTATION

*a) Statement of compliance*:

These unaudited interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as adopted in Canada. These interim financial statements do not include all of the information required for financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2015. No update is provided and in certain circumstances disclosure has been omitted where an item is not material or there has been no material change from the discussion in the annual financial statements.

These interim financial statements were approved by the Board of Directors on August 9, 2016.

*b) Basis of measurement:*

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

*c) Functional and presentation currency:*

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

*d) Use of estimates and judgments:*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are evaluated and are based on managements’ experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from these estimates. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates and judgments made by management in the preparation of the financial statements are as follows:

*(continues)*

2. BASIS OF PRESENTATION *(continued)*

*i) Fair value of financial instruments*

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

*ii) Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Further, tax interpretations, regulations and legislation are subject to change. As such, income taxes are subject to measurement uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these interim financial statements are based on IFRS issued, outstanding, and effective as at June 30, 2016. These interim financial statements are based on the accounting policies consistent with those disclosed in Note 3 to the 2015 annual financial statements.

a) Future accounting policies

There were no new or amended standards issued during the six months ended June 30, 2016 that are applicable to the Company in future periods. A description of standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the annual financial statements for the year ended December 31, 2015.

4. RELATED PARTY TRANSACTIONS

The Company is related to CNI by common officers, directors and shareholders.

Pursuant to a loan agreement (the "CNI Agreement") entered into between the Company and CNI on October 31, 2014, the Company has agreed to lend up to $15,000,000 to CNI.

$128,719 was advanced by the Company to CNI in the six month period ending June 30, 2016 (2015 - $10,991).

For the six month period ending June 30, 2016, the Company recognized $172,253 (2015 - $24,185) as loan commitment fee revenue and $28,035 (2015 - $12,938) in interest income from CNI. Included in management fee expense is $65,800 (2015 - $Nil) in management fees charged by CNI to the Company.

The related party transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. BONDS

| | | **2016** | | 2015 |
|---|---|---|---|---|
| Series A Bonds maturing June 30, 2017 | **$** | **30,133** | $ | 30,000 |
| Series A Bonds maturing December 3, 2018 | | **115,000** | | - |
| Series A Bonds maturing February 11, 2019 | | **128,853** | | |
| Series B Bonds maturing June 30, 2017 | | **307,206** | | 283,599 |
| Series B Bonds maturing December 3, 2018 | | **151,807** | | - |
| Series B Bonds maturing February 11, 2019 | | **13,353** | | - |
| | **$** | **746,352** | $ | 313,599 |

Pursuant to the Offering the Company is offering 8% Series A and Series B unsecured Bonds (the "Bonds"), to an aggregate maximum of 15,000 Bonds at a price of $1,000 per Bond for total gross proceeds of $15,000,000. The Company may, in the future, amend or otherwise update the Offering in order to offer one or more additional series of Bonds. The proceeds of the Offering will be loaned to CNI as working capital for the purchase of factored accounts receivables. For the six month period ending June 30, 2016 the Company issued $141,000 in Bonds (2015 - $Nil).

Each Bond will entitle the holder to the following payments:

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

Series B: simple interest at a rate of 8% per annum, compounded monthly and payable on maturity.

6. SHARE CAPITAL

Authorized:

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

| | | **2016** | | 2015 |
|---|---|---|---|---|
| Issued and outstanding: | | | | |
| 100,000 Class A preferred shares | **$** | **1,000** | $ | 1,000 |

No shares were issued or redeemed for the six month period ending June 30, 2016.

## 7. CAPITAL MANAGEMENT

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

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

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

The Company is not subject to externally imposed capital requirements.

## 8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The fair values of cash, due from related party and accounts payable and accrued liabilities approximates their carrying values due to the short term to maturity. The fair value of Bonds approximates its carrying value as the market rate is equal to the interest rate paid on the Bonds.

a) Risk management framework

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

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s maximum exposure to credit risk at June 30, 2016 is the total of cash and due from related party of $728,845. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings and due from related party by reviewing the financial stability of the related party. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

c) Liquidity risk

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

d) Market risk

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

9. TAXES

The Company has no deferred tax asset to recognize and does not have any loss carryforwards for the six month period ending June 30, 2016.

**ITEM 13 - DATE AND CERTIFICATE**

**Dated: October 3, 2016**

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

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

*"C. Gerry Wawzonek"*
C. Gerry Wawzonek

*"Natalia K. Wawzonek"*
Natalia K. Wawzonek

*"Cleve C. Pohl"*
Cleve C. Pohl

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

**2015 FINANCIAL STATEMENTS OF CAPITAL NOW INC.**

**CAPITAL NOW INC.**

**Financial Statements**

**Year Ended December 31, 2015**

**Management's Responsibility for Financial Reporting**

To the Shareholders of Capital Now Inc.:

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

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

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

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

| | |
|---|---|
| Director | Director |

July 09, 2016

SIHOTA TAYLOR
Chartered Accountants

Tel: 403.508.0060
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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Capital Now Inc.

We have audited the accompanying financial statements of Capital Now Inc., which comprise the statement of financial position as at December 31, 2015 and the statements of earnings, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Now Inc. as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

## Emphasis of Matter

Without modifying our opinion, we draw attention to Note 14 to the financial statements, which explains that certain comparative information for the year ended December 31, 2014 has been restated.

## Other Matter

The financial statements for Capital Now Inc. as at December 31, 2014 and for the year then ended were audited by other auditors, who expressed an unqualified opinion on those financial statements in their report dated June 12, 2015.

Sihota Taylor
CHARTERED ACCOUNTANTS

Calgary, Alberta
July 9, 2016

**CAPITAL NOW INC.**

**Statement of Financial Position**

**As at December 31, 2015**

| | | 2015 | | 2014<br>*Revised (Note 14)* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT | | | | |
| Cash | **$** | **581,310** | $ | 254,270 |
| Prepaid expenses | | **37,569** | | - |
| Assets held for resale *(Note 3)* | | **150,000** | | 202,629 |
| Factored accounts receivable *(Note 4)* | | **2,349,305** | | 3,225,175 |
| Notes receivable *(Note 5)* | | **-** | | 115,808 |
| | | **3,118,184** | | 3,797,882 |
| EQUIPMENT *(Note 6)* | | **17,270** | | 10,122 |
| | **$** | **3,135,454** | $ | 3,808,004 |
| **LIABILITIES** | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | **$** | **61,813** | $ | 45,078 |
| Income taxes payable | | **30,543** | | 21,331 |
| Client funds held in reserve *(Note 7)* | | **364,541** | | 662,468 |
| Client funds held in escrow *(Note 8)* | | **85,595** | | 129,129 |
| Due to shareholder *(Note 9)* | | **10,367** | | 3,272 |
| Current portion of investor loans payable *(Note 10)* | | **823,419** | | 1,281,514 |
| | | **1,376,278** | | 2,142,792 |
| INVESTOR LOANS PAYABLE *(Note 10)* | | **958,899** | | 922,291 |
| DUE TO RELATED PARTY *(Note 11)* | | **600,126** | | 312,614 |
| | | **2,935,303** | | 3,377,697 |
| **SHAREHOLDERS' EQUITY** | | | | |
| SHARE CAPITAL *(Note 12)* | | **100** | | 100 |
| RETAINED EARNINGS | | **200,051** | | 430,207 |
| | | **200,151** | | 430,307 |
| | **$** | **3,135,454** | $ | 3,808,004 |

**Approved on behalf of the Board of Directors by:**

______________________ *Director*

______________________ *Director*

**CAPITAL NOW INC.**

**Statement of Retained Earnings**

**Year Ended December 31, 2015**

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **RETAINED EARNINGS - BEGINNING OF YEAR** | **$** | **430,207** | $ | 364,334 |
| NET EARNINGS FOR THE YEAR | | **99,844** | | 340,873 |
| | | **530,051** | | 705,207 |
| DIVIDENDS DECLARED | | **(330,000)** | | (275,000) |
| **RETAINED EARNINGS - END OF YEAR** | **$** | **200,051** | $ | 430,207 |

**CAPITAL NOW INC.**

**Statement of Earnings**

**Year Ended December 31, 2015**

| | 2015 | 2014 Revised (Note 14) |
|---|---|---|
| **REVENUE** | | |
| Factoring discount revenue | **$ 1,038,330** | $ 1,197,004 |
| Recovery of bad debts | **60,907** | - |
| | **1,099,237** | 1,197,004 |
| COST OF CAPITAL | | |
| Interest on investor loans payable | **222,882** | 265,240 |
| Loan commitment fee *(Note 11)* | **65,606** | 48,728 |
| Commission expense | **36,150** | 44,403 |
| Interest on related party loan *(Note 11)* | **26,684** | 3,986 |
| Interest on client funds held in escrow *(Note 8)* | **8,931** | 13,078 |
| | **360,253** | 375,435 |
| GROSS MARGIN | **738,984** | 821,569 |
| **EXPENSES** | | |
| Bad debts | **122,387** | 84,481 |
| Professional fees | **98,253** | 106,660 |
| Advertising and promotion | **50,937** | 21,287 |
| Travel | **42,967** | 18,158 |
| Software and computer related | **31,863** | 7,146 |
| Sub-contracts | **28,226** | 6,846 |
| Referral fees | **26,740** | 43,038 |
| Bank charges and interest | **22,121** | 23,047 |
| Health plan | **18,179** | 25,719 |
| Training and education | **17,505** | 2,567 |
| Rental | **16,800** | 13,800 |
| Office | **10,477** | 8,780 |
| Telephone and internet | **10,056** | 8,405 |
| Meals and entertainment | **7,859** | 3,781 |
| Registry and credit bureau | **6,547** | 7,181 |
| Amortization | **4,955** | 4,874 |
| Postage | **2,594** | 3,525 |
| Automotive | **1,822** | 12,127 |
| | **520,288** | 401,422 |
| **EARNINGS FROM OPERATIONS** | **218,696** | 420,147 |
| OTHER EXPENSES | | |
| Impairment loss *(Note 3)* | **82,073** | - |
| Foreign exchange loss | **6,259** | 29,460 |
| Loss on disposal of assets | **-** | 4,495 |
| | **88,332** | 33,955 |
| EARNINGS BEFORE INCOME TAXES | **130,364** | 386,192 |
| INCOME TAXES *(Note 13)* | **30,520** | 45,319 |
| **NET EARNINGS** | **$ 99,844** | $ 340,873 |

## CAPITAL NOW INC.
## Statement of Cash Flows
## Year Ended December 31, 2015

| | 2015 | 2014 Revised (Note 14) |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net earnings | **$ 99,844** | $ 340,873 |
| Items not affecting cash: | | |
| Amortization | **4,955** | 4,874 |
| Loss on disposal of assets | **-** | 4,495 |
| | **104,799** | 350,242 |
| Changes in non-cash working capital: | | |
| Prepaid expenses | **(37,569)** | - |
| Assets held for resale | **52,629** | (81,903) |
| Factored accounts receivable | **875,870** | (770,109) |
| Notes receivable | **115,808** | (115,808) |
| Accounts payable and accrued liabilities | **16,734** | (19,296) |
| Income taxes payable | **9,212** | (109,590) |
| Client funds held in reserve | **(297,927)** | 662,468 |
| Client funds held in escrow | **(43,534)** | (86,397) |
| | **691,223** | (520,635) |
| Cash flow from (used by) operating activities | **796,022** | (170,393) |
| **INVESTING ACTIVITIES** | | |
| Purchase of equipment | **(12,102)** | (3,995) |
| Proceeds on disposal of equipment | **-** | 8,000 |
| Cash flow (used by) from investing activities | **(12,102)** | 4,005 |
| **FINANCING ACTIVITIES** | | |
| Dividends paid | **(330,000)** | (275,000) |
| Advances from related party | **287,512** | 312,614 |
| Advances from shareholders | **7,095** | 146,708 |
| (Repayments of) advances on investor loans payable | **(421,487)** | 250,091 |
| Repayment of advances from shareholders | **-** | (170,902) |
| Cash flow (used by) from financing activities | **(456,880)** | 263,511 |
| **INCREASE IN CASH FLOW** | **327,040** | 97,123 |
| Cash - beginning of year | **254,270** | 157,147 |
| **CASH - END OF YEAR** | **$ 581,310** | $ 254,270 |

1. DESCRIPTION OF BUSINESS

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash

Cash consists of balances with banks.

Revenue recognition

Factoring discount revenue is calculated by reference to the contractual discount rate stipulated in the purchase agreement of the factored accounts receivable and recognized as income upon collection of the factored accounts receivable.

At year-end, discount revenue is accrued on outstanding factored accounts receivables and recognized in income to the extent that management believes that collection of the factored accounts receivable is likely.

Factoring discount revenue ceases to be accrued when management first becomes aware of conditions indicating that the factored accounts receivable will not be collected through normal collection procedures.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

*(continues)*

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Factored accounts receivable

Factored accounts receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Factored accounts receivables are initially measured at the face value of the purchased accounts receivable. The Company holds as a reserve 25% of the face value of the factored accounts receivable and from this amount deducts discount revenue earned in accordance with the Company's revenue recognition policy, with the balance payable to the client upon collection of the receivable.

Factored accounts receivables are purchased with recourse, in which the Company may force the client to repurchase any receivable that is not paid within 90 days of issue. When factored accounts receivables are repurchased (Note 4 - factored accounts receivables in collection) they are measured and reported in the statement of financial position at the amount advanced on the purchase of the accounts receivable plus discount fees accrued in accordance with the Company's revenue recognition policy.

Assets held for resale

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

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups similar assets together for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant.

Management considers whether the issuer is having significant financial difficulty; or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows. If so, the Company reduces the carrying amount of any impaired financial assets, directly or by use of an allowance, to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and, the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings.

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

*(continues)*

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

| | | |
|---|---|---|
| Computer equipment | 55% | declining balance method |
| Office equipment | 20% | declining balance method |

The Company regularly reviews its equipment to eliminate obsolete items and to recognize impairment losses, if any.

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

Income taxes

The Company adopted the income taxes payable method of accounting for income taxes. Under this method, the Company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by the taxation authorities. Previously, the Company accounted for income taxes using the future income taxes method. The change in accounting policy had no impact on the previously reported assets, liabilities, earnings or retained earnings of the Company.

Foreign currency translation

The Company uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Non-monetary items are translated at the exchange rate in effect at the transaction date. Items appearing in the current year statement of earnings are translated at average year exchange rates. Exchange gains and losses are included in the statement of earnings.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. ASSETS HELD FOR RESALE

The Company obtained title to equipment securing a defaulted loan in 2011. The carrying amount of the equipment has been written down to the estimate of the expected net realizable value on sale, with $82,073 (2014 - $nil) recognized as an impairment loss in the statement of earnings. The equipment is currently being marketed for sale and will be sold as market conditions permit.

4. FACTORED ACCOUNTS RECEIVABLE

Factored accounts receivable consists of:

| | **2015** | 2014 |
|---|---|---|
| Factored accounts receivables in good standing | **$ 1,791,789** | $ 3,286,081 |
| Factored accounts receivables in collection | **796,551** | 116,648 |
| Allowance for doubtful accounts | **(239,035)** | (177,554) |
| | **$ 2,349,305** | $ 3,225,175 |

5. NOTES RECEIVABLE

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

6. EQUIPMENT

| | Cost | Accumulated amortization | **2015 Net book value** | 2014 Net book value |
|---|---|---|---|---|
| Computer equipment | $ 15,836 | $ 9,491 | **$ 6,345** | $ 782 |
| Office equipment | 19,262 | 8,337 | **10,925** | 9,340 |
| | $ 35,098 | $ 17,828 | **$ 17,270** | $ 10,122 |

7. CLIENT FUNDS HELD IN RESERVE

The Company holds as a reserve 25% of the face value of accounts receivables purchased. Factoring discount revenue earned is deducted from the reserve balance payable to the client. The reserve balance is non-interest bearing and is paid upon collection of the factored accounts receivable.

8. CLIENT FUNDS HELD IN ESCROW

The Company holds 1% of all accounts receivables purchased from a client, up to 10% of the client's credit limit, in escrow. The intent of these funds is to assist the client with funding future costs of any kind.

The Company recognized $8,931 (2014 - $13,078) in interest expense related to client funds held in escrow.

The escrow balance is repaid to clients at the sole discretion of the Company or at the end of the client relationship.

9. DUE TO SHAREHOLDER

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

10. INVESTOR LOANS PAYABLE

| | | **2015** | | 2014 |
|---|---|---|---|---|
| Investor loans bearing interest between 10% - 15% per annum for periods ranging from 12 to 36 months in length, of which $373,419 (2014 - $345,449) may be demanded with 90 days notice. Interest is paid monthly unless interest payments have been specifically deferred at the request of the investor. | **$** | **1,782,318** | $ | 2,203,805 |
| Amounts payable within one year | | **(823,419)** | | (1,281,514) |
| | **$** | **958,899** | $ | 922,291 |

Principal repayment terms are approximately:

| | | |
|---|---|---|
| 2016 | $ | 823,419 |
| 2017 | | 769,817 |
| 2018 | | 189,082 |
| | $ | 1,782,318 |

The loans are secured by promissory notes and an entitlement to register a general security agreement against all the assets of the Company.

Included in investor loans payable is $114,000 (2014 - $nil) to be repaid in US dollars with a Canadian equivalent of $157,776 as at December 31, 2015.

11. RELATED PARTY TRANSACTIONS

The Company is related to Yesterpay Holdings Inc. ("YPH") by common officers, directors and shareholders.

Pursuant to a loan agreement (the "Agreement") entered into between the Company and YPH on October 31, 2014, YPH has agreed to lend up to $15,000,000 to the Company. The terms of the Agreement are as follows:

i) the interest rate on the loans is 8% per annum on certain advances and 8% per annum, compounded monthly, on other advances;

ii) the maturity date of the loan of $299,000 made in 2014 is June 30, 2017. The balance owing on this loan, including accrued interest, as at December 31, 2015 is $325,230 (2014 - $302,608);

iii) the maturity date of the loan of $260,000 made in 2015 is December 3, 2018. The balance owing on this loan, including accrued interest, as at December 31, 2015 is $260,890 (2014 - $nil);

iv) the advance of $14,006 (2014 - $10,006) with respect to the loan commitment fee is due upon the termination of the Agreement; and,

v) the loans are secured by way of a general security agreement securing all present and after-acquired personal property of the Company in favour of YPH.

Furthermore, the Agreement states that the Company is required to pay YPH, as a loan commitment fee, a sum equal to all reasonable charges, fees, commissions and costs incurred by YPH in connection with any offering of securities undertaken by YPH to raise funds for the purposes of loaning money to the Company. Amounts owing to YPH that relate to the loan commitment fee are non-interest bearing.

The Company recognized $65,606 (2014 - $48,728) as a loan commitment fee expense and $26,684 (2014 - $3,986) in interest expense with respect to the Agreement.

The related party transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. SHARE CAPITAL

Authorized:

| | |
|---|---|
| Unlimited | Class A common voting shares |
| Unlimited | Class B common voting shares |
| Unlimited | Class C common non-voting shares |
| Unlimited | Class D common non-voting shares |
| Unlimited | Class E common non-voting shares |
| Unlimited | Class F common non-voting shares |
| Unlimited | Class G preferred non-voting shares |

| | **2015** | 2014 |
|---|---|---|
| Issued: | | |
| 100 Class A common voting shares | **$ 100** | $ 100 |

## 13. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 14.00% (2014 - 14.00%) to the income for the year and is reconciled as follows:

| | | **2015** | | 2014 |
|---|---|---|---|---|
| Earnings before income taxes | **$** | **130,364** | $ | 386,192 |
| Income tax expense at the combined basic federal and provincial tax rate: | **$** | **18,251** | $ | 54,067 |
| Increase (decrease) resulting from: | | | | |
| Impairment loss not deductible for tax | | **11,490** | | - |
| Capital cost allowance claimed in excess of amortization | | **(203)** | | - |
| Non-deductible expenses | | **982** | | 905 |
| Book entry to taxes payable | | **-** | | (9,653) |
| Effective tax expense | **$** | **30,520** | $ | 45,319 |

## 14. PRIOR PERIOD ADJUSTMENTS

For the year ending December 31, 2014, factored accounts receivables were recognized in the statement of financial position at the amount advanced on the purchase of the accounts receivables. This presentation is inconsistent with the Company's accounting policy for factored accounts receivable and is also inconsistent with the economic substance of the transaction. The correction of the prior period error has resulted in an increase (decrease) in the following financial statement items as at December 31, 2014:

| **Statement of financial position** | | |
|---|---|---|
| Factored accounts receivable | **$** | 571,198 |
| Client funds held in reserve | | 662,468 |
| Client funds held in escrow | | (91,270) |

For the year ending December 31, 2014, YPH expenses were incorrectly presented in the statement of earnings. The correction of this prior period error has resulted in a change in the presentation of expenses in the statement of earnings. Furthermore, the correction has resulted in cost of capital increasing by $28,497 and operating expenses decreasing by $28,497 for the period ending December 31, 2014.

The prior period adjustments above had no impact on net earnings or on retained earnings for the year ended December 31, 2014.

15. FINANCIAL INSTRUMENTS RISKS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. It is management's opinion that the Company is not exposed to significant credit, interest, currency, liquidity or other price risks arising from its financial instruments except as otherwise disclosed. The following analysis
provides information about the Company's risk exposure and concentration of risk as of December 31, 2015.

Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company's credit risk relates to factored accounts receivables acquired in the normal course of business.

The Company assesses the financial strength of its clients on an ongoing basis using a system of credit approval processes and policies that it believes is sufficient to reduce its credit risk to an appropriate level for its business model. Furthermore, it is management's opinion that no individual client has factored accounts receivable in an amount that would result in a significant concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating, investing and financing activities. The Company is exposed to interest rate risk primarily through its related party and investor loans.

Liquidity risk

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk primarily on its investor loans that are repayable in US dollars.

16. COMPARATIVE FIGURES

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

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

1. A signed copy of this Subscription Agreement;
2. an initialed copy of the initial page of the Offering Memorandum;
3. a certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount, payable to "Yesterpay Holdings Inc.";
4. a properly completed and duly executed copy of the appropriate investor qualification form(s):
   a. **If the Subscriber is subscribing pursuant to the Offering Memorandum Exemption (as defined in the attached Offering Memorandum) that is applicable in the Province or Territory, other than Quebec, in which the Subscriber is resident:**
      i. you must execute two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy must be submitted to the Corporation and one copy may be retained for your records);
      ii. **AND, IF APPLICABLE, if the Subscriber is subscribing for more than $10,000 in Bonds but no more than $30,000 in Bonds and including this purchase, has not purchased more than $30,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months**, one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;
      iii. **AND, IF APPLICABLE, if the Subscriber is subscribing for more than $30,000 in Bonds but no more than $100,000 in Bonds and including this purchase, has not purchased more than $100,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months**:
         1. one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C; and
         2. one (1) copy of the Portfolio Manager, Investment Dealer or Exempt Market Dealer Advice Certificate in the form attached to this Subscription Agreement as Schedule D;
   b. **If the Subscriber is resident in a Province or Territory of Canada other than Quebec and is an Individual** Accredited Investor:
      i. you must execute two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy must be submitted to the Corporation and one copy may be retained for your records);
      ii. two (2) copies of the Accredited Investor Risk Acknowledgement attached to this Subscription Agreement as Schedule E (please initial as indicated, one copy must be submitted to the Corporation and one copy may be retained for your records); and
      iii. the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated); or
   c. **If the Subscriber is resident in a Province or Territory of Canada other than Quebec and is a Non-Individual** Accredited Investor:
      i. you must execute two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy must be submitted to the Corporation and one copy may be retained for your records); and
      ii. the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated); and
5. all Subscribers must execute the Target Release attached as Schedule F to the Subscription Agreement and provide the Corporation with an originally executed version of such release.

**PLEASE DELIVER YOUR SUBSCRIPTION TO:**

**Yesterpay Holdings Inc.**

**c/o Pangaea Asset Management Inc., Attn: Richard Strand**

**Suite 300-5 Richard Way S.W.**

**Calgary, Alberta T3E-7M8**

## SUBSCRIPTION FOR BONDS

**TO:** **Yesterpay Holdings Inc.**

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of: six and a half percent (6.5%) unsecured Series C Bonds; seven and a half percent (7.5%) unsecured Series D Bonds; eight and a half percent (8.5%) unsecured Series E Bonds; or eight and a half percent (8.5%) unsecured Series F Bonds (each as defined in the Offering Memorandum dated October 3, 2016) (the "**Bonds**") of the Corporation set forth below for the aggregate subscription amount set forth below, representing a subscription price of CDN $100 per Bond, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Bonds of Yesterpay Holdings Inc." attached hereto (the "**Subscription Agreement**"). **In addition to this face page, the Subscriber must also complete all applicable schedules attached hereto.**

________________________________________
Full Legal Name of Subscriber - (Include middle name, please print)

By: ______________________________________
Signature of Subscriber or its Authorized Representative

________________________________________
Official Title or Capacity (please print)

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

________________________________________
Subscriber's Address (LINE ONE)

________________________________________
Subscriber's Address (LINE TWO)

________________________________________
Social Insurance Number / Business Number

________________________________________
Date of Execution

________________________________________
Telephone Number (including area code)

________________________________________
Email Address

**Register the Bonds (if different from address above) as follows:**

________________________________________
Name

________________________________________
Account reference, if applicable

________________________________________
Address (LINE ONE)

________________________________________
Address (LINE TWO)

________________________________________
Telephone Number (including area code)

**Aggregate Subscription Amount: $**________________________

(Minimum Subscription of $1,000)

**Series of Bonds:** __________________________________

**Number of Bonds:** ________________________________

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

________________________________________
Name of Principal

________________________________________
Principal's address

________________________________________
Telephone Number

________________________________________
Email Address

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

________________________________________
Name

________________________________________
Account reference, if applicable

________________________________________
Contact Name

________________________________________
Address (including postal code)

________________________________________
Telephone Number (including area code)

**Insider Status**

The Subscriber either [**check appropriate box**]:

☐ is an "Insider" of the Corporation as defined by applicable securities law; or

☐ is not an Insider of the Corporation

**Registrant Status**

The Subscriber either [**check appropriate box**]:

☐ is a "Registrant" as defined by applicable securities law; or

☐ is not a Registrant

**FOR OFFICE USE ONLY**

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

| | | |
|---|---|---|
| **YESTERPAY HOLDINGS INC.**<br>Per: ____________________________________________ | Date: ________________________ | Certificate No.: |

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR**

**BONDS OF YESTERPAY HOLDINGS INC.**

1. **Definitions** in this Subscription Agreement:

   (a) "**Aggregate Subscription Amount**" means the aggregate dollar amount of the subscription under this Subscription Agreement;
   (b) "**Bondholder(s)**" means a holder of Bonds purchased by a Subscriber pursuant to the Offering Memorandum;
   (c) "**Bonds**" means the Bonds of the Corporation offered pursuant to the Offering Memorandum, as described on the face page of this Subscription Agreement;
   (d) "**Closing Date**" means the date(s) on which Bonds are issued by the Corporation pursuant to the Offering Memorandum;
   (e) "**Corporation**" means Yesterpay Holdings Inc., a corporation incorporated under the *Business Corporations Act* (Alberta);
   (f) "**Offering**" means the offering of the Corporation's Bonds pursuant to the Offering Memorandum; and
   (g) "**Offering Memorandum**" means the Offering Memorandum of the Corporation dated October 3, 2016.

2. **Acknowledgements of the Subscriber** The Subscriber acknowledges, or, if the Subscriber is deemed to be purchasing as principal pursuant to applicable securities laws, each beneficial purchaser for whom the Subscriber is acting acknowledges, that:

   (a) this subscription represented by this Subscription Agreement, is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;
   (b) where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of the following parties: registered dealers and exempt market dealing representatives, who are registered in accordance with applicable securities laws. The Corporation will also pay up to two percent (2%) of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains as a dealer listing fee. Capital Now Inc. ("**CNI**") will pay all such compensation to the above parties on the Corporation's behalf;
   (c) the Bonds subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Corporation of up to an aggregate principal amount of $15,000,000 in Bonds;
   (d) the Subscriber consents to the loan by the Corporation to CNI and agrees that the loan will not constitute a breach of any fiduciary or other duty of the directors and officers of the Corporation and will not give rise to any obligation by CNI or its respective officers, directors or shareholders to account to the Corporation or its Bondholders for any profit made by CNI from the use of the loan proceeds by CNI;
   (e) the Subscriber acknowledges that Target Capital Inc. ("**Target**"), as controlling shareholder of the Corporation, owes no duty of care, fiduciary or otherwise, to the Subscriber and that the Subscriber agrees that Target shall not be liable to the Subscriber for any liabilities, losses or damages incurred or suffered by the Subscriber in connection with this investment, including any default by the Corporation in the payment of interest and/or the payment of the principal of the Bonds issued pursuant to this Offering. For greater certainty, either the Corporation or Target shall be entitled to enforce this limitation of liability section without any claim by the Subscriber that Target has not given adequate consideration;
   (f) the Subscriber is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement; and
   (g) the Subscriber hereby irrevocably authorizes the Corporation or any agent acting on behalf of the Subscriber to complete or correct any errors or omissions in any form or document provided by the Subcriber.

3. **Representations, Warranties and Covenants of the Subscriber** By executing this Subscription Agreement, the Subscriber or, if the Subscriber is deemed to be purchasing as principal pursuant to applicable securities laws, each beneficial purchaser for whom the Subscriber is acting, represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:

(a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;

(b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;

(c) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;

(d) if the Subscriber is not an individual, the Subscriber was not created, or is not used solely to purchase or hold securities in reliance on the exemption from the prospectus requirement provided for in subsection 2.1 of section 2.9 in NI 45-106 – *Prospectus Exemptions*, which is the applicable Offering Memorandum Exemption (as defined in the Offering Memorandum);

(e) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;

(f) if the Subscriber is acting as agent or trustee for a principal, as permitted by applicable securities laws, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;

(g) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;

(h) the Subscriber represents and warrants that the Subscriber is purchasing as principal, or, if the Subscriber is deemed to be purchasing as principal pursuant to applicable securities laws, each beneficial purchaser for whom the Subscriber is acting, either:

(i) **is resident in a Province or Territory of Canada other than Quebec, as set forth on the face page of this Subscription Agreement, and purchasing pursuant to the Offering Memorandum Exemption (as defined in the Offering Memorandum):**

a. it has executed and delivered two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy may be retained for your records);

b. **AND, IF APPLICABLE, if the Subscriber is subscribing for more than $10,000 in Bonds but no more than $30,000 in Bonds and including this purchase, has not purchased more than $30,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months**, it has executed and delivered one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;

c. **AND, IF APPLICABLE, if the Subscriber is subscribing for more than $30,000 in Bonds but no more than $100,000 in Bonds and including this purchase, has not purchased more than $100,000 in securities utilizing the Offering Memorandum Exemption in the last 12 months**:

1. it has executed and delivered one (1) copy of the Eligible Investor Certificate in the form attached to this Subscription Agreement as Schedule C;

2. it has executed and delivered one (1) copy of the Portfolio Manager, Investment Dealer or Exempt Market Dealer Advice Certificate in the form attached to this Subscription Agreement as Schedule D; and

3. the Subscriber represents and warrants that the Subscriber has received advice from a portfolio manager, investment dealer or exempt market dealer that the Subscriber's subscription for the Bonds is suitable for the Subscriber; or

(ii) **is resident in a Province or Territory of Canada other than Quebec, as set forth on the face page of this Subscription Agreement, and is an Individual Accredited Investor it has executed and delivered**:

a. two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy may be retained for your records);

b. two (2) copies of the Accredited Investor Risk Acknowledgement attached to this Subscription Agreement as Schedule E (please initial as indicated, one copy may be retained for your records); and

c. the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated); or

(iii) **is resident in a Province or Territory of Canada other than Quebec, as set forth on the face page of this Subscription Agreement, and is a Non-Individual Accredited Investor it has executed and delivered:**

a. two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B, including Exhibit 1 and Exhibit 2, as applicable and attached thereto (one copy may be retained for your records); and

b. the Representation Letter in the form attached to this Subscription Agreement as Schedule E-1 (please initial Appendix A as indicated);

(i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Bonds;

(i) is capable of assessing the proposed investment in the Bonds as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation; and

(ii) is able to bear the economic risk of loss of its investment in the Bonds;

(j) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Bonds;

(k) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Bonds and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:

(i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;

(ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and

(iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;

(l) the Subscriber confirms that neither the Corporation or any of its representative directors, employees, officers or affiliates, have made any representations (written or oral) to the Subscriber:

(i) regarding the future value of the Bonds;

(ii) that any person will resell or repurchase the Bonds;

(iii) that the Bonds will be listed on any stock exchange or traded on any market; or

(iv) that any person will refund the purchase price of the Bonds other than as provided in this Subscription Agreement;

(m) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Bonds as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Bonds, and the resale restrictions and "hold periods" to which the Bonds are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation with respect to such suitability, tax consequences, and resale restrictions;

(n) except for the Subscriber's knowledge regarding its subscription for Bonds hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Alberta)) in the affairs of the Corporation that has not been generally disclosed;

(o) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Bonds, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;

(p) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Bonds and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Bonds as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;

(q) other than the Offering Memorandum, the Subscriber has not received and has not been provided with documents that may be construed as an "offering memorandum" under applicable securities laws and the Subscriber is basing its investment decision solely on the Offering Memorandum and not on any other information concerning the Corporation or the Offering, and recognizes that the final form of the Offering Memorandum supersedes in its entirety the provisions of any preliminary form of Offering Memorandum, if applicable. The Subscriber further acknowledges and agrees that the Subscriber has read and understood the Offering Memorandum and has had an opportunity to ask and have answered questions with respect to the Corporation and the Offering and the proposed use of proceeds and the subscription is hereby made;

(r) other than that Offering Memorandum, the Subscriber has relied only upon publically available information relating to the Corporation and not upon any verbal or written representation as to fact, and the Subscriber acknowledges that the Corporation has not made any written representations, warranties or covenants in respect of such publicly available information except as set forth in this Subscription Agreement. Without limiting any generality of the foregoing, except as may be provided herein, no person has made any written or oral representation to the Subscriber that any person will re-sell or re-purchase the Bonds, or refund any of the purchase price of the Bonds, or as to the future value or price of the Bonds;

(s) the Subscriber has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display and the internet) with respect to the issuance of the Bonds;

(t) the Subscriber understands that it will not resell the Bonds except in accordance with limited exemptions available under applicable securities legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber's compliance with applicable resale restrictions;

(u) the Subscriber acknowledges that it is aware that there is no market upon which the Bonds trade and there is no assurance that any of the Bonds will be listed and posted for trading on a stock exchange or dealer network in the future;

(v) the Subscriber understands that: there is no government or other insurance covering the Bonds; there are risks associated with the purchase of the Bonds; and there are restrictions on the Subscriber's ability to resell the securities and it is the responsibility of the purchaser to find out what those restrictions are and to comply with them before selling the Bonds;

(w) the Subscriber acknowledges that the sale of the Bonds is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, and if appropriate, not applicable to the requirement to sell securities through a registered dealer, and that as a consequence of acquiring the Bonds pursuant to such exemptions, certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages in the event of a misrepresentation may not be available to the Subscriber in connection with the purchase and sale of the Bonds;

(x) the Subscriber understands that any certificates representing the Bonds will bear a legend indicating that the resale of such securities is restricted, as required by applicable securities law;

(y) the Subscriber, is neither (i) a "**U.S. Person**" (as defined in Rule 902(k) of Regulation S promulgated under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")), which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee is a U.S. Person, and any partnership or corporation organized or incorporated under the laws of the United States, nor (ii) purchasing the Bonds for the account of a U.S. Person or a person in the United States or for resale in the United States, and the Bonds have not been offered to the Subscriber in the United States and the Subscriber was not in the United States when the order was placed or when this Subscription Agreement was executed and delivered;

(z) the Subscriber undertakes and agrees that it will not offer or sell any of the Bonds in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;

(aa) the Subscriber acknowledges that, in addition to any other requirements under applicable securities legislation to which a disposition of any of the Bonds by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Bonds;

(bb) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Bonds;

(cc) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;

(dd) the Subscriber is not a "non-resident" for the purposes of the *Income Tax Act* (Canada);

(ee) the Subscriber deals at "arm's length" with the Corporation and is not a "specified shareholder" of the Corporation as defined in the *Income Tax Act* (Canada);

(ff) the Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (Alberta), will not become a "control person" of the Corporation by purchasing the number of Bonds subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;

(gg) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation except as expressly set forth herein or in the Offering Memorandum;

(hh) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime*

*(Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLTFA**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under any law of Canada, the United States of America, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

(ii) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders or security holders, including the Subscriber; and

(jj) the Subscriber acknowledges that an investment in the Bonds is subject to a number of risk factors, that are discussed further in the Offering Memorandum which the Subscriber has read and understood. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Bonds and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Bonds. Resale of such Bonds will require the availability of exemptions from the prospectus requirements of applicable securities legislation, or the application for a discretionary order of the securities commission or similar regulatory authority in the subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with relevant securities legislation, orders or policies concerning the purchase, holding of, and resale of the Bonds.

4. **Timeliness of Representations, etc.** The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Bonds and any subsequent disposition by the Subscriber of any of the securities. The Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber set forth herein or in any of the attached schedules that takes place prior to the Closing Date.

5. **Indemnity** The Subscriber acknowledges that the Corporation and its counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Bonds) to purchase Bonds under the Offering, and hereby agrees to indemnify the Corporation and its directors, officers, employees, advisers, affiliates, Shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at **c/o Pangaea Asset Management Inc., Attn: Richard Strand, Suite 300-5 Richard Way S.W., Calgary, Alberta T3E-7M8** of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.

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

(a) an initialed copy of the initial page of the Offering Memorandum;

(b) this duly completed and executed Subscription Agreement;

(c) a certified cheque or bank draft payable to "Yesterpay Holdings Inc." in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in such other manner as is acceptable to the Corporation;

(d) properly completed and duly executed copies of the appropriate investor qualification form(s) as described on the face page of this Subscription Agreement; and

(e) such other documents as may be requested by the Corporation as contemplated by this Subscription Agreement.

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

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

(a) in order to complete the Offering;

(b) to be kept in the corporate records of the Corporation, on its securities registers and Bondholders lists, maintained by the Corporation and/or the Corporation's transfer agent;

(c) to be disclosed to securities/tax regulatory authorities or other government bodies as required and in accordance with applicable securities laws and tax laws;

(d) as long as the Subscriber is a securityholder of the Corporation, to be disclosed to other third parties held to an obligation of confidentiality to the Corporation such as its legal counsel, its accountants, transfer agent, securities depository, or any other entity for: (i) the purpose of sending financial statements and other disclosure documentation required to be sent by law to the shareholders of the Corporation, and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Corporation and such other third party; and

(e) to enforce the obligations contemplated by this Subscription Agreement.

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

Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation The Subscriber's personal information may be disclosed by the Corporation or its counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Corporation's registrar and transfer agent, if applicable; (c) taxation authorities; (d) any of the other parties involved in the Offering, including legal counsel. By executing this Subscription Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Subscription Agreement as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transactions contemplated hereby.

If you have any questions regarding the indirect collection of information by the securities regulatory authority or regulator, you can contact the securities regulatory authority or regulator for your local jurisdiction as follows:

**Alberta Securities Commission**
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Tel: (403) 297-6454
Fax: (403) 297-6156

**British Columbia Securities Commission**
P. O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Tel: (604) 899-6500
Toll free in British Columbia and Alberta 1-800 373-6393
Fax: (604) 899-6506

**Financial and Consumer Affairs Authority of Saskatchewan**
Suite 601 - 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

**The Manitoba Securities Commission**
500 – 400 St Mary Avenue
Winnipeg, MB R3C 4K5
Tel: (204) 945-2548
Toll free in Manitoba 1-800-655-5244
Fax: (204) 945-0330

**Government of Newfoundland and Labrador Financial Services Regulation Division**
P. O. Box 8700
Confederation Building
2nd Floor, West Block, Prince Philip Drive
St. John's, Newfoundland A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189
Fax: (709) 729-6187

**Ontario Securities Commission**
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Tel: (416) 593-8314 or Toll free in Canada 1-877-785-1555
Fax: (416) 593-8122
Public official contact regarding indirect collection of information:
Administrative Support Clerk
Tel: (416) 593-3684

**Nova Scotia Securities Commission**
Suite 400, 5251 Duke Street
Halifax, Nova Scotia B3J 1P3
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

**Prince Edward Island Securities Office**
95 Rochford Street, 4th Floor Shaw Building
P. O. Box 2000
Charlottetown Prince Edward Island C1A 7N8
Tel: (902) 368-4569
Fax: (902) 368-5283

**Government of Nunavut**
Department of Justice
Legal Registries Division
P.O. Box 1000 – Station 570
1st Floor, Brown Building
Iqaluit Nunavut X0A 0H0
Tel: (867) 975-6590
Fax: (867) 975-6594

**Government of the Northwest Territories**
Department of Justice
Securities Registry
1st Floor, Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, Northwest Territories X1A 2L9
Tel: (867) 920-3318
Fax: (867) 873-0243

**Financial and Consumer Services Commission (New Brunswick)**
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Tel: (506) 658-3060
Toll free in New Brunswick 1-866-933-2222
Fax: (506) 658-3059

**Government of Yukon**
Office of the Yukon Superintendent of Securities
Government of Yukon Department of Community Services
307 Black Street, 1st Floor
PO Box 2703 (C-6)
Whitehorse, Yukon Y1A 2C6
Telephone: (867) 667-5466
Facsimile: (867) 393-6251

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

(a) Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon among other things, the sale of the Bonds to the Subscriber being completed in accordance with the requirements of applicable securities laws. The Corporation will be deemed to have accepted this Subscription Agreement upon the delivery at Closing of the certificates representing the Bonds to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

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

9. **Time and Place of Closing** The sale of the Bonds will be completed at the office of the Corporation at 10:00 a.m. (Mountain Time) or such other time as the Corporation may determine (the "**Closing Time**") on the Closing Date (the "**Closing**"). The Corporation reserves the right to close the Offering in multiple tranches, so that one or more Closings may occur after the initial Closing.

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

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

(a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Bonds to the Subscriber;

(b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;

(c) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court; and

(d) the execution, delivery and performance of this Subscription Agreement by the Corporation and the issue of the Bonds to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound.

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

13. **Governing Law** The contract arising out of acceptance of this Subscription Agreement by the Corporation shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

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

15. **Entire Agreement** This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

16. **Counterpart** The Corporation, at its option, shall be entitled to rely on delivery of a facsimile or portable document format copy of executed subscriptions, and acceptance by the Corporation of such facsimile or portable document format subscriptions shall be legally effective to create a valid and binding agreement between the undersigned and the Corporation in accordance with the terms thereof. This Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

17. **Severability** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

18. **Survival** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

19. **Interpretation** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.

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

21. **Costs** The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Bonds to the Subscriber shall be borne by the Subscriber.

22. **Withdrawal** Except as required by applicable law, the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

23. **Independent Legal Advice** The Subscriber acknowledges that the Corporation's legal counsel is acting as counsel to the Corporation and not the Subscriber and further, the Subscriber acknowledges that the Subscriber has been provided with an opportunity to consider this Subscription Agreement and to seek independent legal advice with respect to it.

24. **Assignment** Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.

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

**SCHEDULE B**

**FORM 45-106F4**

**TO BE COMPLETED BY ALL SUBSCRIBERS, IF APPLICABLE**

<table>
<tr><td>

**RISK ACKNOWLEDGEMENT**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- I will not be able to sell these securities except in very limited circumstances.
- I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing $____________ in total; this includes any amount I am obliged to pay in future.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of, the following parties: registered dealers and exempt market dealing representatives, who are registered in accordance with applicable securities laws. The Corporation will also pay up to two percent (2%) of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains. CNI will pay all such compensation to the above parties on the Corporation's behalf.

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

____________________ Date

____________________ Signature of Purchaser

____________________ Print name of Purchaser

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

</td><td>

WARNING

</td></tr>
</table>

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

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

| | |
|---|---|
| **The Issuer:** | **Yesterpay Holdings Inc.** |
| Address: | 121 - 234 5149 Country Hills Boulevard NW<br>Calgary, Alberta, T3A 5K8 |
| Phone: | (587) 779-7929 |
| Email: | info@yesterpay.com |

**You are buying Exempt Market Securities**

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

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

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

**You will receive an Offering Memorandum**

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

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

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

You may never be able to sell these securities.

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

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

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

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

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

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

If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at www.osc.gov.on.ca

If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548 (outside the local area, call toll-free 1-800-655-5244), or visit its website at www.mbsecurities.ca

If you live in the Northwest Territories, contact the Office of the Superintendent of Securities, Department of Justice at (867) 767-9300, or visit its website at www.justice.gov.nt.ca

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

If you live in the Yukon, contact the Superintendent of Securities, Community Services at (867) 667-5466, or visit its website at www.community.gov.yk.ca

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

**Exhibit 1**

**Classification of Investors Under the Offering memorandum Exemption**

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 2 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

| **How you qualify to buy securities under the offering memorandum exemption** |
|---|
| Initial the statement under A, B or C containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B, you are not required to complete A. |

| **A. You are an eligible investor because:** | | **Your initials** |
|---|---|---|
| **Eligible Investor** | Your net income before taxes was more than $75,000 in each of the 2 most recent calendar years, and you expect it to be more than $75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | |
| | Your net income before taxes combined with your spouse's was more than $125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than $125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | |
| | Either alone or with your spouse, you have net assets worth more than $400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.) | |

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

| **C. You are not an eligible investor.** | | **Your initials** |
|---|---|---|
| **Not an Eligible Investor** | You acknowledge that you are not an eligible investor. | |

**Exhibit 2**

**Investment Limits for Investors Under the Offering Memorandum Exemption**

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

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

<table>
<tr><th colspan="2">A. You are an eligible investor.</th><th>Your initials</th></tr>
<tr><td rowspan="3">Eligible Investor</td><td>As an eligible investor that is an individual, you cannot invest more than $30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.<br><br>Initial one of the following statements:</td><td></td></tr>
<tr><td>You confirm that, after taking into account your investment of $__________________ today in this issuer, you have not exceeded your investment limit of $30,000 in all offering memorandum exemption investments made in the previous 12 months.</td><td></td></tr>
<tr><td>You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable.<br><br>You confirm that, after taking into account your investment of $__________________ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of $100,000.</td><td></td></tr>
</table>

<table>
<tr><th colspan="2">B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 73.3 of the Securities Act (Ontario).</th><th>Your initials</th></tr>
<tr><td>Accredited investor</td><td>You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [Accredited investor], you are not subject to investment limits.</td><td></td></tr>
</table>

<table>
<tr><th colspan="2">C. You are not an eligible investor.</th><th>Your initials</th></tr>
<tr><td>Not an Eligible Investor</td><td>You acknowledge that you cannot invest more than $10,000 in all offering memorandum exemption investments made in the previous 12 months.<br><br>You confirm that, after taking into account your investment of $____________ today in this issuer, you have not exceeded your investment limit of $10,000 in all offering memorandum exemption investments made in the previous 12 months.</td><td></td></tr>
</table>

| SECTION 2 TO BE COMPLETED BY THE REGISTRANT | |
|---|---|
| **2. Registrant information** | |
| *[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]* | |
| First and last name of registrant (please print): | |
| Registered as:<br>*[Instruction: indicate whether registered as a dealing representative or advising representative]* | |
| Telephone: | Email: |
| Name of firm:<br>*[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]* | |
| Date: | |

**SCHEDULE B**

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**FORM 45-106F4**

**TO BE COMPLETED BY ALL SUBSCRIBERS, IF APPLICABLE**

## RISK ACKNOWLEDGEMENT

W A R N I N G

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- I will not be able to sell these securities except in very limited circumstances.
- I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing $____________ in total; this includes any amount I am obliged to pay in future.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to six percent (6%) of the gross proceeds realized on the sale of Bonds under the Offering to any one of, or a combination of, the following parties: registered dealers and exempt market dealing representatives, who are registered in accordance with applicable securities laws. The Corporation will also pay up to two percent (2%) of the gross proceeds realized on the sale of Bonds to exempt market dealers that it retains. CNI will pay all such compensation to the above parties on the Corporation's behalf.

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

____________________ ____________________________________

Date Signature of Purchaser

____________________________________

Print name of Purchaser

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

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

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

| | |
|---|---|
| **The Issuer:** | **Yesterpay Holdings Inc.** |
| Address: | 121 - 234 5149 Country Hills Boulevard NW<br>Calgary, Alberta, T3A 5K8 |
| Phone: | (587) 779-7929 |
| Email: | info@yesterpay.com |

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- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

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

**You will receive an Offering Memorandum**

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

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

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

You may never be able to sell these securities.

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

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

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If you live in the Northwest Territories, contact the Office of the Superintendent of Securities, Department of Justice at (867) 767-9300, or visit its website at www.justice.gov.nt.ca

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

If you live in the Yukon, contact the Superintendent of Securities, Community Services at (867) 667-5466, or visit its website at www.community.gov.yk.ca

**Instruction: The purchaser must sign 2 copies of this form.**
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**Exhibit 1**

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| **How you qualify to buy securities under the offering memorandum exemption** |
|---|
| Initial the statement under A, B or C containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B, you are not required to complete A. |

| **A. You are an eligible investor because:** | | **Your initials** |
|---|---|---|
| **Eligible Investor** | Your net income before taxes was more than $75,000 in each of the 2 most recent calendar years, and you expect it to be more than $75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | |
| | Your net income before taxes combined with your spouse's was more than $125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than $125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | |
| | Either alone or with your spouse, you have net assets worth more than $400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.) | |

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

| **C. You are not an eligible investor.** | | **Your initials** |
|---|---|---|
| **Not an Eligible Investor** | You acknowledge that you are not an eligible investor. | |

**Exhibit 2**

**Investment Limits for Investors Under the Offering Memorandum Exemption**

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

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

| **A. You are an eligible investor.** | | **Your initials** |
|---|---|---|
| **Eligible Investor** | As an eligible investor that is an individual, you cannot invest more than **$30,000** in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.<br><br>Initial one of the following statements: | |
| | You confirm that, after taking into account your investment of $_________________ today in this issuer, you have not exceeded your investment limit of $30,000 in all offering memorandum exemption investments made in the previous 12 months. | |
| | You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable.<br><br>You confirm that, after taking into account your investment of $_________________ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of $100,000. | |

| **B. You are an eligible investor, as a person described in section 2.3 [*Accredited investor*] of NI 45-106 or, as applicable in Ontario, subsection 73.3 of the *Securities Act* (Ontario).** | | **Your initials** |
|---|---|---|
| **Accredited investor** | You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [*Accredited investor*], you are not subject to investment limits. | |

| **C. You are not an eligible investor.** | | **Your initials** |
|---|---|---|
| **Not an Eligible Investor** | You acknowledge that you cannot invest more than **$10,000** in all offering memorandum exemption investments made in the previous 12 months.<br><br>You confirm that, after taking into account your investment of $___________ today in this issuer, you have not exceeded your investment limit of $10,000 in all offering memorandum exemption investments made in the previous 12 months. | |

| **SECTION 2 TO BE COMPLETED BY THE REGISTRANT** | |
|---|---|
| **2. Registrant information** | |
| *[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]* | |
| First and last name of registrant (please print): | |
| Registered as:<br>*[Instruction: indicate whether registered as a dealing representative or advising representative]* | |
| Telephone: | Email: |
| Name of firm:<br>*[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]* | |
| Date: | |

## SCHEDULE C

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

**TO BE COMPLETED BY ALL SUBSCRIBERS**
**WHO HAVE PURCHASED IN THE PRECEDING 12 MONTHS MORE THAN $10,000 BUT LESS THAN $100,000 IN SECURITIES, INCLUDING THIS PURCHASE, UTILIZING THE OFFERING MEMORANDUM EXEMPTION**

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

☐ an "**Eligible Investor**", being a person or company whose **[circle one or more]**

(i) net assets, alone or with a spouse, in the case of an individual, exceed CDN $400,000,

(ii) net income before taxes exceeded CDN $75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded CDN $125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,

☐ a person or company of which a majority of the voting securities are beneficially owned by Eligible Investors or a majority of the directors are Eligible Investors,

☐ a general partnership of which all of the partners are Eligible Investors,

☐ a limited partnership of which the majority of the general partners are Eligible Investors,

☐ a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are Eligible Investors,

☐ an Accredited Investor (as defined in National Instrument 45-106),

☐ a person who is a family member, close personal friend or close business associate as described in Section 2.5 of National Instrument 45-106; or

☐ in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a person or company that has obtained advice regarding the suitability of the investment and if the person or company is resident in a jurisdiction of Canada that advice has been obtained from an eligibility adviser (as defined in National Instrument 45-106).

EXECUTED by the Subscriber this _____ day of______________________, 20__

| **If a Corporation, Partnership or other entity:** | **If an individual:** |
|---|---|
| ______________________________ | ______________________________ |
| Signature of Authorized Signatory | Signature |
| ______________________________ | ______________________________ |
| Name and Position of Signatory | Print Name |
| ______________________________ | ______________________________ |
| Name of Purchasing Entity | Jurisdiction of Residence |
| ______________________________ | |
| Jurisdiction of Residence | |

## SCHEDULE D

---

**PORTFOLIO MANAGER, INVESTMENT DEALER OR EXEMPT MARKET DEALER ADVICE CERTIFICATE – NATIONAL INSTRUMENT 45-106 ELIGIBLE INVESTOR**

**TO BE COMPLETED BY ALL SUBSCRIBERS WHO HAVE PURCHASED IN THE PRECEDING 12 MONTHS MORE THAN $30,000 BUT LESS THAN $100,000 IN SECURITIES, INCLUDING THIS PURCHASE, UTILIZING THE OFFERING MEMORANDUM EXEMPTION**

The Undersigned (as defined below) represents and warrants that it is a:

☐ Portfolio Manager;

☐ Exempt Market Dealer; or

☐ Investment Dealer

(the "**Undersigned**"), and hereby represents, warrants and certifies to Yesterpay Holdings Inc. ("**YHI**") that in respect of the investment in the ________________________ Bonds (the "**Purchased Bonds**") purchased by ___________________________ (the "**Subscriber**") resident at: _______________________________________________________________________________,

that it has reviewed this client's Know Your Client information and has determined that the Subscriber, at the time of purchase, is an "eligible investor" (as defined by National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators ("**NI 45-106**")).

The Undersigned further represents, warrants and certifies that the Subscriber meets the criteria to purchase more than $30,000 but less than $100,000 of any security in any 12 month period pursuant to Section 2.9 Subsection (2.1)(b)(iii) of NI 45-106 and that YHI is relying on such representation, warranty and certification in determining the eligibility of the Subscriber to subscribe for the Purchased Bonds and that such subscription would not be accepted but for that representation, warranty and certification being made by the Undersigned.

EXECUTED by the Undersigned this _____ day of______________________, 20____

| **If a Corporation, Partnership or other entity:** | **If an individual:** |
|---|---|
| ____________________________________<br>Signature of Authorized Signatory | ____________________________________<br>Signature |
| ____________________________________<br>Name and Position of Signatory | ____________________________________<br>Print Name of Portfolio Manager, Investment Dealer or Exempt Market Dealer |
| ____________________________________<br>Name of Portfolio Manager, Investment Dealer or Exempt Market Dealer | ____________________________________<br>Jurisdiction of Residence |
| ____________________________________<br>Jurisdiction of Residence | |

SCHEDULE E

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

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

| | |
|---|---|
| **SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER** | |
| **1. About your investment** | |
| Type of securities: [*Instruction: Circle one or more*]<br>Series C Bond Series E Bond<br>Series D Bond Series F Bond | Issuer: Yesterpay Holdings Inc. |
| Purchased from:<br>Yesterpay Holdings Inc. | |
| **SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER** | |
| **2. Risk acknowledgement** | |
| This investment is risky. Initial that you understand that: | **Your initials** |
| **Risk of loss –** You could lose your entire investment of $___________ . [*Instruction: Insert the total dollar amount of the investment.]* | |
| **Liquidity risk –** You may not be able to sell your investment quickly – or at all. | |
| **Lack of information –** You may receive little or no information about your investment. | |
| **Lack of advice –** You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca. | |
| **3. Accredited investor status** | |
| You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria. | **Your initials** |
| • Your net income before taxes was more than $200,000 in each of the 2 most recent calendar years, and you expect it to be more than $200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) | |
| • Your net income before taxes combined with your spouse's was more than $300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than $300,000 in the current calendar year. | |
| • Either alone or with your spouse, you own more than $1 million in cash and securities, after subtracting any debt related to the cash and securities. | |
| • Either alone or with your spouse, you have net assets worth more than $5 million. (Your net assets are your total assets (including real estate) minus your total debt.) | |
| **4. Your name and signature** | |
| By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. | |
| First and last name (please print)**:** | |
| Signature: | Date: |
| **SECTION 5 TO BE COMPLETED BY THE SALESPERSON** | |
| **5. Salesperson information** | |
| First and last name of salesperson (please print): | |
| Telephone: | Email: |
| Name of firm (if registered): | |
| **SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER** | |

| 6. For more information about this investment |
|---|
| For investment in a non-investment fund<br><br>**Yesterpay Holdings Inc.**<br>121 - 234 5149 Country Hills Boulevard NW<br>Calgary, Alberta, T3A 5K8<br>Phone: (587) 779-7929<br>Email: info@yesterpay.com<br>Attention: Gerry Wawzonek<br><br>**For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.** |

**Instructions:**

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

SCHEDULE E

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

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

| | |
|---|---|
| **SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER** | |
| **1. About your investment** | |
| Type of securities: [*Instruction: Circle one or more*]<br>Series C Bond Series E Bond<br>Series D Bond Series F Bond | Issuer: Yesterpay Holdings Inc. |
| Purchased from:<br>Yesterpay Holdings Inc. | |
| **SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER** | |
| **2. Risk acknowledgement** | |
| This investment is risky. Initial that you understand that: | **Your initials** |
| **Risk of loss –** You could lose your entire investment of $___________ . [*Instruction: Insert the total dollar amount of the investment.]* | |
| **Liquidity risk –** You may not be able to sell your investment quickly – or at all. | |
| **Lack of information –** You may receive little or no information about your investment. | |
| **Lack of advice –** You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca. | |
| **3. Accredited investor status** | |
| You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria. | **Your initials** |
| • Your net income before taxes was more than $200,000 in each of the 2 most recent calendar years, and you expect it to be more than $200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) | |
| • Your net income before taxes combined with your spouse's was more than $300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than $300,000 in the current calendar year. | |
| • Either alone or with your spouse, you own more than $1 million in cash and securities, after subtracting any debt related to the cash and securities. | |
| • Either alone or with your spouse, you have net assets worth more than $5 million. (Your net assets are your total assets (including real estate) minus your total debt.) | |
| **4. Your name and signature** | |
| By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. | |
| First and last name (please print)**:** | |
| Signature: | Date: |
| **SECTION 5 TO BE COMPLETED BY THE SALESPERSON** | |
| **5. Salesperson information** | |
| First and last name of salesperson (please print): | |
| Telephone: | Email: |
| Name of firm (if registered): | |
| **SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER** | |

| 6. For more information about this investment |
| --- |
| For investment in a non-investment fund<br><br>**Yesterpay Holdings Inc.**<br>121 - 234 5149 Country Hills Boulevard NW<br>Calgary, Alberta, T3A 5K8<br>Phone: (587) 779-7929<br>Email: info@yesterpay.com<br>Attention: Gerry Wawzonek<br><br>**For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.** |

**Instructions:**

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

**SCHEDULE E-1**

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**ACCREDITED INVESTOR REPRESENTATION LETTER**

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

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

(a) the Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;

(b) the Subscriber is purchasing the Bonds as principal for its own account and not for the benefit of any other person;

(c) the Subscriber is an "Accredited Investor" within the meaning of NI 45-106 by virtue of satisfying the indicated criterion as set out in Appendix A to this Accredited Investor Representation Letter;

(d) the Subscriber was not created or used solely to purchase or hold securities pursuant to an exemption available under NI 45-106; and

(e) upon execution of this Schedule E-1 by the Subscriber, this Schedule E-1 shall be incorporated into and form a part of the Subscription Agreement.

**Capitalized terms utilized in this Schedule E-1 have the meanings ascribed thereto in the attached Subscription Agreement.**

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

*Dated: __________________________, 20____.*

______________________________________________________
Print name of Subscriber

Per: ______________________________________________
Signature

______________________________________________
Print name of Signatory (if different from Subscriber)

______________________________________________
Title

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

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

## APPENDIX A

**TO SCHEDULE E-1**

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

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

_________ (a) except in Ontario, a Canadian financial institution, or a Schedule III bank; or

_________ (b) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

_________ (c) except in Ontario, a subsidiary of any person referred to in paragraphs (I) or (II), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or

_________ (d) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer; or

_________ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or

_________ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or

_________ (f) except in Ontario, the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or

_________ (g) except in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

_________ (h) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or

_________ (i) except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) a pension commission or similar regulatory authority of a jurisdiction of Canada; or

_________ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1 000 000,

**[Subscriber must complete Schedule E – Form 45-106F9 Form for Individual Accredited Investors attached to the Subscription Agreement]**

_________ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $5 000 000,

_________ (k) an individual whose net income before taxes exceeded $200 000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300 000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,

**[Subscriber must complete Schedule E – Form 45-106F9 Form for Individual Accredited Investors attached to the Subscription Agreement]**

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

**[Subscriber must complete Schedule E – Form 45-106F9 Form for Individual Accredited Investors attached to the Subscription Agreement]**

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

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

(i) a person that is or was an accredited investor at the time of the distribution, or

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or

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

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

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

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

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

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

**[Controlling shareholder of Subscriber must complete Schedule E – Form 45-106F9 Form for Individual Accredited Investors attached to the Subscription Agreement]**

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

________ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

________ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

**For the purposes hereof:**

(a) "**Canadian financial institution**" means
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(b) "**control person**" has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds:
- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
- (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;

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

(d) "**eligibility adviser**" means:
- (i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
  1. have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
  2. have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

(e) "**executive officer**" means, for an issuer, an individual who is:
- (i) a chair, vice-chair or president,
- (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
- (iii) an Officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or
- (iv) performing a policy-making function in respect of the issuer;

(f) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;

(g) "**founder**" means, in respect of an issuer, a person who,
- (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (ii) at the time of the distribution or trade is actively involved in the business of the issuer;

(h) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

(i) "**investment fund**" has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure;*

(j) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;

(k) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;

(l) "**non-redeemable investment fund**" means an issuer,
- (i) whose primary purpose is to invest money provided by its security holders;
- (ii) that does not invest;
  1. for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
  2. for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
- (iii) that is not a mutual fund;

(m) "**person**" includes:
- (i) an individual,
- (ii) a corporation,

(iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

(n) "**regulator**" means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;

(o) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada); and

(p) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

**All monetary references are in Canadian Dollars**

SCHEDULE F

## RELEASE OF ANY CLAIMS BY SUBSCRIBER AGAINST CONTROLLING SHAREHOLDER

**TO: Target Capital Inc.**

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

1. Prior to subscribing for securities of the Corporation (the "**Securities**"), the undersigned subscriber (the "**Subscriber**") acknowledges that it has received an offering memorandum from the Corporation (the "**Offering Memorandum**").

2. The Subscriber confirms that it has read the Offering Memorandum and understands the terms on which the Securities are being offered.

3. The Subscriber acknowledges and confirms that Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation.

4. The Subscriber hereby acknowledges that Target owes no fiduciary duty of care or any other duty to the Subscriber in connection with the Securities issued by the Corporation. **Further, the Subscriber agrees that Target shall not be liable to the Subscriber for any costs, expenses, liabilities, losses or damages suffered or incurred by the Subscriber in connection with its investment in the Corporation, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Securities issued by the Corporation.**

5. The Subscriber hereby releases and forever discharges Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Corporation or the acquisition of the Securities from the Corporation.

6. The Subscriber acknowledges and confirms that it was encouraged to seek independent legal advice before executing and delivering this release.

7. This release may be executed in several counterparts and by facsimile, each of which when so executed shall be deemed to be an original, and all such counterparts shall be deemed to be executed effective as of the day and year hereinafter written.

Dated as of the _________day of ___________________, 20____.

______________________________________
(Signature of Subscriber)

______________________________________
(Name of Subscriber – Please Print)