



**World Tree**

Investing in a sustainable future

**World Tree COP Inc.**

## **OFFERING MEMORANDUM**

The World Tree Carbon Offset Program is an investment opportunity for people who are committed to creating a positive change in the world.

## Form 45-106 F2

### Offering Memorandum for Non Qualifying Issuers

**Date:** January 9, 2017

**The Issuer** World Tree COP Inc. (the "Company" or the "Issuer")

Head Office: 1321 Blanshard Street, Suite 301  
Victoria, British Columbia, V8W 0B6  
(480) 948-0188  
[COP@Worldtreecop.com](mailto:COP@Worldtreecop.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 (the "Shares," any one of which is a "Share"): COP Preferred Shares Issuable in Series  
4,000,000 COP 2017  
4,000,000 COP 2018

Price per security: \$1.10/share for COP 2017 as of December 1, 2017 – January 14, 2018  
\$1.20/share for COP 2017 as of January 15, 2018  
\$0.90/share for COP 2018 as of April 1 to June 30, 2018  
\$1.00/share for COP 2018 as of July 1 to September 30, 2018  
\$1.10/share for COP 2018 as of October 1 to December 31, 2018  
\$1.20/share for COP 2018 as of January 1 to March 31, 2019

Minimum/Maximum offering: There is no minimum offering amount. **You may be the only purchaser. Funds available under this Offering may not be sufficient to accomplish our proposed objectives.**

Minimum Subscription Amount **\$2750 (CDN) to January 14, 2018**  
**\$3000 (CDN) after January 14, 2018**

Payment terms: Cash on subscription.

Proposed closing date(s): Continuous offerings. Closings may occur from time to time as subscriptions are received.

Income Tax consequences: There are important tax consequences to these securities. See "Income Tax Consequences".

Selling agent: No. The Issuer will pay a sales fee to registered dealers, or where permitted, non-registrants, in an amount determined by the Company in its discretion (up to 10.0% of the subscription amount), acting reasonably, payable at the time of the initial investment. See Item 7 "Compensation Paid to Sellers and Finders"

#### Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See "Resale Restrictions".

#### Purchaser's Rights

You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue for damages or to cancel the agreement. See Item 11: "Purchasers' Rights".

**No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. Your investment will be diluted 50% by the issuance of an offsetting number of 2016 COP (WT) and 2017 COP (WT) shares for each 2016 COP and 2017 COP share issued. This is a risky investment. See Item 8: "Risk Factors".**

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## ITEM 1: USE OF AVAILABLE FUNDS

### 1.1 Funds

The net proceeds of this Offering that will be available to the Issuer after this Offering are as follows:

		<b>Assuming minimum offering<sup>1</sup></b>	<b>Assuming maximum offering<sup>2</sup></b>
A.	Amount to be raised by this offering	\$0	\$4,650,000
B.	Selling commissions and fees <sup>3</sup>	\$0	\$465,000
C.	Estimated offering costs (e.g. legal, accounting, audit) <sup>4</sup>	\$45,000	\$45,000
D.	Net proceeds: $D = A - (B + C)$	-\$45,000	\$4,140,000
E.	Additional sources of funding required	\$45,000 <sup>5</sup>	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total: $G = (D+E) - F$	\$0	\$4,140,000

1. There is no minimum offering.
2. Maximum offering is based on 1,000,000 shares at \$0.65 and 4,000,000 shares at \$1.00
3. This assumes the Issuer pays the maximum permitted commission. The Issuer may pay an aggregate of up to 10.0% of subscription proceeds to sellers of Shares.
4. Legal or accounting fees anticipated for offering costs.
5. Legal and accounting overheads will be paid by World Tree Technologies Canada Inc. in the event that additional sources of funding are required.

## 1.2 Use of Available Funds

		Minimum Offering	Maximum Offering
A.	Purchase of ES Trees	\$0	\$840,000
B.	Tree order staffing and admin	\$0	\$84,000
C.	Shipping, handling and imports	\$0	\$84,000
D.	Accounting, annual reports	\$0	\$150,000
E.	Farmer support, inspections	\$0	\$750,000
F.	Land rental, labour	\$0	\$84,000
G.	Marketing	\$0	\$500,000
H.	Management salaries	\$0	\$750,000
I.	Investor relations	\$0	\$80,000
J.	Phone, internet, office equipment	\$0	\$100,000
K.	Brokering the lumber	\$0	\$125,000
L.	Establish carbon credits	\$0	\$128,000
M.	Reserve	\$0	\$465,000
	TOTAL		\$4,140,000

### NOTES:

- A. Purchase of Empress Splendor (ES) Trees: 140 ES Trees will be purchased by the Company for every 2500 COP preferred shares issued. 280,000 trees would be planted under the maximum offering. The cost per tree is approximately \$3. The bulk of these costs will be incurred within 2 years of the issue of each series of shares. ES Trees will be purchased from various sources including Toad Gully Growers, World Tree Technologies Inc. (related party), iPaulownia and AgriForest Bio-Technologies Ltd.
- B. Tree order staffing and administration; some of these costs will be paid to a related party (World Tree Technologies Inc.).

- C. Shipping, handling and imports: \$0.3 per tree is reserved for shipping, handling, phyto-sanitary certificates and import permits. These costs apply within 2 years of the issue of shares. All shipping, handling and import costs will be paid to third parties (e.g. FedEx, Costa Rican import authorities, shipping agencies).
- D. Accounting, annual reports: \$15,000 a year for 10 years is reserved for accounting, audits and reporting. All these costs will be paid to unrelated third parties, see Material Contracts.
- E. Farmer support, inspections: This covers remote support by the farmer support team, travel to plantations, ongoing monitoring of trees and farmers. Approximately \$600 is allocated towards this for every 2500 COP preferred shares issued up to a maximum of \$1,000,000. These costs apply for a 10 year period following the issue of shares, although will be higher in the first four years. These costs will be paid to unrelated third parties (see Material Contracts) and also include travel expenditures.
- F. Land rental, labour: This is a contingency fund for cases where the Company may need to buy or lease equipment, lease land or provide other additional services to support farmers. These costs apply for a 10 year period following the issue of shares, although will be higher in the first four years. These fees may also cover the hire of temporary labour if a farmer is unable to care for their trees for some reason. These costs will be paid to unrelated third parties.
- G. Marketing: Marketing covers the cost of promoting the properties of the Empress Splendor Tree to people interested in offsetting their carbon emissions, farmers and potential purchasers of the lumber. Marketing costs also cover the costs of a referral program for finding potential land. These costs apply for a 10 year period following the issue of shares, although will be higher in the first four years. A portion of these costs may be paid to Melting Point Media which is owned by two directors of the Company (see Material Contracts).
- H. Management salaries: This covers the salaries of the principals of the Company (see Material Contracts for details). Additional offerings may be required to augment on-going management salaries (e.g. COP 2018, COP 2019 shares within the COP series).
- I. Investor relations: This covers communications with shareholders through the lifetime of the Company. These costs will be paid to unrelated third parties (see material contracts).
- J. Phone, internet, office equipment: Covers basic office expenses.
- K. Brokering the lumber: Travel to meet prospective purchasers of the Empress Splendor Lumber. Note that the costs of harvesting the ES Trees are normally born by the purchaser of the lumber. Any additional costs related to harvesting the lumber will be deducted from the income from the harvest prior to distribution of any profits.

- L. Establish Carbon Credits: There may be an opportunity to bring a secondary source of revenue to the Company by way of selling Carbon Credits. The scope of this opportunity is currently unknown. Money will be reserved to explore this potential market and to run whatever protocols may be required, such as soil testing and carbon auditing.
- M. Reserve: Money will be held in reserve to cover ongoing costs over the 10-year period and early redemption requests.

The Company recognizes that there is up to a 10 year wait before anticipated returns and intends to hold enough money in reserve to take care of the ES Trees over this period. Assuming that the Company meets the maximum offering amount, funds would be spent over time as follows:

		<b>Years 1-2</b>	<b>Years 3-10</b>
A.	Purchase of ES Trees	\$840,000	
B.	Tree order staffing and admin	\$84,000	
C.	Shipping, handling and imports	\$84,000	
D.	Accounting, annual reports	\$30,000	\$120,000
E.	Farmer support, inspections	\$500,000	\$250,000
F.	Land rental, labour	\$84,000	
G.	Marketing	\$250,000	\$250,000
H.	Management salaries	\$624,000	\$126,000
I.	Investor relations	\$40,000	\$40,000
J.	Phone, internet, office equipment	\$20,000	\$80,000
K.	Brokering the lumber		\$125,000
L.	Establish carbon credits	\$128,000	
M.	Reserve	\$93,000	\$372,000
	<b>TOTAL</b>	<b>\$2,777,000</b>	<b>\$1,363,000</b>



The Company reserves the right to issue additional shares within the COP Series to meet the Company's objectives. Issuance of subsequent COP Series will not have a diluting effect on existing shareholders because each series of share only shares revenue and expenses from harvesting trees pertinent to that series.

### **1.3 Reallocation**

The Issuer intends to allocate available funds as stated. The Issuer will reallocate funds only for sound business reasons.

## **ITEM 2: BUSINESS OF THE ISSUER**

### **2.1 Structure**

World Tree COP Inc. (the “Issuer” or the “Company”) was incorporated under the laws of British Columbia on December 20, 2016. The registered and records office of the Company is 360 – 1070 Douglas Street Victoria, British Columbia V8W 2C4. Based on past experience, it was realized that investors wanted a simpler structure, a smaller minimum investment and RRSP eligibility, and hence the “mothballing” of the prior limited partnerships structure and creation of the Company.

### **Related Parties**

World Tree Technologies Canada Inc. and World Tree Technologies Inc. collectively “WTT”) have each granted a perpetual license of all of their respective technology and know how related to the Empress Splendor Tree in exchange for the issuance of an identical number of Preferred Shares, designated as the (“WT”) shares to the number subscribed for under this Offering to World Tree Technologies Canada Inc.

World Tree Technologies Canada Inc. was incorporated under the laws of British Columbia on October 18, 2013 and approximately 94% of the issued shares are owned by Wendy Burton.

World Tree Technologies Inc. was incorporated on January 16, 2002 pursuant to the laws of the state of Nevada, in the United States of America. The head office of the World Tree Technologies Inc. is located at 550 West Baseline Road, Suite 102-199, Mesa, Arizona, USA 85210. Wendy Burton owns 88% of the issued and outstanding common stock. Angela Nauta and Leslie Bolton are directors of World Tree Technologies USA along with Wendy Burton.

### **Other World Tree Carbon Offset Programs**

The following entities were established to raise capital as part of the carbon offset program (see section 2.2 below) in different years or geographical regions. They share the same directors & officers as the Company. These are free standing entries that will not compete with, transact with or share expenses with the Company.

World Tree COP USA, LLC, a Nevada limited liability company incorporated on September 30, 2016, pursuant to the laws of the state of Nevada, in the United States of America. The head office of World Tree COP USA, LLC is located at 550 West Baseline Road, Suite 102-199, Mesa, Arizona, USA 85210. This is a freestanding entity and will not compete with or have any transactions with or sharing of expenses with the Company.

World Tree COP 2015 LP is a limited partnership formed under laws of Alberta on October 23, 2015. World Tree COP 2015 LP is a freestanding entity and will not compete with or have any transactions with or sharing of expenses with the Company.

World Tree COP 2016 LP is a limited partnership formed under the laws of British Columbia on January 14, 2016. It has received subscriptions but not issued unit certificates and intends to wind up in the near future (see section 5.2 below).

## **2.2 Our Business**

The sole purpose of the Company is (i) to participate in a collective effort to reduce the carbon footprint of shareholders of the Company through conduct of the carbon offset program (COP); (ii) produce income from the harvesting of Empress Splendor (ES) Trees acquired by the Company; (iii) monetize carbon offset assets created by the Company (iv) make distributions to shareholders upon harvesting ES Trees; and (v) to engage in such other activities as are reasonably incidental to the foregoing.

The Company will carry on the business of the COP for the benefit of its shareholders and engage in such other operations and business as may be necessary or appropriate for those purposes.

### **The Carbon Offset Program**

The Carbon Offset Program (COP) offers an opportunity to investors who want to offset their carbon emissions and reduce their carbon footprint. Carbon emissions are widely recognized as one of the most significant factors in global warming. It is an environmental initiative and an investment strategy that is centered upon the unique properties of the Empress Splendor (ES) Tree.

The business model is based up on the growth of ES Trees for the purpose of providing lumber. The Company intends to contract with farmers in North America, South America and Australia to growing ES Trees. Farmers will be chosen in specially selected and geographically diverse agricultural zones in order to mitigate risk.

ES Trees mature within 10 years, at which point they can be harvested and sold for lumber by the Company. The profits, if any, from the harvest of the ES Trees will be distributed 50% to the farmers and 50% to the Company (the “Company Interest”).

### **Company Share Structure and Distribution of Profits**

The Company share structure is intended to fulfil on the following objectives:

- i) The Company intends to plant ES Trees every year. Any profits from the harvest of ES Trees will be shared only with the people who invested in those particular trees for that year.
- ii) Any profits from the harvest of ES Trees are shared 50:50 between World Tree Canada and the investors for that year’s harvest.
- iii) Whilst each year the Company intends to plant new trees, there is never a dilution of shares.

More specifically:

ES Startlings acquired with the proceeds from COP 2016 shares will be planted in 2017. These ES Trees are expected to be harvested in 2026. The profits, if any, from the harvest of these ES Trees will be distributed 50% to the farmers and 50% to the Company (the "Company Interest"). The Company Interest will be shared equally between the COP 2016 and COP 2016 WT shareholders. Neither the COP 2016 nor the COP 2016 WT shareholders have any rights to future harvests nor any costs related to future operations after the harvest.

ES Startlings acquired with the proceeds from COP 2017 shares will be planted in 2018. These ES Trees are expected to be harvested in 2027. The profits, if any, from the harvest of these ES Trees will be distributed 50% to the farmers and 50% to the Company (the "Company Interest"). The Company Interest will be shared equally between the COP 2017 and COP 2017 WT shareholders. Neither the COP 2017 nor the COP 2017 WT Shareholders have any rights to future harvests nor any costs related to future operations after the harvest.

Note that:

The Company may delay harvest for up to two years if the Company believes that will result in better returns for all shareholders.

COP 2016 WT shares are held by WTT Canada and that a COP 2016 WT share is issued every time a COP 2016 share is issued. This means that there will always be equal numbers of COP 2016 and COP 2016 WT shares.

Administrative costs and the receipt of carbon credits (if any) will be borne equally by all series of shares.

## **Ownership of Trees**

Shareholders will not own individual ES Trees but instead will be acquiring an interest in any future profits of the Company resulting from the sale of trees arising from the harvest of the ES Trees owned by the Company. Under the contract between the farmer and the Company title to the ES Trees will vest in the Company.

Stands of trees are kept separate and distinct for each share series (e.g. COP 2016, COP 2017). The geo-location of the trees is recorded in the Company's database.

The Company uses a database called Pipedrive to record all the crop information. Prior to signing the contract, the farmer completes a questionnaire which includes his/her location. The Company confirms this in Google Earth and adds that information to Pipedrive. Geo-location is accurate to within 8 meters.

## ES Startlings

The ES Startlings begin as bare-root woody plants, up to 75 mm tall with root systems that are 75-100 mm deep. The ES Startlings require 7 months to grow before they are shipped. They arrive ready to plant and generate a trunk rapidly in warm weather and the right conditions.

The Company will source the ES Startlings from various sources including Toad Gully Growers, World Tree Technologies Inc, iPaulownia and AgriForest Bio-Technologies Ltd. Varieties will be chosen based on the temperature/rainfall/soil profile of where they will be planted. Other factors to be considered are maintaining genetic variation. Rather than rely on one supplier, the Company intends to trial many different genotypes of non-invasive species of Paulownia. The Company has already secured small numbers of trial trees from each potential source.

## Attributes of ES Trees

Empress Splendor trees are grown from ES Startlings. ES Trees are a member of the genus *Paulownia*, which is reported in the Guinness Book of World Records to be the fastest growing hardwood tree in the world.

Characteristics of the ES Tree include:

- i. Fast growing time: grows 10-20 feet in first year and 5-10 feet thereafter (depending on growing conditions)<sup>1</sup>
- ii. Reaches a height of 50'–70' for timber and 30'–40' for ornamental trees (dependent on pruning)
- iii. Non-invasive deep tri-tap root system
- iv. Natural built-in fire retardant.

James Lawrence of Toad Gully Growers says: *"it is my opinion that Paulownia can be considered fire resistant. They are generally green leaved during peak fire season. The leaves do not contain volatile oils in the way Eucalyptus or Pinus species do. The sapwood is very moist. The bark is mostly smooth and thin and not highly fissured or containing dry fibrous material. I have burnt dry grass right up to the base of Paulownia without the trunk catching alight and the trees are not harmed by moderate grass fires. I suspect it would take a severe fire storm fueled by other more flammable vegetation nearby to cause a Paulownia plantation to burn."*<sup>2</sup>

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<sup>1</sup> (See <http://www.permaship.org/Home/permaculture-concepts/paulownia-overview>; or <http://toadgully.com.au/files/Indices%20of%20Paulownia%20Growth%20Characteristics.pdf>)

<sup>2</sup> See: World Paulownia Institute Company <http://www.worldpaulownia.com/html/remediation.html>

Dr R.C. Tang of Auburn University says “*Paulownia* is a very good insulator. *Paulownia* log homes are said to have twice the *R* factor as pine or oak logs. This temperature resistance serves to give the wood a high fire resistance. Ignition temperature is approximately 400 deg. C. which is almost twice many conventional American hard and soft woods.”

v. Harvesting for lumber within 7-10 years (depending on climate)<sup>3</sup>

vi. ES Trees have the potential to generate 7 harvests from a single root for a total of approximately 50-70 years of production.<sup>4</sup>

WTT has researched and tested various conditions to figure out the optimal growing conditions that will produce high quality lumber.

ES Trees do not grow well in bottomland or wet soil. Ideal conditions for planting are a free draining, sandy loam soil with direct sunlight. It is recommended that the water table be deeper than 5 feet. (<http://toadgully.com.au/paulownia-information>)

ES Trees can withstand a low temperature of 0° F (-17°C.) to -10°F (-23°C) for a short period of time) and high temperatures up to 120° F. (49° C.) The trunks can be wrapped to help protect the tree.

ES Trees may require fertilizer and irrigation, depending on the local soil and climate. For example, farmers in Florida and Texas will usually be required to irrigate. Irrigation requirements depend on the area of planting and are assessed before a farmer is accepted into the program. The Company is focusing its efforts on finding farmers in zones with enough rainfall through the year to reduce demands for watering. Farmers in drier areas are expected to irrigate and farmer-specific irrigation expectations are written into their contract.

To produce high quality lumber, ES Trees must be pruned regularly (at least annually) in the second, third and possibly fourth years.

## **Invasive Properties**

There are many varieties of *Paulownia*, only one of which is invasive. *Paulownia tomentosa* is on the US Government’s invasive species list<sup>5</sup>. The Company will not under any circumstance plant this variety. All other varieties of *Paulownia* are not invasive. The

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<sup>3</sup> See <http://www.permaship.org/Home/permaculture-concepts/paulownia-overview>.

<sup>4</sup> See <http://www.permaship.org/Home/permaculture-concepts/paulownia-overview>.

<sup>5</sup> <http://www.invasivespeciesinfo.gov/plants/printtree.shtml>

Company intends to grow primarily *Paulownia fortunei*, especially in the warmer climates, and is running trials with other varieties for cold tolerance.

The Rainforest Alliance is internationally recognized as a certification program for sustainable forestry and best practices for tree planting and agroforestry. The following is a link to a project run by the Rainforest Alliance that has chosen *Paulownia* as an ecological sound tree for the purposes of reforestation and carbon sequestration (<http://www.rainforest-alliance.org/business/climate/validation-verification/projects/paulownia>).

## **Carbon Offsets**

ES Trees are able to sequester an average of 103 metric tonnes of carbon dioxide per acre per year. This compares favourably with other trees which sequester between 2.2 and 9.5 metric tonnes a year.<sup>6</sup>

Due to the ES Trees ability to sequester carbon dioxide, this type of tree is particularly well suited as a vehicle for offsetting the carbon that Shareholders will generate during the normal course of their lifetime .

For each COP Preferred Share acquired, the Shareholder will receive a non-transferable internal carbon offset certificate issued by the Company for the equivalent carbon sequestered as measured by the Environmental Resources Trust Inc. This amount is currently estimated by the Company to be 103 tons carbon/acre/year. The Company reserves the perpetual right to trade any potential carbon credits or any similar carbon offset asset created as a result of the acquired COP Preferred Share for the sole benefit of the Company.

In October 2016, the Government of Canada announced its plan to address carbon pollution through carbon pricing from 2018 onwards (<http://news.gc.ca/web/article-en.do?nid=1132149>). They state that:

*“The price on carbon pollution should start at a minimum of \$10 per tonne in 2018 and rise by \$10 a year to reach \$50 per tonne in 2022.”*

The Company will research selling carbon credits into this market. The carbon credit market is subject to fairly stringent regulations and it is not known at this time if the Company's carbon credits will qualify or what they will be worth. It is anticipated that a carbon audit will be required on the Company's plantations. The Company reserves the right to work

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<sup>6</sup> This data and the comparison was obtained from a report commissioned by WTT in 2005 from the Environmental Resources Trust (a Washington, D.C. based, non-profit environmental organization) and I the US Planting Guide for Carbon Sequestration report published in May 2009 by the Congressional Research Service (a United States legislative branch agency within the Library of Congress that provides legislative policy and legal analysis to committees and members of both United States House of Representatives and Senate) (<https://www.fas.org/sfp/crs/misc/R40562.pdf>)

with a third party to manage this aspect of operations, with a view to monetizing potential carbon credits without incurring significant additional costs.

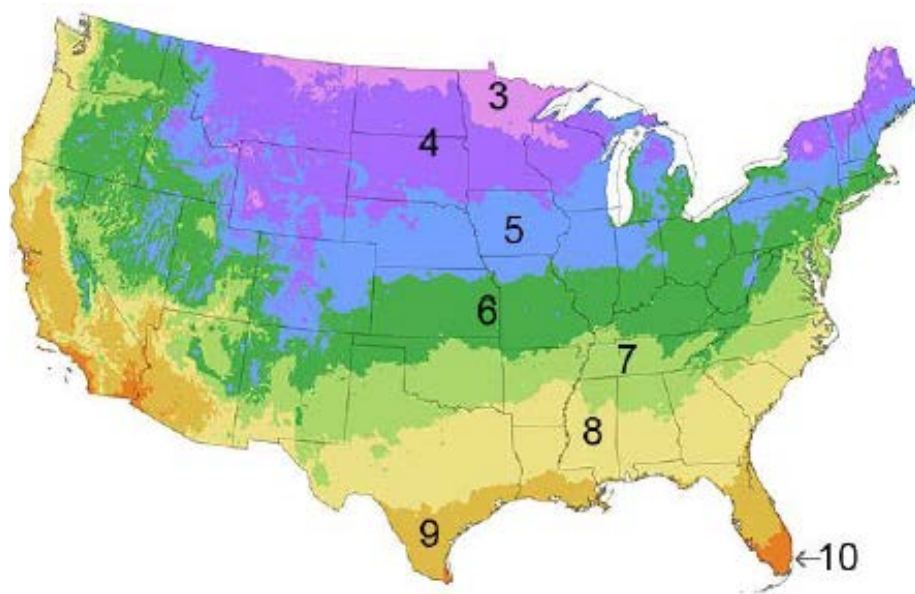
## Growing Zones

The Company intends to plant ES Trees in diverse geographical areas to mitigate against risks.

In North America the recommended growing zones<sup>7</sup> are 7-11<sup>8</sup> (see map below). To see substantial growth, summer temperatures of 70°F. (21°C.) and above for at least 5-6 months are optimal<sup>9</sup>(See [http://usagardener.com/zone\\_hardiness\\_usa.html](http://usagardener.com/zone_hardiness_usa.html) - USA; and <http://www.dominion-seed-house.com/en-CA/SearchZone.aspx> - Canada ). In North America an altitude of less than 2,200 feet is required for commercial planting. Higher elevations tend to have greater temperature fluctuations, unless located in a protective micro-climate.

Zone 6 is at the border of the recommended growing zone. If temperatures dip below - 10° F. (-23°C.), then the trunk of the tree could freeze and would need to be re-grown in the spring. Once the tree is about 3 years old and cold temperatures are experienced, then limbs may be lost on the tree instead of the entire trunk. The Company will only work with farmers in zone 7 and above to ensure optimal growth.

In areas closer to the equator, such as Costa Rica, higher elevations (3000 feet and higher) are required to ensure the seasonal changes required for optimal wood growth.



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<sup>7</sup> (<http://www.burpee.com/gardening/content/gygg/growing-zone-information/growingzoneinfo.html>).

<sup>8</sup> (<http://www.burpee.com/gardening/content/gygg/growing-zone-information/growingzoneinfo.html>).



## Empress Splendor Lumber

Characteristics of harvested Empress Splendor Lumber (Lumber) include:

- Blonder timber with a long straight grain, which air dries quickly with low shrinkage and does not easily warp, crack or deform.
- It is of comparable strength to other commercial woods such as pine, ash, birch and maple. The average strength of *Paulownia* is 6,146 psi or pounds per square inch.<sup>9</sup>
- Weighing in at 14 - 19 lbs. per cubic foot, it has one of the highest strength to weight ratios of any wood.<sup>10</sup>
- Air-drying takes as little as 30 - 60 days and boards can be kiln dried at high temperatures within a few hours to 10% - 12% moisture content with minimal warping
- Can be peeled for veneer at 1/16 inch thickness but can also peel at 1/32 of an inch
- Easy to plane, cut and carve with little splitting or chipping
- The finish is soft and smooth like spun silk and is used as a finishing wood for furniture manufacturing, molding, musical instruments, log homes, fence posts, coffins and airplane and sailboat applications.
- Empress Splendor Lumber is generally too expensive to be used in construction, except for decorative purposes.

## Market for ES Lumber

The current market for ES Lumber in North America is unestablished, due to the fact that this timber is rare and relatively unknown. By contrast, the market for ES Lumber is well established in Asia. It is estimated that in the last 5 years, 1.2 billion ES Trees have been planted in Japan for forestry and lumber production.<sup>11</sup>

The Company is actively growing the market, promoting the properties of ES Lumber and working with timber merchants who are looking for sustainable hardwood alternatives.

ES Lumber is used for window, doors, crown moldings, cabinets, furniture spindles, surf boards, coffins and veneers. To date, the challenge has been that the North American market has only been developed as a “spot” market – that is, small quantities of wood have been sold into specific applications, not into large, repeatable market applications.

Conversations with prospective buyers have invariably been positive and supportive, even though there has not been enough lumber available to establish a robust presence in any of the markets explored.

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<sup>9</sup> See [http://paulownia-lumber.com/Paulownia\\_Page\\_Information/paulownia\\_wood\\_properties.html](http://paulownia-lumber.com/Paulownia_Page_Information/paulownia_wood_properties.html). The average strength of commercially grown wood is 6409 psi. (<http://www.woodbin.com/ref/wood-strength-table/>)

<sup>10</sup> Dr R.C Tang, Auburn University, Paulownia: Properties, Utilization and Research Needs. Proceedings of the 1996 Annual Meeting of the American Paulownia Association.)

<sup>11</sup> <http://www.primevalgardens.com/Environment.html> and <http://www.wood-database.com/lumber-identification/hardwoods/paulownia/>

The Company intends to work with farmers with mature ES Trees to broker their Lumber.

### **Sale of Lumber**

When the ES Trees owned by the Company reach maturity, they are expected to be harvested and sold for lumber. The Company will manage the brokerage and sale of the ES Lumber and return all proceeds representing the Company Interest in the Lumber.

- a) 2017 - 2021 the Company intends to assist retailers (e.g. surfboard manufacturers, coffin makers, kite board manufacturers) in finding sources of ES Lumber. This will help to foster strong relationships and grow the market for ES Lumber.
- b) 2017 - 2021 the Company intends to continue to participate in several conversations with significant wholesale wood buyers. E.g. Tolko, Home Depot, Weyerhaeuser. The Company will look to secure an exclusive purchase agreement with one of these wholesalers for all of the ES Lumber grown inside the COP.
- c) 2020 onwards the Company intends to identify supply needs for harvesting of logs from the stump or milled lumber. The Company will attempt to source mills that are within reasonable distances from plantations for milling of mature ES Trees at each plantation site. The Company will also work to secure contracts for milling of logs into ES Lumber.
- d) 2024 identify and secure skilled trades people for logging and milling of lumber. Identify each plantation as to the requirements of the hauling of logs or milling of ES Lumber. Arrange with each Farmer scheduled times, practices and strategies for harvesting.
- e) 2026 onwards commence on the harvesting of each plantation according to plan. Fulfill on all contracts and secure revenue for disbursement in 2026 and onwards.
- f) 2026 and onwards disbursement of funds to the Shareholders.

## Lumber Pricing

The revenue from the sale of the lumber depends on market conditions for ES Lumber in the future (at least 7-10 years from now). Currently, ES Lumber is a rare wood in North America and is difficult to find in large quantities. In a recent review of the ES Lumber market in North America, the Company was quoted prices ranging between \$3 and \$35 per board foot.

Factors that affect board foot pricing include the use of the lumber and the grade. Grading relates to the number of defects in the wood. The width of the lumber also highly influences the price, with broad pieces (e.g. for musical instruments) bringing in significantly higher prices. Finally, the price is affected by whether the lumber is being sold on the stump or harvested and processed.

The majority of the ES Lumber supply coming out of China today is from old growth *Paulownia tomentosa* and because of its invasive qualities<sup>12</sup> is fetching a lower per board foot price in international markets. The prices of Chinese wood that can be viewed online are generally misleading. As part of its recent research into the current market the Company approached a Chinese supplier and was quoted \$6.50 per board foot (more than six times greater than the online price).

For each 2500 COP Preferred shares 140 ES trees will be planted. Generally 110 ES trees are planted per acre with extra trees held in reserve to cover losses.

140 ES Trees are expected to yield approximately 30,870 board feet of ES Lumber 9 years after planting under optimal growing conditions.

This is calculated as follows (<http://americanstavecompany.com/boardfootcalc.html>):

Estimated size of log at maturity:	24ft tall, 18 inches diameter
Total lumber yielded by a single tree:	294 board feet
Total ES Lumber yielded by 140 trees:	41,160 board feet
- 25% for loss of trees or damage to ES Trees:	10,290 board feet
Total anticipated ES Lumber yield:	30,870 board feet

The costs of harvesting the logs/lumber will not be incurred by the farmer or investors. Cost for harvesting will be paid by the purchaser of the logs or lumber. Processing and harvesting costs will not impact the investors in any way.

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<sup>12</sup> *Paulownia tomentosa* is defined as an invasive species by US States Department of Agriculture (<http://www.invasivespeciesinfo.gov/plants/printtree.shtml>). This is undesirable and most North Americans will avoid this type of lumber. None of the varieties of the ES Trees that the Company will be using will be invasive.

## Return on Harvest

Revenue from the harvest is based on two factors:

- The board feet of lumber produced
- The selling price per board foot

The table below shows the potential total revenue from 1 acre of trees, as a variable of lumber production and pricing.

TOTAL RETURNS	SELLING PRICE PER BOARD FOOT							
Average Board Foot Acre	\$0.00	\$0.50	\$1.00	\$2.00	\$3.00	\$5.00	\$10.00	\$14.00
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5,000	\$0	\$1,250	\$2,500	\$5,000	\$7,500	\$12,500	\$25,000	\$35,000
10,000	\$0	\$2,500	\$5,000	\$10,000	\$15,000	\$25,000	\$50,000	\$70,000
15,000	\$0	\$3,750	\$7,500	\$15,000	\$22,500	\$37,500	\$75,000	\$105,000
20,000	\$0	\$5,000	\$10,000	\$20,000	\$30,000	\$50,000	\$100,000	\$140,000
25,000	\$0	\$6,250	\$12,500	\$25,000	\$37,500	\$62,500	\$125,000	\$175,000
30,000	\$0	\$7,500	\$15,000	\$30,000	\$45,000	\$75,000	\$150,000	\$210,000
35,000	\$0	\$8,750	\$17,500	\$35,000	\$52,500	\$87,500	\$175,000	\$245,000

Note: the foregoing title has not been independently audited and shows a range of estimated results.

## Previous ES Lumber Market Experience

Wendy Burton, the CEO of the Company has previous experience selling ES Lumber.

WTT has previously been supplied with small orders of ES Lumber from independent small Paulownia plantation growers in Georgia, South Carolina, Maryland and several other states. WTT predominantly received supply through growers advertising from the American Paulownia Association's website. The supply of ES Lumber was sold by WTT for profit to retailers of surfboards, furniture, crown moulding, doors, siding for the exterior of buildings, coffins and aircraft wing struts.

WTT contracted with Fender Guitars in 2010 to supply ES Lumber for the building of Telecaster and Stratocaster Guitars. Fender was pleased with the results of their prototypes and requested thousands of board feet to build more guitars and speaker boxes. Due to limited availability of ES Lumber, WTT was unable to fulfil the demand at the time. However, the Company has recently located a source of 3 million board feet of ES Lumber and is currently negotiating the sale of the lumber to Fender.

The Company believes that with the establishment of the COP that increasing amounts of ES Lumber will become available in the near future, making the lumber potentially attractive on a commercial scale.

Inside of its business plan, the Company has 9 years to establish a viable ES Lumber market before the harvest inside of the COP. The Company has created a data-base of

retailers who wish to buy ES Lumber. Such companies include and are not limited to a surfboard company in California, a kiteboard company in Florida, a skateboard company in Oregon and a coffin manufacturer in the UK (all of which are multi-million dollar industries). The Company intends to use these ongoing relationships with retailers to leverage their negotiations with lumber wholesalers to demonstrate the value of and demand for ES Lumber.

Marketing efforts will begin immediately and will ramp up as the Company's ES Trees mature. The Company intends to focus on establishing relationships with the international lumber producers who are looking for large volumes of wood that have been grown and harvested sustainably.

The Company intends to first approach Tolko, one of the top three Canadian lumber producers in Canada. Tolko is a family owned business in the Okanagan Valley that has a reputation of practicing good environmental choices and the Company believes the COP business model will be a good fit for them. Previous conversations and mutual connections with the Company suggest that a meeting is favorable.

### **Demand for Sustainably Grown Lumber**

The average North American consumes the equivalent of a 100 foot tree every year and the United Nations predicts that demand for wood will double by 2050 (Nasdaq Blog, Investment U).

Statistics show a trend toward timber shortages and increased prices (Report from the Logging and Sawmilling journal 2014 and Wood Markets Monthly International Report March 2014). The industry predicts a surge in lumber prices in North America as supply struggles to keep up with demand. Exports to China are forecast to increase steadily to the end of the decade, and beyond, as their supply gap widens.

There is a continued high demand for hardwood, however it is challenging to find sources of hardwood timber that have not been taken from old growth forests<sup>13</sup>. The removal of hardwood trees from old growth forests (e.g. rain forests) is detrimental to the environment and has received a great deal of negative press.

The Company believes large companies in the lumber industry are looking for better hardwood solutions that will give them an edge over their competition. Lumber suppliers like Home Depot have reported they will focus on putting environmentally friendly timbers in their stores. The access to plantation based timber, such as will be grown by the Company, is respectful to the environment and fits this mandate.

The Company intends to focus on attracting a large 'top ten' lumber producer to align with

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<sup>13</sup> An old-growth forest is a forest that has attained great age without significant disturbance and thereby exhibits unique ecological features and might be classified as a climax community.

the Company's vision which will give them an edge in being a global supplier of a plantation hardwood timber. In the growing green economy where people are demanding action on global warming and climate change, it is highly desirable to be viewed as a company that is making a difference.

A 2012 IPSOS poll shows that 50% of people think about the environment when making purchases. 90% of people feel a responsibility to leave behind a better world. Companies as diverse as, Starbucks, Dell, Home Depot, Virgin and Sony are making changes to their business practices to align with the green economy. <sup>14</sup>

If a restriction on old growth timber is implemented, the major lumber companies will be looking for an alternative. The Company will have acquired inside the COP an extensive CO-OP of farmers growing Empress Plantations in preparation of meeting the demand that is forecasted to arrive.

Another serious concern in today's lumber industry is the issue of transportation costs that are drastically rising, causing some mills to close as the cost of business in remote regions is no longer profitable. Further benefits to the timber markets is that ES Trees are 40% lighter than other hardwoods, so transportation costs will be considerably lower.

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<sup>14</sup> White House Press Release October 2015 <https://www.whitehouse.gov/the-press-office/2015/10/19/fact-sheet-white-house-announces-commitments-american-business-act>)

### 2.3 Development of Business (As at January 3rd 2017)

The Company currently has no assets or liabilities as otherwise disclosed in the December 30, 2016 audited financial statements. Limited partners of the World Tree COP 2016 Limited Partnership who subscribed to units through an Offering Memorandum dated February 12, 2016 are being given the right to acquire 2016 COP Preferred Shares under the terms of a transmittal letter (see section 5.2 hereof) or receive their money back. Assuming such an exchange takes place, the Company will also receive the benefit of the technology, assets, relationships and know how obtained by World Tree COP 2016 Limited Partnership. (see section 5.1 and 5.2 below).

The following activities have already been undertaken by WTT in anticipation of the formation of the Company and as noted previously have been licensed to the Company in exchange for WTT receiving a 50% interest in the Company:

- Retained a management team
- Retained a Plantation company to oversee project
- Retained a farmer support team
- Retained support in Costa Rica
- Development of a business plan and contracts
- Development marketing materials for farmers and investors
- Advertising nationwide for farmers
- Exploratory visit to Costa Rica
- Exploratory visits to farms in USA and Canada
- Preparation of farmer contracts
- Preparation of Growers Guide
- Established database of farmers
- Identified ideal growing sites
- Ran trial programs with farmers in Canada, USA and Costa Rica
- Ordering of ES Trees
- Research on Paulownia strains and nurseries in Australia, Costa Rica and Canada
- Development of questionnaire protocols for monitoring farmers
- Training of 3 person farmer support team by Plantation Company
- Publicity in the Canadian newspapers, online, radio and TV
- Translated farmers contracts into Spanish
- Established legal counsel in Canada, USA and Costa Rica
- Established a database of farmers
- Established import protocols for Canada, United States and Costa Rica

## **Farmers**

WTT has developed extensive relationships with Farmers across the United States as well as in Canada and Costa Rica. Farmers are selected using the following criteria:

- i. Suitable geographical location, including hardiness zone, rainfall, soil type, temperature and rainfall. While hardiness zone gives a first initial indication of whether or not the land will be suitable, more detailed mapping is required to firmly establish suitability.
- ii. Geo-location. Farmers provide their geo-ordinates to assess suitability.
- iii. Questionnaire. The Company prepares a detailed report of the land and the Farmer must complete a questionnaire to confirm the properties of the land.
- iv. In the USA and Canada, land must not be more than 2,200 feet above sea level. In Costa Rica, the land should be at least 3,000 feet above sea level. These different requirements relate to day length and seasonal temperature variation.
- v. Farmers must either have successfully grown ES Trees in the past or have demonstrated plantation-level success with growing other types of trees.
- vi. Each Farmer must be able to enter into a Crop Contracting Agreement with the Company for at least 10 years. See Material Contracts.

The Company has the resources and support in order to train the Farmers on how to grow the ES Trees. This includes a Growers Guide and Pruning Instructions. The Farmers will also be provided with log-in access to a private website operated by the Company to download growing guides and ask questions. The Company will call the Farmers at least twice a year to review the health of their ES Trees and has a dedicated staff member to answer emails and calls from Farmers. When a Farmer plants their ES Startlings, the Company records the exact latitude and longitude of those ES Startlings. This allows the Company to track, for any given Farmer, exactly which Startlings have been planted by a Farmer and the year they were planted.

## **Planting Programs and Pilots**

### **United States**

In 2016 WTT planted 25,000 trees in 12 locations in USA, spread across various states including Texas, Florida, Georgia, Mississippi, Alabama and Oregon. Alex Jay, the Plantation Company has visited all 12 locations. Although ES Trees are renowned for growing well in Texas, very hot weather resulted in low survival. The ES Startlings in all other areas are growing well and are monitored monthly.

The Company currently has 60 farmers in its database who are interested in planting in 2017, many of whom are currently engaged in small trial programs.



## **Costa Rica**

In 2015, a farmer undertook a pilot planting program in two locations in Costa Rica. Although these plantations turned out to be unsuitable for the COP (one was too hot and the other too remote) WTT was so impressed with the speed of growth (the tree reached over 20 feet in the first 6 months) that in 2016 they went to Costa Rica to look for more suitable land.

WTT explored various parts of Costa Rica and identified excellent growing conditions in the mountains of central Costa Rica, especially in the coffee-growing areas. ES Trees provide additional benefits for coffee farmers who need shade for their plants. The ES Trees, due to their fast growth and deep root system, provide cover for the coffee without competing with the plants for nutrition.

The coffee farmers have high quality soil, well managed plantations and a year-round staff that work the land.

10,000 trees were planted in 13 separate locations in Costa Rica with coffee farmers in August 2016. WTT has also hired a regional manager to oversee the project in Costa Rica. Alex Jay (Plantation Manager for WTT) has visited all the plantations and early indications are that these trees are thriving.

## **Canada**

There are a few farmers in British Columbia with small trial plantations of 15-110 trees. The Company is also in conversation with a nursery in Canada to source the ES trees for this region.

## 2.4 Long Term Objectives

The long-term objective of the Company is to raise up to \$4,650,000 CDN pursuant to this Offering, the available funds of which will be used by the Company to acquire ES Startlings, pay for the on-going expenses of managing the COP, harvesting the ES Trees and brokering the lumber for the benefit of the Company.

The Company also intends to explore opportunities to sell carbon credits for the benefit of the Company.

## 2.5 Short Term Objectives

The following are the major events that are expected to occur with respect to the business of the Company:

- i. On or before March 2017 the Company will complete a purchase order for ES Startlings for 2017 planting. The number of ES startlings ordered will be calculated as follows:

$$[\text{Total number of WT COP 2016 Shares Issued} \times 140/2500]$$

ES Trees will be purchased from Toad Gully Growers in Australia or from other experienced growers at the discretion of the Company.

- ii. January 2017 - April 2017 the Company will secure contracts with farmers. The Company already has a database of experienced farmers with land and verbal commitments for planting.
- iii. January 2017 - April 2017 the Company will advertise for farmers in various publications, such as Acres Magazine, Farm Show Magazine and through google ad-words, as required. The Company will also issue press releases and has already secured a feature article to be published in Modern Farmer.
- iv. February 2017 - participating farmers will receive the Growers Guide and support calls to prepare them for the growing season.
- v. April 2017 - September 2017 the ES Startlings will be shipped to farmers and planted. Each farmer will be visited personally by the Plantation Company or will receive live online support from the Plantation Company.
- vi. May 2017 onwards - Farmers receive calls from the Farmer support team and must complete follow-up questionnaires.
- vii. August 2017-September 2017: Estimate tree numbers for 2018 planting based on the number of WT COP 2017 shares issued/expected to be issued and secure contracts with growers.

## **2.6 Insufficient Funds**

The proceeds of the Offering may not be sufficient to accomplish all of the Issuer's proposed objectives, and there is no assurance that alternative financing will be available.

## **2.7 Material Agreements**

### **Management Agreement with Wendy Burton**

Management Agreement (dated 3<sup>rd</sup> January 2017) between Wendy Burton and Company for appointment as Chief Executive Officer.

As Chief Executive Officer Wendy is accountable for developing and implementing high-level strategies, making major corporate decisions and managing the overall operations and resources of the Company .

Wendy Burton is also the majority shareholder of WTT.

### **Management Agreement with Angela Nauta**

Management Agreement (dated 3<sup>rd</sup> January 2017) between Angela Nauta and the Company for appointment as Chief Investment Officer.

As Chief Investment Officer, Angela is accountable for all communications between the Company and shareholders or potential shareholders and relationships with Exempt Market Dealers and other Third Parties who may offer the World Tree COP as an investment opportunity.

### **Melting Point Media**

Management Agreement (dated 3<sup>rd</sup> January 2017) between Melting Point Media and Company for appointment of Dr Catherine Key as Chief Operations Officer and Leslie Bolton as Director of Marketing.

Melting Point Media perform services that include but are not limited to:

- Cathy Key as Chief Operations Officer
- Leslie Bolton as Director of Marketing
- Management of the Company staff
- On-going business development
- Legal paperwork, contracts and relationships with vendors
- Management of events
- Presentations
- Development and maintenance of website
- Social media
- Development of brochures and all print marketing materials
- Development of video

- Creation of Farmers promotional materials
- Creation of Farmers guides and support materials

**Jawl Bundon LLP** has been engaged as registered and records office and for legal services.

**Hutcheson & Co. Chartered Professional Accountants LLP**

– has been engaged as auditor of the Company

**Farmers**

Every farmer participating in the COP is required to sign a contract. The Full Crop Contracting agreement is available for inspection at the Company's office.

The following are the key terms of the Farmed Crop Contracting Agreement:

- i. The Farmer shall be responsible for planting, pruning, fertilizing and watering of the ES Trees until harvest of the ES Trees which shall occur in the 9th year after the planting of the ES Trees by the Farmer.
- ii. The Farmer shall provide the Company with semi-annual reports with respect to the condition of the ES Trees and grant the Company access to the Farmer's lands (the "Lands") to conduct annual inspections of the ES Trees.
- iii. The Farmer shall not sell or remove any of the ES Trees from the Lands.
- iv. The Farmer shall grant the Company a registrable security interest in the ES Trees.
- v. The Farmer will provide the Company timely notice in the event that the Farmer sells, leases or otherwise conveys the Lands and will be obligated as part of any such conveyance to obtain written agreement from the transferee to be bound by the terms of the Crop Contracting Agreement.
- vi. The Farmer will grant the Company access to the Lands to take videos or pictures of the ES Trees.
- vii. The Farmer shall provide the Company with written notice in timely manner if there are any issues or concerns relating to the health of the ES Trees.
- viii. The Farmer shall grant the Company access to the Lands to care for the ES Trees in the event that the Farmer refuses or neglects to do so.
- ix. The Farmer will be responsible for paying for any costs or expenses related to the care of the ES Trees.
- x. The Farmer will grant the Company and/or its agents access to the Lands for purposes of harvesting and removing the ES Trees from the Lands.
- xi. After the ES Trees are harvested, the Crop Contracting Agreements with the Farmers will end and the Company will no longer have any right, title or interest in the ES Trees.

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

### 3.1 Compensation and Securities Held

#### Directors and Officers of the Issuer

The following table sets out the specified information about each director, officer and promoter of the Issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Issuer (a “principal holder”).

<b>Name and municipality of principal residence</b>	<b>Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position</b>	<b>Compensation paid by Issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year</b>	<b>Number, type and percentage of securities of the issuer held after completion of minimum offering</b>	<b>Number, type and percentage of securities of the issuer held after completion of maximum offering</b>
Wendy Burton Victoria, British Columbia,	Chief Executive Officer (Jan 1 2017) and Director (Jan 1 2017)	\$78,000 per annum	25 Common Voting Shares (25%)	25 Common Voting Shares (25%)
Catherine Key Victoria, British Columbia	Chief Operations Officer (Jan 1 2017) and Director (Jan 1 2017)	\$78,000 per annum	25 Common Voting Shares (25%)	25 Common Voting Shares (25%)
Angela Nauta Nanaimo, British Columbia	Chief Investment Officer (Jan 1 2017) and Director (Jan 1 2017)	\$78,000 per annum	25 Common Voting Shares (25%)	25 Common Voting Shares (25%)
Leslie Bolton Nanaimo, British Columbia	Director of Marketing (Jan 1 2017) and Director (Jan 1 2017)	\$78,000 per annum	25 Common Voting Shares (25%)	25 Common Voting Shares (25%)

### 3.2 Management Experience

**Wendy Burton:** is the Chairman, CEO and President of World Tree Technologies Inc. and World Tree Technologies Canada Ltd. Over the past two years Wendy has been working full time on WTT matters and developing the Carbon Offset Program.

With over 22 years' experience growing ES Trees, Wendy is as passionate about the ES Tree now as she was when she founded WTT. She has been unstoppable in getting the message out to the public that the ES Tree is the answer to reducing our carbon footprint and protecting old growth forests.

WTT was founded in 2002 during the first 5 years of operations Ms. Burton travelled to Brazil, Paraguay, Australia, New Zealand and all of the states in the United States of America where there are ES Trees in order to learn how to successfully grow and manage ES Trees.

Wendy Burton travelled to a remote location called Mountain Top, located in Melbourne, Australia where she met with Peter Voss who owned a 200 acre ES Tree plantation. The trees located on that plantation were approximately 4 years old and planted on a 12 x 12 grid system.

Ms. Burton spent 3 days with Mr. Voss' plantation Company learning about soil condition, fertilizers, grid systems, insect resistant properties, and inherent fire retardant abilities of the ES Trees. Thereafter she undertook extensive research to locate all of the *Paulownia* Plantations in the United States, who the farmers were, where they were located and species of *Paulownia* being grown. She then embarked on a journey to meet them. Her first visit was with David Drexler, of Fitzgerald, Georgia, who had three acres of ES Trees that were testing the viability of ES Tree Plantations, grid systems, species type and growing conditions.

Ms. Burton visited Mr. Drexler on numerous occasions over the next 5 years to avail herself of his experiences and progress of his plantation. Mr. Drexler also introduced her to several other ES Tree growers. She continued to source out, communicate and visit with several ES Tree growers and suppliers, learning their techniques on ES Tree tissue culture cultivation and ideal climate conditions, water requirements and elevation criteria. After securing her relationship with these farmers Ms. Burton was advised to join the American Paulownia Association. Ms. Burton has since attended this Association's annual conference to further her education in group settings with like-minded individuals dedicated to the commercialization of the Empress Trees.

Over time Ms. Burton has been contacted by several other ES Tree growers. One of the first to reach out was the CEO of Kiri Forestry Enterprises, PTY Ltd. of New South Wales, Australia, who became her mentor and educated her on all aspects of tissue culture, plantation management operations, harvesting and the lumber markets.

At a Paulownia Association<sup>15</sup> meeting Ms. Burton connected with a passionate advocate of ES Trees who had a direct relationship with a colony of old growth ES Trees ready for harvesting in Paraguay. This visit provided evidence of the potential to plant ES Trees on a wider grid system as well as the importance of pruning the Trees early, to provide higher quality knot free lumber.

Ms. Burton then embarked on a trip to Brazil to further educate herself on ES Trees and witness first-hand the destruction of the Amazon rain forest which reinforced her decision to move toward a plantation based timber in an effort to stop the destruction of the rain-forest and old growth timber on a global scale.

Once Ms. Burton established a need for the ES Trees she then proceeded to educate herself on who had the best genetic mother stock and the ability to supply enough trees for future global production. With this intent she visited several nurseries that supplied tissue cultures, bare roots and/or ES Startlings in search of acquiring World Tree's own superior mother stock. Ms. Burton met Dan Finch of Finch nurseries and James Lawrence of Toad Gully Growers ("Toad Gully") in Australia, Danny Beeson in California and Scott Corbit of the World Paulownia Institute.

Ms. Burton tried all of the different growers stock, and determined that the best quality of all the stock was provided by James Lawrence of Toad Gully. Ms. Burton returned to Australia where she established a firm working relationship with Mr. Lawrence and obtained knowledge of his facility and confirmation of his ability to manage and supply future ES Startling rootstock<sup>16</sup>.

In 2006 the Ms Burton established a relationship with Toad Gully for the supply of ES Startlings. The Company has full access to all of the ES Startling varieties that Toad Gully supplies and the benefit of their expertise on which variety of ES Startling is best suited to the climate in which the Startlings will be planted. There are 6 to 17 species of the Genus *Paulownia* (<https://en.wikipedia.org/wiki/Paulownia>). The Company will choose suitable varieties that coincide with each Farmer's growing zone.

Through Wendy's efforts, the story of the ES Tree started to spread and celebrities including Oprah Winfrey, Maria Shriver, Dolly Parton and Wayne Newton acquired ES Trees for their properties. The Empress tree caught the attention of Morley Safer of '60 Minutes'. His company, the American Environmental Review did a short documentary on World Tree ( See [http://www.youtube.com/watch?v=lvMmn\\_Bd0BU](http://www.youtube.com/watch?v=lvMmn_Bd0BU) ). Wendy and the ES Trees were also featured on Oprah and Connie Sellecca's 'Family and Home'.

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<sup>15</sup> The Company continues to receive a significant amount of knowledge and expertise from the American Paulownia Association and is a member in good standing with this association (<http://paulowniatrees.org/>).

<sup>16</sup> There are other parties who supply bare root ES Startlings. At present it is the Companys preference to work with Toad Gully for propagation, growth, shipment and expertise.

Ms. Burton has personally planted 6000 ES Trees in Eloy, Arizona. She acquired 2 properties in Georgia with a total of 841 acres of two year old ES Trees. She managed, grew, pruned, fertilized and cared for them and in the process gained hands-on experience of the best growing practices.

5 years ago Ms Burton acquired a lease option purchase of 47 acres of 10 year old ES Trees where she gained experience of harvesting a full plantation, on-site milling, kiln-drying and sale of the ES Lumber to Fender for guitar spreads.

Wendy has an impressive track record when it comes to creating financial success for shareholders. Prior to the inception of the Company, Wendy was the Vice-President of Corporate Communications for National Scientific Inc<sup>17</sup>. When she started the company it was heavily in debt with 127 shareholders and the stock was trading at .10 cents. During her employment as the sole investor relations person in charge of investors and press releases, the stock reached a high of \$19.25 a share. When she left NSCT it had over 14,000 shareholders and a market cap of \$17 billion.

Prior to that Ms. Burton raised capital for Intercell Corporation on the OTC-BB. During her employment from 1996-97 she was responsible for investor relations department. When she started the company was trading at .25 per share, and her contract ended on a high of \$5.75 per share.

Prior to that she raised capital for Halo Gaming Corp in BC as a private company. The stock went public at .05 and reached a high of \$1.25 per share when she left the company.

Prior to that Wendy worked for Saddle Mountain Timber Corporation as Director of Marketing and Vice President. During her employment it changed its name to Global Tree Technologies Inc., a Vancouver based company.

From 1994 to 1996, Wendy held the position of President of Corporate Communications for Global Tree Technologies where she was first introduced to and fell in love with the Empress tree. Since that time, she has had a personal goal and vision to build a new Empress Tree company on an international scale. Wendy has spent her professional career in marketing and sales producing outstanding results with proven leadership skills. Since 1990, she has been responsible for producing successful results working in the investor relations field, which has included IPO's, private placements and seed capital ventures. Before entering the corporate communications field, Wendy was one of the top three producers in her district for Century 21 Real Estate. Prior to Century 21, she held record-breaking awards in various sales and marketing positions. Her team leadership skills have won her outstanding rewards and travel opportunities around the world.

Wendy is Canadian born, although she has lived in the Scottsdale, Arizona for 17 years. In 2015 her advisers recommend she move back to Victoria, BC, Canada as there is

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<sup>17</sup> The company National Scientific, NSCT is on the OTC-BB. They appear to have done a merger with Cipherloc Copr. Stock symbol: CLOK.



already a lot of interest in carbon reduction, protecting the forests and reversing climate change. Wendy is also the mother of two boys, Curtis (33) and Nicholas (31), and is a very proud grandmother of 2 grandsons.

**Dr. Catherine Key:** Over the past year Dr Key has worked full time on the development of the Carbon Offset Program and worked as a consultant to WTT for a year prior to that developing the business model.

Dr Key has Dr. Key has been the source-person in creating the World Tree Carbon Offset Program, responsible for the creation of the business structure, legal framework, marketing and presentation materials. Dr Key works in direct partnership with Wendy Burton and oversees the farmer support team, management team, investment team, legal counsel and accounting.

With a PhD in Anthropology, specializing in the economics of cooperation, Dr. Key brings a diverse skill-set to the table. She has over 16 years' experience in business development, marketing and sales and has worked with organizations that include Telus, McGill University, Johnson and Johnson, University of Illinois and the University of British Columbia.

Dr. Key started her professional life as a lecturer in Anthropology at University College London (UCL). Her research was regularly published and she was one of the first scientists to visit South Africa at the end of Apartheid in 1992. During her ten years at UCL she created and pioneered the use of online educational software. This resulted in her being head-hunted by a Canadian company to help them oversee the roll-out of their multi-million dollar operation.

Dr. Key moved to Canada in 2001 and ended up starting her own, award-winning software business selling an e-commerce platform called "Conference Company". Starting from almost nothing, this grew into a successful company, with a global customer base. Dr. Key was highly involved with every level of operations including sales, marketing, customer support, budgeting and relationship building.

In 2013 Dr Key sold her software business and over the last 2 years she has been an advisor to companies committed to making a significant environmental, community and financial impact. Under her guidance and leadership, the Company created the Carbon Offset Program.

Dr. Key has a declared commitment to making a real difference for people and the planet. For the last seven years she has led programs for one of the largest organizations in the personal and professional development industry.

**Angela Nauta:** has worked with WTT since 2006 and has been working full time on the development of the Carbon Offset program for the last two years. She has presented the program to audiences across Canada and has formed strong relationships with Exempt Market Detailers.

For many years her accountability was to support and educate farmers on the growth of ES Trees. She has worked with hundreds of farmers in locations all over the world from

Africa to Costa Rica. She advised on the best conditions for growing the trees, how to get the best results and what corrective actions to take in the face of issues.

She has provided education, knowledge and training to other staff members and excels in sales, conscientious customer service and support. Angela's flexibility has allowed her the versatility of supporting several departments from client communications, shareholder conversations, head office support, farmer support sales and more. Like Wendy, she also worked for Global Tree in 1994-96.

Mrs Nauta has a broad background of experience in sales, finances, customer support and coaching. Outside of World Tree, she is a financial advisor and coach with an expertise in exempt markets and real estate investing. Angela has also served as an Ambassador for the Fast Track Group of companies in the Tax Strategy Department – affiliates of Robert Kiyosaki and the 'Rich Dad Poor Dad' model of entrepreneurs.

Angela is a Certified Clinical Therapist / Hypnotherapist and between 1991 and 2009 contracted her services as a conflict resolutions support worker, mediator, consultant and care giver of over 50 children with the Ministry for Children & Families and Ministry of Mental Health.

Angela was a designated Company at a First Nations Resort - Tsa Kwa Luten, on a remote Island in British Columbia from 1998 – 1999, while their tribal chief was out of office and re-elected. She acted as Company in health food stores, Naturally Gourmet and Island Naturals, project coordinator for several government subsidized programs with the Nanaimo Men's Resource Centre, from 2005-2008, and has created a wealth of hands on experience. From 1995 – 2000, Angela held many positions with North Island Advocacy Coalition Society, currently operating as JADE, a non-profit organization, as a Board of Directors Member, Treasurer, Chairman and Office Company.

As a professional life and relationship coach, Mrs. Nauta has continued her personal training and development through Landmark Education and has been assisting in this global organization since 1994. Angela has completed the Curriculum for Living and has participated in over eight of its live graduate seminars.

Angela resides in Nanaimo, British Columbia Canada with her husband Robert. She has four grown children, two of which are her step-sons and a large extended family. Being a mother is awesome for Angela and being the Nana of three beautiful granddaughters has been awesome and amazing.

**Leslie Bolton:** has over 30 years' experience in design, marketing, communications and technology. He has been responsible for all of WTT marketing for the last two years including the website, brochures, grower's guides and promotional materials.

With a track record that spans over four decades, Leslie began his career as a typographic designer working for some of the world's top advertising agencies in London, England. For over 10 years he worked on World Series accounts including Rolex, Remy Martin, General Motors, Time-Life Books and Readers Digest.

In 1981 he moved to the United States where he served as Creative Director for the SYDA Foundation, an international organization that promotes the benefits of meditation and mindfulness. During his tenure at SYDA he was responsible for the early adoption of

desktop publishing and the transition of their magazine production from outsourced to in-house, a bold move that reduced production costs by over 50%.

In 1993 Leslie founded his first company, Bolton Associates, where he created a direct-to-digital manuscript processing system for the State University of New York Press. SUNY Press was the first University Press in the United States to adopt this approach, cutting publishing costs by over 30%.

During that time he also began working on the newly created World Wide Web and became one of the first professional website developers in the world.

Returning to London in 1997, he founded Eyecue Solutions. In association with the Royal London Society for the Blind, Eyecue created 'Vita' the world's first online teaching and learning system that was fully accessible to the blind. In 2000, Vita won the prestigious National Information Society Millennium Award for Excellence in Design, presented at the House of Lords in London. The Vita project and another online learning project with University College London brought Les to the attention of Canadian company, Education Online. They hired Leslie and his partner Dr. Cathy Key to consult for them, resulting in a move to Canada in 2001.

Since 2001, Leslie has been helped to found and create several online software companies. He developed an online application called 'Conference Company' that is used by universities to manage academic conferences. He was the interface designer and creative director for MyArtChannel where, together with a team of 25 developers, he created a social platform for artists to share and sell their work. After these decades of experience in building and marketing companies, in 2013 Leslie formed Melting Point Media. This company provides business and marketing consulting to green businesses. It was in this context that he was introduced to World Tree and collaborated in the creation of the COP. He was so convinced by the merits of the program that he has become a permanent member of the World Tree team.

## **Alex Jay**

Alex Jay is a professional Forester and Resource Economist with over 30 years' experience in natural resource management in a wide range of Australian and tropical environments. He has extensive international experience in Empress Splendor plantation projects and has grown large scale plantations all the way from tissue cultures to timber.

For the last 12 months Alex has been consulting for WTT, visiting farmers in Canada, USA and Costa Rica, preparing grower's guides and training the team.

Alex has worked as research forester and university lecturer, and has undertaken projects for a diverse range of clients including state and local government, corporate land-companies and private farmers.

Alex manages the farmer support team (which includes Nick, Kara and our Costa Rican representative Mariana) and is responsible for selecting plantation sites and working with the farmers to make sure they have everything they need to be successful. Alex visits every farmer during the planting season for hands-on training and support.

### **3.3 Penalties, Sanctions and Bankruptcy**

Neither the Issuer nor the Company nor their directors, officers or voting shareholders have within the 10 year period before the date of this Offering Memorandum been subject to any penalties or sanctions or any cease trade order that has been in effect for a period of more than 30 consecutive days imposed by a court, mortgage regulatory authority, real estate regulatory authority or securities regulatory authority relating to the sale, lease, promotion, or management of mortgages, real estate or securities, or to theft or fraud, except as set out below.

Neither the Issuer nor the Company nor their directors, officers or voting shareholders have within the ten years before the date of this Offering Memorandum been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver Company or trustee appointed to hold the assets of that person.

No director, officer or shareholder has within the ten years prior to the date of this Offering Memorandum been a partner, director, officer or principal holder of any other Issuer that, while that person was acting in that capacity:

1. was subject to any penalties or sanctions imposed by a court, mortgage regulatory authority, real estate regulatory authority or securities regulatory authority relating to the sale, lease, promotion, or management of mortgages, real estate or securities or to theft or fraud; or
2. was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver Company or trustee appointed to hold its assets.

The Issuer has no related party loans.

## ITEM 4: CAPITAL STRUCTURE

### 4.1 Share Capital

The following table sets out information about the Issuer's outstanding securities, including options, warrants and other securities convertible into Shares.

Description of Security	Number authorized to be issued	Number outstanding as at January 1, 2017	Number outstanding after minimum offering	Number outstanding after maximum offering
Common Voting Shares	unlimited	100	100	100
COP Preferred Shares	unlimited	0	0	5,000,000
COP 2016	1,000,000	0	0	1,000,000
COP 2016 (WT) <sup>1</sup>	1,000,000	0	0	1,000,000
COP 2017	4,000,000	0	0	4,000,000
COP 2017 (WT) <sup>1</sup>	4,000,000	0	0	4,000,000
Options	N/A	Nil	N/A	Nil
Warrants	N/A	Nil	N/A	Nil

<sup>1</sup>Note that the COP 2016 WT and COP 2017 WT shares will be held by World Tree Technologies Canada Inc.

### 4.2 Short Term Debt

The directors acting in the best interests of the Company may take out short term loans in anticipation of having proceeds to repay such loans.

### 4.3 Long-Term Debt

The Issuer does not have any long-term debt.

### 4.4 Prior Sales

Within the last twelve (12) months the Issuer has issued the following securities at \$0.10 per share (no securities were issued for other than cash):

Date of Issuance	Type of Shares Issued	Number of Shares Issued	Price per Share	Total funds received
December 20, 2016	Common Voting	100	\$0.10	\$10.00

## ITEM 5: SECURITIES OFFERED

### 5.1 Terms of Securities

A description of the material terms of the securities being offered include:

- (a) **Identifying Name:** the securities being offered are COP Preferred shares of the Issuer, issued in series with each series associated with a defined anticipated investment period, as follows:

Identifying Name of Share Series	Investment Period
COP 2016	10-year investment
COP 2017	10-year investment

- (b) Subscribers of the World Tree COP 2016 Limited Partnership (see section 2.1 above) are being given the right to exchange their subscription for partnership units to COP 2016 Shares of the Company.

- (c) The following is a summary of the COP 2016 and COP 2017 Preferred Shares:

The number of COP 2016 Preferred shares of the Company in the first series of COP Preferred shares which the Company is authorized to issue shall be limited to 1,000,000 shares to be issued at \$0.65 per share; 4,000,000 COP 2017 Preferred Shares are authorized to be issued at \$1.00 per share.

The name by which the shares of the said first series of COP Preferred shares shall be identified shall be COP 2016 Redeemable Preferred Shares (each referred to as a “COP 2016 Preferred Share”); the second series shall be identified as COP 2017 Redeemable Preferred Shares.

For each COP 2016 Preferred Share issued, an additional COP 2016 (WT) Share shall be issued to World Tree Canada Inc. for nominal consideration. The COP 2016(WT) shares shall share equally with the COP 2016 Preferred Share in all distributions regardless of the different subscription price paid for the shares. The same applies to COP 2017 Preferred Shares.

The directors shall have the authority to declare a dividend from time to time.

A holder (the “Holder”) of Series COP 2016 Preferred Shares or Series COP 2017 wishing to redeem the whole or any part of his or her shares prior to maturity may deliver a notice of such desire (the “ Early Redemption Notice”) to the Company at any time on

compassionate grounds such as death or disability of the Shareholder. An Early Redemption Notice must be in writing and delivered to the Company's Victoria office stating the compassionate ground on which the Early Redemption request is being made.

An Early Redemption Notice shall be considered to be received on the date that the Company has, to the satisfaction of the directors, received the notice and further documents or evidence the directors may reasonably require with respect to the identity, capacity or facts pertaining to the notice. The directors of the Company shall consider each Early Redemption Notice on a case by case basis considering the circumstances, the number of other redemption requests and the overall financial position of the Company and determine the number of shares to be redeemed, the proposed redemption price and the date of redemption. The redemption price for Series COP 2016 Preferred Shares or COP 2017 Preferred share shall not exceed the issue price per share. If any shares which are the subject of an Early Redemption Notice are not redeemed due to redemption limits or for any reason, the previous redemption notice expires and is deemed to be of no force and effect with respect to any such shares not redeemed. The Holder will be required to submit a new Early Redemption Notice in respect of such shares.

COP 2016 Preferred Shares and COP 2017 Preferred Shares will be redeemed by the Company at the Redemption Price (the "Harvest Redemption") as described below. The Company intends to acquire ES Startlings with a portion of the proceeds of each 2016 COP Preferred Share and 2017 COP Preferred Share, respectively, and engage on a contract basis farmers located in select agricultural zones in North America, South America and Australia to plant, manage and care for the ES Startlings to the point where the resulting ES Trees can be harvested and sold as lumber by the Company. It is anticipated this will occur within approximately 7 – 10 years of the planting of the ES Startlings. Recognizing that the Company may not have other sources of revenue until harvest, a portion of the proceeds of each 2016 COP Preferred Share and 2017 COP Preferred Share, respectively, to be determined by the directors at the time of issuance will be held as a reserve to cover ongoing operating costs of the Company over the anticipated 7 – 10 year period from planting until a harvest occurs and to cover other miscellaneous Company expenses. It is intended that overall Company administration costs will be shared by all series of COP Preferred Shares but only direct expenses and proceeds from the crop of trees planted and harvested from the proceeds of the 2016 COP Preferred Share and 2017 COP Preferred Share, respectively, will be applicable to the calculation of the Redemption Amount of the 2016 COP Preferred Share and 2017 COP Preferred Share. Monetization of any potential carbon credits or similar carbon offset assets will be share pro rata by all series of Preferred Shares.

ES Startlings acquired with the proceeds of 2016 COP Preferred Shares and 2017 COP Preferred Shares, respectively, are expected to be harvested within 7 to 10 years from planting. The profits, if any, from the harvest of the ES Trees will be distributed 50% to the farmers and 50% to the Company (the "2016 COP Preferred Share Interest" and 2016 COP Preferred Share Interest as the case may be). The Company will then redeem the 2016 and 2016 (WT) shares, on a pro rata basis when the 2016 COP Preferred Share Interest has been recovered combined with any other revenue of the Company such as carbon credits and offset by any reserve shortfalls to cover Company operating costs

allocable to the 2016 COP Preferred Shares or payment of Early Redemption Amounts in respect of 2016 COP Preferred Shares. The intention is that the 2016 and 2016 (WT) shares be redeemed no later than the end of December 31, 2028. Subsequently the Company will redeem the 2017 and 2017 (WT) shares in the same manner.

## 5.2 Subscription Procedure

Persons wishing to subscribe for Shares under this Offering may do so by completing the following three steps:

- (a) **Subscription Forms** – Investors must complete the appropriate Subscription Agreement for their respective jurisdiction.
- (b) **Transmittal Letter** – Investors in the World Tree COP Limited Partnership wishing to exchange their partnership units for 2016 COP Preferred Shares must complete the attached Transmittal Letter. (see section 2.1 and 5.1)
- (c) **Method for Payment** – A cheque or bank draft made payable to the Issuer in an amount equal to the subscription price multiplied by the number of Shares being subscribed.
- (d) **Submitting Subscriptions** – Investors may deliver the completed subscription form and payment to the Issuer by mail or in person to: the Company at 1321 Blanshard Street, Suite 301.
- (d) **Two Day Hold Period** – An investor's subscription funds will be held until midnight on the second (2<sup>nd</sup>) business day after the investor signs the Subscription Agreement.
- (e) **Acceptance of Subscriptions and Closings** – Subscriptions may be accepted by the Issuer, subject to the terms and conditions of the Subscription Agreement signed by the investor. Subscriptions will be received subject to prior sale and subject to rejection or allotment, in whole or in part, by the Issuer prior to any closing.

Subscriptions may be accepted or rejected by the Issuer in its sole discretion. The Issuer is not obligated to accept any subscription nor to accept subscriptions in the order the Issuer receives them. If the Issuer rejects a subscription, the subscription funds received will be returned to the Investor, without interest or deduction, along with notification of the rejection.

**This Offering is not subject to any minimum subscription level, and there are no conditions of closing; therefore any funds received from an Investor are available to the Issuer and need not be refunded to the Investor. Closings will take place periodically at the Issuer's discretion.**



This Offering may be terminated at the sole discretion of the Issuer. For example, the Issuer might choose to terminate the Offering upon the occurrence of events such as any material adverse change in the business, personnel or financial condition of the Issue. If this Offering is terminated for any reason, the Subscription Agreements and cash funds received by the Issuer prior to the termination will be returned to Investors without interest or deduction as if the Investors' subscriptions had been rejected (whether or not the subscription[s] had previously been accepted by the Issuer).

A prospective Investor will become a shareholder upon execution of a Subscription Agreement, acceptance of the Subscription Agreement by the Issuer, payment of the subscription price, and entry of the Investor's name in the register of members of the Issuer as a shareholder.

- (f) **Investor Qualifications** – Investor qualifications differ between residents of British Columbia, New Brunswick, Nova Scotia, Newfoundland and Labrador and residents of Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec and Saskatchewan.

In British Columbia, New Brunswick, Nova Scotia, Newfoundland and Labrador, an investor may purchase Shares if, before or at the time the investor signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum and signs the Risk Acknowledgment form, and delivers it to the Issuer.

In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec and Saskatchewan, an investor may purchase Shares if the investor meets the requirements set out above for British Columbia residents, plus the investor either (i) is an "eligible investor"; or (ii) is acquiring Shares with an aggregate cost of not more than \$10,000. An eligible investor includes:

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

In Ontario, an investor may purchase Shares if the investor is an “accredited investor” and purchases the Shares as principal. An accredited investor includes:

- (i) an individual who beneficially owns, or who together with a spouse beneficially own, financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000 of net investable assets;
- (ii) any individual whose net income before taxes exceeded \$200,000 in each of the two (2) most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of those years, and who, in either case, has a reasonable expectation of exceeding the same net income level in the current calendar year;
- (iii) a company, limited partnership, limited liability partnership, trust or estate, other than a mutual fund or non-redeemable investment fund, that had net assets of at least \$5,000,000 as reflected in its most recently prepared financial statements; or
- (iv) a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, are persons or companies that are accredited investors.

## ITEM 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

### 6.1 Independent Tax Advice

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

**No application has been made for an advance income tax ruling with respect to the investment described in this Offering Memorandum, nor is it intended that any application be made.**

### 6.2 Summary of the Principal Federal Income Tax Consequences

The Issuer has prepared the following commentary which it believes is a fair and adequate summary of the principal federal income tax consequences arising under the Tax Act to an Investor who is an individual resident in Canada who acquires Shares under this Offering Memorandum.

The income tax consequences will not be the same for all Investors, but may vary depending on a number of factors including the province or provinces in which the Investor resides or carries on business, whether Shares acquired by him will be characterized as capital property, and the amount his taxable income would be but for his participation in this Offering.

**The following discussion of the Canadian income tax consequences is of a general and limited nature only, is not intended to constitute a complete analysis of the income tax consequences, and should not be interpreted as legal or tax advice to any particular Investor. This summary does not address provincial or territorial laws of Canada or any tax laws of any jurisdiction outside of Canada. Each prospective Investor should obtain advice from the Investor's own independent tax advisor as to the federal and provincial income tax consequences of his or her acquisition of Shares, as such consequences can vary depending upon the particular circumstances of each Investor.**

This summary is based on the Issuer's understanding of the current provisions of the Tax Act, the Regulations to the Tax Act, and the current administrative and assessing practices of Canada Revenue Agency, Taxation ("CRA").

This summary outlines the Canadian federal income tax consequences to an Investor based on important facts and assumptions as set out by the Issuer in the Offering Memorandum and particularly on additional facts and assumptions as follows:

- (a) Investors are, and will not cease to be, individuals resident in Canada;
- (b) Investors acquire Shares pursuant to this Offering Memorandum and hold the Shares as capital property;

- (c) Investors hold Shares for the purpose of earning income and have a reasonable expectation of earning a profit from holding the Shares; and
- (d) The Issuer will qualify at all material times as a public company for the purposes of the Tax Act.

It is incumbent upon prospective Investors to fully investigate and substantiate the expectations above and, with respect to the assumption stated in (c) above, it is incumbent on an Investor to investigate and substantiate the investor's expectation of earning a profit from holding Shares, having regard to his expected financing costs and any projections the investors may wish to obtain from the Issuer.

There is no assurance that the Tax Act and related Regulations will not be amended in a manner that fundamentally alters the income tax consequences to Investors who acquire or dispose of Shares. This summary does not take into account any changes in law, whether by way of legislative or judicial action.

There has been no application for an Advance Income Tax Ruling from CRA on any aspect of the transactions proposed in the Offering Memorandum, nor is it intended that such an application will be made. No opinion from the Issuer's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all encompassing and should not be construed as specific advice to any particular Investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences a decision to purchase the Shares offered should be based on the merits of the investment as such and on an Investor's ability to bear any loss that may be incurred.

**EACH PROSPECTIVE INVESTOR IS ADVISED TO SEEK INDEPENDENT ADVICE IN RESPECT OF THE INCOME TAX CONSEQUENCES OF HIS PARTICIPATION IN THE ISSUER, TAKING INTO ACCOUNT HIS OWN PARTICULAR CIRCUMSTANCES.**

**(i) Taxation on Redemption –**

Based on current law (which might change in 7 – 10 years at the time of anticipated redemption) of COP Preferred Shares held outside of a registered plan the net after tax profit distributed by the Company in excess of the subscription price will be treated as a taxable dividend which will be taxed at progressive rates based on the shareholder's other income with an offsetting credit for tax paid by the Company.

**(ii) Eligibility for Investment by Registered Plans**

The 2016 COP Shares and 2017 COP Shares will be qualified investments under the Tax Act for RRSPs RRIFs or TFSA's so long as: (1) the Issuer has at least 150 shareholders before its first T2 tax return is due, and (2) the Issuer elects in its first tax return to be treated as a public company under the Income Tax Act since its inception.

However, the holder of a TFSA, or the annuitant of a RRSP or a RRIF (an Exempt Plan), which holds shares will be subject to a penalty tax if the holder or the annuitant, as the case may be, does not deal at arm's length with the Issuer for the purposes of the Tax Act or if the holder or the annuitant, as the case may be, has a significant interest, within the meaning of the Tax Act, in the Issuer or in a corporation, partnership or trust with which the Issuer does not deal at arm's length for the purposes of the Tax Act. Shareholders are advised to consult their own advisors in this regard.

If an Exempt Plan receives promissory notes as a result of a redemption of shares, such promissory notes may not be qualified investments for the Exempt Plan. Accordingly, Exempt Plans that own shares should consult their own tax advisors before deciding to exercise their redemption rights.

If the Issuer ceases to qualify as a public company for purposes of the Income Tax Act, the shares may cease to be a qualified investment for Exempt Plans, and may result in significant adverse tax consequences to the Exempt Plan and/or to the holder or annuitant, as the case may be, of a TFSA, RRSP or RRIF if the shares are not exchanged for other eligible assets.

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

### **7.1 Type and Estimated Amount of Compensation**

The Shares will be sold by the Issuer on a best effort basis or by Agents authorized by the Issuer. In its discretion the Issuer may pay commissions to persons or companies selling Shares. None of the officers, directors, and employees of the Issuer receives a commission in respect of any Shares sold by them. Such commission may be paid in cash immediately upon the Issuer accepting the particular subscription, or paid over time. If the Offering is fully subscribed and the Issuer pays the maximum possible commission, the Issuer will pay \$ 465,000 in commissions.

The Issuer may enter into exclusive or nonexclusive agency agreements with agents under which the agents offer the Shares for sale to investors on a best efforts basis, and the Issuer would be responsible for payment of the agents' commissions. As of the date of this Offering Memorandum no such agreements have been entered into.

### **7.2 Percentage of Gross Proceeds**

The Issuer may pay a maximum of 10.0% of the Offering's gross proceeds in commissions.

## **ITEM 8: RISK FACTORS**

This is a speculative Offering. The purchase of Shares involves a number of risk factors and is suitable only for Investors who are aware of the risks inherent in the financial industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on an Investor's investment.

The Issuer advises that prospective Investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

**There is no established market for the shares of the Company and none is expected to develop. Therefore, it may be difficult or impossible for a Subscriber to sell any of such securities. The Subscription Price per share was determined arbitrarily by the Company. The Offering should be considered highly speculative due to the proposed nature of the Company's business and the fact that the Company was only recently formed and has a limited history of business operations.**

In addition to the factors set forth elsewhere in this Offering Memorandum, prospective Investors should consider the following risks before purchasing Shares. Any or all of these risks or other as yet unidentified risks may have a material adverse effect on the Issuer's business and/or the return to the Investors.

### **8.1 Investment Risk**

#### **No Regulatory Review**

Shareholders under this Offering will not have the benefit of a review of this Disclosure Document by any regulatory authorities.

#### **Highly Speculative**

The purchase of shares is highly speculative. A potential Subscriber should buy them only if it is able to bear the risk of the entire loss of its investment and has no need for immediate liquidity. An investment in the shares should not constitute a major portion of a Subscriber's investment portfolio.

#### **Lack of Marketability of Shares**

There is currently no market through which the shares may be sold and purchasers may not be able to resell shares purchased. Further, the Company does not currently intend to make, or arrange for the creation of, a market for the purposes of trading the shares

and does not currently intend to seek a listing of the shares on a stock exchange or similar trading market.

Holders of shares may not be able to liquidate their investment on a timely basis and shares may not be readily accepted as collateral for a loan. (see section 5.2) Investment should only be considered by those investors who are able to make a long-term investment and bear the economic risk of a complete loss of the investment.

## **8.2 Issuer Risk**

### **Reliance on Ability and Judgment of Management**

The success of the Company will, to a large extent, depend on the good faith, experience, ability and judgment of management of the management team, and their consultants and advisors to make appropriate decisions with respect to the operations of the Company. If the Company loses the services of one or more of its directors, officers, consultants or advisors, the business, financial condition and results of operations of the Company may be materially adversely affected. Holders of shares will have no right to take part in the control or management of the Company and the Company will be bound by the decisions of the Directors. Thus, investors must rely on the good faith, experience, ability and judgment of management of the management team, and this investment would not be appropriate for those unwilling to do so.

### **Limited Voting Rights**

Holders of shares will have no right to vote on any matters affecting the business of the Company. Exclusive authority and responsibility for controlling and managing the Company rests with the Directors and those persons, consultants and advisors retained on behalf of the Company. Accordingly, investors should appreciate that they will be relying on the good faith, experience, expertise and ability of the directors and other parties for the success of the business of the Company.

### **Limit on Amount Available to Repay Units**

Revenues from the acquisition and development of the Lands and Project may not achieve a level of profitability to permit distributions of distributable cash to the shareholders. Investors should not be relying on any returns from the shares.

### **Tax Matters**

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 Company or fundamentally alter the income tax consequences to holders of Shares with respect to acquiring, holding or disposing of Shares. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Shares.



## **Net Worth of the Company**

The Company has only nominal capitalization and no assets except as disclosed in the financial statements as set out in this Disclosure Document. As a result, recourse against the Company for any reason may be limited.

## **Distributions**

There are many factors that will affect the operations and financial performance of the Company and therefore the ability of the Company to make distributions (and the timing of the commencement of any distributions and actual amounts distributed, if any), including working capital requirements of the Company. The Company has complete discretion with respect to the amount and timing of distributions, if any. The recovery of a shareholder's initial investment is at risk and the anticipated return on such investment is based on many performance assumptions described in this offering memorandum.

## **Deployment of ES Startlings**

A return for Shareholders on their investment in the Company is dependent on the Company being able to arrange Crop Contracting Contracts with Farmers to plant the ES Startlings. In the event the Company fails to have all the ES Startlings acquired by the Company planted, there will be an adverse effect upon the Shareholders' return on investment in the Company.

## **Farmers Care of the ES Trees**

The Farmers contracted by the Company must properly care for the ES Trees from their planting as Startlings through their growth cycle to maturity. Farmers must properly water, prune and care for the ES Trees. Failure to do so could result in some or all of a Farmer's ES Trees either dying or failing to mature to expected height and diameter, thereby reducing the amount of ES Lumber that may be harvested from a Farmer's ES Trees.

## **Monitoring of Farmers**

The Company will not be continuously on the Farmer's land monitoring their activities during the growth cycle of the ES Trees. Should a Farmer fail to properly care for its ES Trees or default under the terms of its Crop Contracting Agreement, by the time the Company learns of such circumstances it may be too late for the Company to take corrective steps or instruct the Farmer to take corrective steps to save the Farmer's crop of ES Trees.

## **Default by Farmer**

If a Farmer defaults under the terms of a Farm Contracting Agreement the Company may be unable to obtain access to that Farmer's Trees to care for them or harvest them.

## **Reliance on Company**

Prospective Shareholders in assessing the risks and rewards of this investment should appreciate that they will, in large part, be relying on the good faith and expertise of Wendy Burton and the officers and directors of the Company. In particular, prospective Shareholders will have to rely on the discretion and ability of the Company in determining the choosing the Farmers to grow the ES Trees, to monitor and supervise the Farmers in the growing of the ES Trees and to create a market for the ES Lumber. The Company does not currently maintain key person life insurance for Wendy Burton. The Company is planning to obtain some insurance in the future. If the Company loses the services of Wendy Burton, the business, financial condition and results of operations of the Company may be materially adversely affected.

## **8.3 Industry Risk**

### **Natural Disturbances**

The ES Startlings and resulting ES Trees will be subject to natural disturbances such as drought, insects, pests, disease, fire, flood, climate change, soil contamination and excess precipitation. The occurrence of any one or all of these factors with respect to a Farmer's Trees could have an adverse effect on the Shareholder's investment in the Company.

### **No Market for ES Lumber in North America**

A return on a Subscriber's investment in the Company is dependent on the aggregate of board feet of ES Lumber that the Company is able to harvest from its ES Tree crops and the price per board foot for which it can sell its ES Lumber, both of which are subject to numerous external factors beyond the control of the Company and the Company. The market for ES Lumber in North America is unestablished. If the Company is unable to develop the market or if the market does not expand on its own or if the Company is unable to sell to the Asian market, the Company may not be able to sell its ES Lumber for a profit or at all, which may result in a loss of some or all of a Subscriber's investment in the Company.

### **No Guarantee of Carbon Credits**

It is unknown at this time if tree planting under COP will qualify as a carbon credit. Prospective investors should not rely on any returns from carbon credits as part of this offering.

### **World Events**

Events in the global financial markets over the past 9 years have had a profound impact on the global economy. Virtually all economic sectors are impacted by these market conditions. Some of the key impacts of the current market turmoil include: sharp contractions in the credit markets resulting in a widening of credit risk spreads and higher costs of funding; a deterioration in the credit ratings of a number of large financial institutions;

devaluations and high volatility in global equity, commodity, foreign exchange and precious metals markets and a corresponding lack of market liquidity; and a slowdown in economic activity that is affecting major global economies. These events could have a significant impact on the Company's business and its assets and thereby adversely affect the returns of the Shareholders in the Company.

**For all of the above reasons and others set forth herein, investment in the Company involves a certain degree of risk. Any person considering the purchase of shares should be aware of these and other factors set forth in this offering memorandum and should consult with his or her legal, tax and financial advisors prior to making an investment. Shares should only be purchased by persons who can afford to lose all of their investment.**

## **ITEM 9 – REPORTING OBLIGATIONS**

### **9.1 Documents**

The Issuer is not a reporting issuer as that term is defined by applicable securities legislation, nor will it become a reporting issuer following the completion of the Offering. As a result the Issuer will not be subject to the continuous disclosure requirements of such securities legislation.

The Issuer's fiscal year commences December 1 in each year and ends November 30 of each year. The Issuer will prepare audited financial statements for each fiscal year and provide them to Investors upon request, unless waived by the shareholders.

### **9.2 Availability of Information**

Corporate or securities information about the Issuer will be available from the following website addresses:

British Columbia Securities Commission –	<a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a>
Alberta Securities Commission –	<a href="http://www.albertasecurities.com">www.albertasecurities.com</a>
Manitoba Securities Commission –	<a href="http://www.msc.gov.mb.ca">www.msc.gov.mb.ca</a>
Ontario Securities Commission –	<a href="http://www.osc.gov.on.ca">www.osc.gov.on.ca</a>
Saskatchewan Financial Services Commission, Securities Division –	<a href="http://www.sfsc.gov.sk.ca">www.sfsc.gov.sk.ca</a>

## **ITEM 10: RESALE RESTRICTIONS**

### **10.1 General Statement**

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

### **10.2 Restricted Period**

The Issuer is not:

- (a) a reporting issuer in any Canadian province or territory, nor
- (b) a SEDAR filer and a reporting issuer in any Canadian province or territory.

Unless permitted under securities legislation you cannot trade the securities before the date that is four (4) months and a day after the date the Issuer becomes a reporting issuer in any province or territory in Canada.

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

### **10.3 Manitoba Resale Restrictions**

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

- (a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased, and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least twelve (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**

(Purchasers' contractual and statutory rights of action)

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

Securities legislation in certain provinces of Canada provides investors (known as statutory rights), or requires investors to be provided (known as contractual rights) with, in addition to any other rights they may have at law, a remedy for rescission or damages where this Offering Memorandum and any amendment thereto contains a Misrepresentation; however, such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation. As used herein, except where otherwise specifically defined, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made. Purchasers of Units should refer to the applicable provisions of the securities legislation of their provinces for the particulars of these rights or consult with a legal advisor. The contractual rights of action described below will be provided to investors in their subscription agreements.

The following is a summary of the rights of the rescission or damages, or both, available to investors under the securities legislation of the provinces of Canada. Such rights will be expressly conferred upon investors in the Subscription Agreement to be executed by investors in connection with the offering of securities hereunder.

**Two Day Cancellation Right** – You can cancel your agreement to purchase these securities. To do so you must send a notice to the Issuer by midnight on the 2<sup>nd</sup> business day after you sign the agreement to buy the securities.

### **11.1 Statutory Rights of Action in Event of a Misrepresentation**

#### **British Columbia Investors – Statutory Rights of Action in the Event of a Misrepresentation**

If there is a misrepresentation in the Offering Memorandum you have a statutory right to sue (For further information on your statutory rights refer to Section 132.1 of the British Columbia Securities Act):

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against the Issuer, every director of the issuer at the date of the disclosure document, and every person who signed the disclosure document.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and one (1) year after you signed the agreement to purchase the securities.

#### **Alberta Investors – Statutory Rights of Action in the Event of a Misrepresentation**

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

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against the Issuer.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and one (1) year after you signed the agreement to purchase the securities.

#### **Manitoba Investors – Statutory Rights of Action in the Event of a Misrepresentation**

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

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against the Issuer.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three (3) years after you signed the agreement to purchase the securities.

### **Ontario Investors – Statutory Rights of Action in the Event of a Misrepresentation**

If this Offering Memorandum, together with any amendment hereto, 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 in order to make any statement herein not misleading in light of the circumstances in which it was made (referred to herein as a “misrepresentation”), subject to the qualifications set forth below, you have a statutory right of action against the Issuer:

- (a) to cancel your agreement to buy these securities, or
- (b) sue for damages.

This statutory right of action is available to you whether or not you relied on the misrepresentation if such statement or omission was a misrepresentation at the time of your purchase of these securities. However, in an action for damages, the amount that you may recover will not exceed the price that you paid for your securities and will not include all or any part of the damages that the Issuer proves do not represent the depreciation in value of your securities as a result of the misrepresentation. The Issuer has a defense if it proves that you purchased the securities with knowledge of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement to buy the securities within 180 days of the date upon which you entered into such agreement. You must commence your action for damages no later than the earlier of (i) 180 days after you first received knowledge of the facts giving rise to the cause of action; and (ii) three (3) years after the date upon which you entered into the agreement to purchase the securities.

### **Saskatchewan Investors – Statutory Rights of Action in the Event of a Misrepresentation**

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

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against the Issuer.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the securities. You



must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and six (6) years from the date of the Issuer having accepted your subscription to purchase Shares.

## **11.2 Contractual Rights of Action in Event of a Misrepresentation**

### **British Columbia Investors – Contractual Rights of Action in the Event of a Misrepresentation**

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

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Issuer proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Issuer has a defense if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three (3) years after you signed the agreement to purchase the securities.

## **ITEM 12: FINANCIAL STATEMENTS**

### **12.1: Audited Financial Statements – December 30, 2016**

## ITEM 13: CERTIFICATE OF THE ISSUER

Dated the 9<sup>th</sup> day of January, 2017

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

"Wendy S. Burton"  
**Wendy S. Burton**

"Catherine A. Key"  
**Catherine A. Key**

"Angela Nauta"  
**Angela Nauta**

"Leslie Bolton"  
**Leslie Bolton**

## **SUBSCRIPTION AGREEMENT**

**TO: World Tree COP Inc. (“the Issuer”)**

The undersigned hereby subscribes for [    ] 2016 COP Preferred shares of the Issuer at a price of \$0.65 per Share for the total Subscription Price of \$\_\_\_\_\_ on the terms and conditions as described in the Issuer’s Offering Memorandum dated January 9, 2017 receipt of a copy of which is hereby acknowledged. All capitalized terms herein shall have the same meanings as in the Offering Memorandum.

In consideration of the Issuer’s acceptance of this subscription, the undersigned hereby irrevocably agrees and promises to pay the Subscription Price for the Shares to the Issuer in full by cheque, bank draft, wire transfer or money order at the time of subscription.

The undersigned agrees that participation in the Offering is subject to the acceptance of this subscription by the Issuer and to certain other conditions set forth in the Offering Document. The undersigned acknowledges that this subscription is given for valuable consideration and is irrevocable.

**The undersigned represents and declares that:**

- (a) If an individual, he has attained the age of majority and has the legal capacity and competence to execute this subscription agreement and to take all actions required pursuant hereto;
- (b) If a corporation or body corporate, it has the legal capacity and competence to execute this subscription agreement and to take all actions required pursuant hereto and all necessary approvals by its directors, shareholders and members, or otherwise, have been given to authorize it to execute this subscription form and to take all actions required pursuant hereto;
- (c) He or it has received the Offering Document before executing this subscription;
- (d) As an individual, corporation, or partnership (wherein each partner so represents and declares) he or it confirms to the Issuer that he or it:
  - i. has received, read, understood and executed Form 45 Risk Acknowledgement attached as a schedule to the Offering Document and confirms the making and validity of all the statements, representations, and acknowledgements made by he or it therein;
- (e) As an individual, corporation, or partnership (wherein each partner so represents and declares) he or it:

- i. Did not receive any advice from the Issuer, or the Portal, or any of its agents, regarding the merits of an investment in the Shares of the Issuer;

**The Issuer warrants and represents that:**

- (a) It is a valid and subsisting corporation duly incorporated and in good standing under the laws of the jurisdiction in which it is incorporated, continued or amalgamated;
- (b) It is duly registered and licensed to carry on business in the jurisdictions in which it carries on business or owns property;
- (c) Except for Shares which have been sold since the date of the Offering Document, the issued and outstanding capital of the Issuer is as disclosed in the Offering Document;
- (d) The Issuer will apply the proceeds of this Subscription in the manner described in the Offering Document;
- (e) The warranties and representations in this section are true and will remain so as of the conclusion of the Subscription; and
- (e) In the event that this subscription is not accepted by the Issuer, this subscription and all accompanying materials will be returned to the undersigned within 10 days of such non- acceptance.

**Purchaser's Rights:**

The terms described in "Purchaser's Rights" of the Offering Document are incorporated in this subscription agreement and such contractual rights of action are in addition to and not in derogation from any other right or remedy available to the Subscriber.

Dated at \_\_\_\_\_, British Columbia this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

(Signature of Subscriber and, if applicable, Office)

(Please Print Name of Subscriber)

(Social Insurance Number of Subscriber)

(Address of Subscriber)

(Home phone/fax num-

bers) (Work phone/fax

numbers)

E-mail address

The Issuer hereby acknowledges receipt of the Subscription Price, and hereby accepts this subscription this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

World Tree COP Inc.

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

## **SUBSCRIPTION AGREEMENT**

**TO: World Tree COP Inc. (“the Issuer”)**

The undersigned hereby subscribes for [     ] 2017 COP Preferred shares of the Issuer at a price of \$1.00 per Share for the total Subscription Price of \$\_\_\_\_\_ on the terms and conditions as described in the Issuer’s Offering Memorandum dated January 9, 2017 receipt of a copy of which is hereby acknowledged. All capitalized terms herein shall have the same meanings as in the Offering Memorandum.

In consideration of the Issuer’s acceptance of this subscription, the undersigned hereby irrevocably agrees and promises to pay the Subscription Price for the Shares to the Issuer in full by cheque, bank draft, wire transfer or money order at the time of subscription.

The undersigned agrees that participation in the Offering is subject to the acceptance of this subscription by the Issuer and to certain other conditions set forth in the Offering Document. The undersigned acknowledges that this subscription is given for valuable consideration and is irrevocable.

**The undersigned represents and declares that:**

- (a) If an individual, he has attained the age of majority and has the legal capacity and competence to execute this subscription agreement and to take all actions required pursuant hereto;
- (b) If a corporation or body corporate, it has the legal capacity and competence to execute this subscription agreement and to take all actions required pursuant hereto and all necessary approvals by its directors, shareholders and members, or otherwise, have been given to authorize it to execute this subscription form and to take all actions required pursuant hereto;
- (c) He or it has received the Offering Document before executing this subscription;
- (d) As an individual, corporation, or partnership (wherein each partner so represents and declares) he or it confirms to the Issuer that he or it:
  - i. has received, read, understood and executed Form 45 Risk Acknowledgement attached as a schedule to the Offering Document and confirms the making and validity of all the statements, representations, and acknowledgements made by he or it therein;
- (e) As an individual, corporation, or partnership (wherein each partner so represents and declares) he or it:

- i. Did not receive any advice from the Issuer, or the Portal, or any of its agents, regarding the merits of an investment in the Shares of the Issuer;

**The Issuer warrants and represents that:**

- (a) It is a valid and subsisting corporation duly incorporated and in good standing under the laws of the jurisdiction in which it is incorporated, continued or amalgamated;
- (b) It is duly registered and licensed to carry on business in the jurisdictions in which it carries on business or owns property;
- (c) Except for Shares which have been sold since the date of the Offering Document, the issued and outstanding capital of the Issuer is as disclosed in the Offering Document;
- (d) The Issuer will apply the proceeds of this Subscription in the manner described in the Offering Document;
- (e) The warranties and representations in this section are true and will remain so as of the conclusion of the Subscription; and
- (e) In the event that this subscription is not accepted by the Issuer, this subscription and all accompanying materials will be returned to the undersigned within 10 days of such non- acceptance.

**Purchaser's Rights:**

The terms described in "Purchaser's Rights" of the Offering Document are incorporated in this subscription agreement and such contractual rights of action are in addition to and not in derogation from any other right or remedy available to the Subscriber.

Dated at \_\_\_\_\_, British Columbia this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

(Signature of Subscriber and, if applicable, Office)

(Please Print Name of Subscriber)

(Social Insurance Number of Subscriber)

(Address of Subscriber)



(Home phone/fax numbers)

(Work phone/fax numbers)

E-mail address

The Issuer hereby acknowledges receipt of the Subscription Price, and hereby accepts this subscription this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

World Tree COP Inc.

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

## **World Tree COP 2016 Limited Partnership**

Victoria, B.C.

### **LETTER OF TRANSMITTAL FOR Shares of World Tree COP Inc.**

THE OFFER WILL BE OPEN FOR ACCEPTANCE UNTIL  
5:00 P.M. (VICTORIA TIME) AT THE PLACE OF DEPOSIT, ON  
January 31, 2017 UNLESS THE OFFER IS EXTENDED OR WITHDRAWN  
("THE EXPIRY TIME")

This Letter of Transmittal, or a manually signed facsimile or scanned copy hereof, is to be completed by persons who have subscribed for units in the World Tree COP 2016 Limited Partnership

**TO:** **Jawl Bundon LLP**  
**4<sup>th</sup> Floor -1007 Fort Street**  
**Victoria, British Columbia**  
**V8V 3K5**  
**kjohnson@jawlbundon.com**

### **DESCRIPTION OF UNITS TENDERED**

<b>Units(s)</b>	<b>Name(s) and Address(es) of Subscriber(s)</b>	<b>Dollar Amount of Subscription</b>	<b>Number of 2016 COP Pre- ferred Shares</b>
		\$	

The undersigned subscriber of the Units:

1. offers to exchange the Unit subscriptions on the following basis:  
(a) One hundred percent (100%) of the subscription proceeds is hereby offered for sale in exchange for 2016 COP Preferred shares of World Tree COP Inc. on the basis of one 2016 COP Preferred Share at \$0.65/per share for each \$0.65 of subscription proceeds paid to World Tree COP 2016 Limited Partnership ; OR

(b) requests return of 100% of the subscription proceeds for the World Tree COP Limited Partnership without deduction or set-off.

2. acknowledges that this is an exempt transaction and that no securities or other regulatory body has reviewed this transaction and acknowledges receipt of the Offering Memorandum of World Tree COP Inc. dated January 9, 2017.
3. acknowledges that the subscriber has no further rights against World Tree COP Limited Partnership, its general partner or its directors or officers in respect of the subscription for units of World Tree COP 2016 Limited Partnership upon receipt of shares of World Tree COP Limited.
4. irrevocably accepts the Offer, on and subject to its terms and conditions, and deposits, sells, assigns and transfers to World Tree COP Limited as of January 31, 2017 all right, title and interest in the subscription to World Tree COP Limited Partnership.
5. represents and warrants that (a) the undersigned has good title to the Unit subscription free and clear of all liens, restrictions, charges, encumbrances, claims and equities, (b) the undersigned has full power and authority to sell, assign and transfer without restriction the Unit subscription to World Tree COP Limited and (c) World Tree COP Limited will acquire good and unencumbered title of the Unit subscription and any related assets of World Tree COP 2016 Limited Partnership thereto free and clear of all liens, restrictions, charges, encumbrances, claims and equities from the undersigned.
6. instructs the Depositary and World Tree COP Limited, that the appropriate number of 2016 COP Preferred Shares shall be issued and a copy forwarded to the undersigned or alternatively that the Unit subscription proceeds be returned.
7. revokes any and all other authority, whether as agent, attorney-in-fact, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the subscription for Units and agrees no subsequent authority, whether as agent, attorney-in-fact, proxy or otherwise will be granted with respect to the Units subscriptions by or on behalf of the undersigned, unless the Unit subscriptions are not taken up and paid for under the Offer;
8. acknowledges that all authority herein conferred or agreed to be conferred shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned herein shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

**BOX A**

ISSUE NEWCO CERTIFICATES IN THE NAME OF: (please print or type):

Registered owner of Purchased Securities or:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street Address and Number)

\_\_\_\_\_  
(City and Province or State)

\_\_\_\_\_  
(Country and Postal (Zip) Code)

\_\_\_\_\_  
(Telephone - Business)

\_\_\_\_\_  
(Social Insurance Number)

**BOX B**

Return the Unit subscription proceeds to (please print or type):

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street Address and Number)

\_\_\_\_\_  
(City and Province or State)

\_\_\_\_\_  
(Country and Postal (Zip) Code)

\_\_\_\_\_  
(Telephone - Business)

\_\_\_\_\_  
(Social Insurance Number)

Dated: January , 2017

\_\_\_\_\_  
Signature of Unit subscriber (please print or type)

\_\_\_\_\_  
Name of Unit subscriber (please print or type)