

Offering Memorandum

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

Date: January 20, 2017

The Issuer: **CoPower Finance, Inc. (the “Corporation”)**

Address: 4444 Sainte-Catherine Street W., Suite #201
Westmount, Québec H3Z 1R2

Phone #: (514) 600-0270

Email: investors@copower.me

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

Reporting Issuer? No.

SEDAR filer? No.

The Offering

Refer to “Glossary of Terms” for the meanings of capitalized words and phrases that are used but not defined in this summary.

Securities Offered	<p>5-Year 5.0% Unsecured Green Bonds (referred to herein as the “Series A Green Bonds”)</p> <p>5-Year 4.5% Unsecured Green Bonds (referred to herein as the “Series B Green Bonds”)</p> <p>3-Year 3.5% Unsecured Green Bonds (referred to herein as the “Series C Green Bonds”)</p> <p>3-Year 3.0% Unsecured Green Bonds (referred to herein as the “Series D Green Bonds”)</p> <p>5-Year 5.0% Unsecured Compounding Green Bonds (referred to herein as the “Series E Green Bonds”)</p> <p>5-Year 4.5% Unsecured Compounding Green Bonds (referred to herein as the “Series F Green Bonds”)</p> <p>3-Year 3.5% Unsecured Compounding Green Bonds (referred to herein as the “Series G Green Bonds”)</p> <p>3-Year 3.0% Unsecured Compounding Green Bonds (referred to herein as the “Series H Green Bonds”)</p> <p>(collectively, the “Bonds”).</p> <p>Series A Green Bonds, Series C Green Bonds, Series E Green Bonds and Series G Green Bonds are available to investors subscribing with cash proceeds.</p> <p>Series B Green Bonds, Series D Green Bonds, Series F Green Bonds and Series H Green Bonds are available to investors subscribing through Deferred Plans.</p> <p>See Item 5.1 Terms of Securities for details regarding the Bonds.</p>
Price Per Security	\$1,000 per Bond
Minimum Offering	\$250,000 (250 Bonds)
Maximum Offering	\$20,000,000 (20,000 Bonds)
Minimum Subscription Amount Per Subscriber	<p>\$5,000 (5 Bonds)</p> <p>The Corporation may in its sole discretion reduce the minimum subscription amount per Subscriber.</p>
Payment Terms	Payment in full by pre-authorized debit of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement and Pre-Authorized Debit Agreement. Subject to certain restrictions, payment may also be made by wire transfer, certified cheque, electronic funds transfer or bank draft. See Item 5.2 Subscription Procedure.
Proposed Closing Date(s)	Closings will take place periodically at the Corporation’s discretion with the closing of the Minimum Offering to occur on or before March 31, 2017.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.
Purchasers’ Rights	You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers’ Rights.
Resale Restrictions	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions.

Selling Agents	<p>The Corporation has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds. No compensation will be paid for sale of the Bonds affected by CoPower Inc.</p> <p>Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to one percent (1%) of the gross proceeds realized on the sale of Bonds under this Offering to any of, or a combination of, the following parties: unrelated investment dealers, unrelated exempt market dealers and/or their dealing representatives.</p>
Related and Connected Issuer	<p>CoPower Inc., the Manager and a shareholder of the Corporation, is an Exempt Market Dealer. Raphael Bouskila, the sole director and officer of the Corporation, is a director, officer and shareholder of CoPower Inc. As a consequence, CoPower Inc. and the Corporation are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Corporation and CoPower Inc. may lead a reasonable prospective purchaser of the Bonds being offered under this Offering to question the independence of such parties for purposes of the distribution of Bonds to purchasers.</p> <p>Canadian provincial and territorial securities laws requires securities registered firms such as CoPower Inc. and its dealing representatives, when they trade in or advise with respect to securities of certain issuers to which they, or certain parties related to them, are related or connected, such as in this case the Corporation, to do so only in accordance with particular disclosure.</p> <p>Further, these rules require dealers such as CoPower Inc., prior to trading with or advising their clients, to inform clients of the relevant relationships and connections with the issuer of the securities, which in the case of this Offering is the Corporation.</p> <p>Purchasers should refer to the applicable provisions of the relevant securities laws for the particulars of these rules or consult with a legal advisor.</p> <p>Subscribers should note that if they purchase Bonds of the Corporation through CoPower Inc., they will not be purchasing securities from an Exempt Market Dealer that is independent of the Corporation. See Item 7 Compensation Paid to Sellers and Finders.</p>
OM Marketing Materials	<p>All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber are hereby incorporated by reference into this Offering Memorandum.</p>
<p style="text-align: center;">COPOWER FINANCE, INC. COPY</p> <p style="text-align: center;">Please print your name, sign and date below, and submit this page with your Subscription Agreement.</p> <p>Investor Name: _____ Investor Signature: _____ Date: _____</p>	

This Offering is being made to, and subscriptions will only be accepted from, persons resident in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec (provided that, with respect to Québec, the Offering Memorandum is available in both the French and English languages), New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon. This Offering is being made pursuant to certain exemptions contained in National Instrument 45-106 – Prospectus Exemptions (“NI 45-106”).

This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities in any jurisdiction.

No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

Offering Memorandum

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Payment Terms	Payment in full by pre-authorized debit of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement and Pre-Authorized Debit Agreement. Subject to certain restrictions, payment may also be made by wire transfer, certified cheque, electronic funds transfer or bank draft. See Item 5.2 Subscription Procedure.
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Selling Agents	<p>The Corporation has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds. No compensation will be paid for sale of the Bonds affected by CoPower Inc.</p> <p>Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to one percent (1%) of the gross proceeds realized on the sale of Bonds under this Offering to any of, or a combination of, the following parties: unrelated investment dealers, unrelated exempt market dealers and/or their dealing representatives.</p>
Related and Connected Issuer	<p>CoPower Inc., the Manager and a shareholder of the Corporation, is an Exempt Market Dealer. Raphael Bouskila, the sole director and officer of the Corporation, is a director, officer and shareholder of CoPower Inc. As a consequence, CoPower Inc. and the Corporation are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Corporation and CoPower Inc. may lead a reasonable prospective purchaser of the Bonds being offered under this Offering to question the independence of such parties for purposes of the distribution of Bonds to purchasers.</p> <p>Canadian provincial and territorial securities laws requires securities registered firms such as CoPower Inc. and its dealing representatives, when they trade in or advise with respect to securities of certain issuers to which they, or certain parties related to them, are related or connected, such as in this case the Corporation, to do so only in accordance with particular disclosure.</p> <p>Further, these rules require dealers such as CoPower Inc., prior to trading with or advising their clients, to inform clients of the relevant relationships and connections with the issuer of the securities, which in the case of this Offering is the Corporation.</p> <p>Purchasers should refer to the applicable provisions of the relevant securities laws for the particulars of these rules or consult with a legal advisor.</p> <p>Subscribers should note that if they purchase Bonds of the Corporation through CoPower Inc., they will not be purchasing securities from an Exempt Market Dealer that is independent of the Corporation. See Item 7 Compensation Paid to Sellers and Finders.</p>
OM Marketing Materials	<p>All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber are hereby incorporated by reference into this Offering Memorandum.</p>
<p>INVESTOR COPY – Please retain this complete copy of the Offering Memorandum for your records.</p>	

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No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

GLOSSARY OF TERMS

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

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

“Assigned Interest” means the interest in the Borrower Corp. Loan acquired by the Corporation from CoPower Warehouse pursuant to the terms of an assignment agreement (**“Assignment Agreement”**) between the Corporation and CoPower Warehouse to be entered into upon the Corporation raising the Minimum Offering under this Offering.

“Assignment of Loan” means the assignment of a Borrower’s Loan from CoPower Warehouse to the Corporation.

“August Credit Agreement” means the agreement dated August 24, 2016 between Borrower Corp., CoPower Holdings Inc., CoPower Fund and CoPower Warehouse. **See Item 2.8.4 August Credit Agreement.**

“BCA” means the *Business Corporations Act* (Québec), chapter S-31.1.

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

“Bonds” means collectively the Series A Green Bonds, Series B Green Bonds, Series C Green Bonds, Series D Green Bonds, Series E Green Bonds, Series F Green Bonds, Series G Green Bonds and Series H Green Bonds issued by the Corporation pursuant to this Offering Memorandum.

“Borrower Corp.” means an unrelated private corporation incorporated under the laws of the Province of Ontario as further described in Item 2.3 herein.

“Borrower Corp. Loan” means the loans advanced by CoPower Warehouse and CoPower Fund, to Borrower Corp. pursuant to Credit Agreements dated August 24, 2016 and December 15, 2016.

“Borrowers” means unrelated third parties with a past history in the successful development of Clean Energy Projects to whom the Corporation provides Loans.

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

“Class A Shares” means the Class A Preferred shares of the Corporation.

“Class B Shares” means the Class B Common shares of the Corporation.

“Clean Energy Projects” or **“Projects”** means operational-producing and/or power saving energy projects located in North America that generate income from the generation of clean energy or that receive income from providing energy efficiency services.

“CoPower Fund” means CoPower Fund II, L.P., a limited partnership established under the laws of the Province of Québec pursuant to a partnership agreement dated March 26, 2015 between the Manager, as general partner, and Raphael Bouskila, as initial limited partner. Raphael Bouskila is the sole director and officer of the Corporation and a director, officer and shareholder of the Manager.

“CoPower Warehouse” means CoPower Warehouse L.P., a limited partnership established under the laws of the Province of Québec pursuant to a partnership agreement dated November 27, 2015 between CoPower Management II, LP, as general partner and Raphael Bouskila, as initial limited partner. Raphael Bouskila is the sole director and officer of the Corporation and a director, officer and shareholder of the Manager. The Manager is a limited partner of CoPower Warehouse.

“CRA” means Canada Revenue Agency.

“Credit Agreements” means collectively the August Credit Agreement and the December Credit Agreement. **See Items 2.8.4 August Credit Agreement and 2.8.5 - December Credit Agreement.**

“December Credit Agreement” means the agreement dated December 15, 2016 between Borrower Corp., CoPower Holdings Inc., CoPower Fund and CoPower Warehouse. **See Item 2.8.5 – December Credit Agreement.**

“Deferred Plan” means any one of or collectively a RRSP, RRIF, RESP and a TFSA.

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

“EE” means Exempt Experts Inc., a company related to Target by common officers and directors. The CEO of Target owns 100% of the issued and outstanding shares in EE.

“Exempt Market Dealer” means a person or company registered in the category of exempt market dealer pursuant to Canadian Securities Administrators National Instrument 31-103.

“GAAP” means, at any time, accounting principles generally accepted in Canada, including those set out in the Handbook of the Chartered Professional Accountants - Canada.

“Loans” means a loan made by the Corporation to a Borrower directly or Loans that the Corporation has acquired through an Assignment of Loan with CoPower Warehouse as more particularly described in Item 2.3 herein.

“Management Agreement” means the management agreement dated as of December 1, 2016 between the Corporation and the Manager as more particularly described in Item 2.8.2 Management Agreement.

“Management Fee” means the fee payable by the Corporation to the Manager pursuant to the Management Agreement as described in Item 2.8.2 Management Agreement.

“Manager” means CoPower Inc., a federal corporation incorporated under the Business Corporations Act (Canada) related to the Corporation by a common officer and director. The Manager holds 4,000 Class A Preferred Shares and 40,000 Class B Common Shares in the Corporation. The Manager is: (i) the general partner of CoPower Fund; (ii) a limited partner of CoPower Warehouse; and (iii) is a registered Exempt Market Dealer and will be a selling agent of this Offering. **See Item 3.1 Compensation and Securities Held.**

“Maximum Offering” means 20,000 Bonds (\$20,000,000).

“Minimum Offering” means 250 Bonds (\$250,000).

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*.

“Offering” means the offering of up to 20,000 Bonds pursuant to this Offering Memorandum.

“Offering Memorandum” means this offering memorandum, as amended or supplemented from time to time.

“OM Marketing Materials” means a written communication, other than an OM standard term sheet (as that term is defined in NI 45-106 *Prospectus Exemptions*), intended for prospective purchasers regarding the distribution of Bonds under this Offering Memorandum that contains material facts relating to the Corporation, the Bonds or this Offering.

“Regulations” means the Tax Act regulations.

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

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

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

“Series A Green Bonds” means the 5.0% unsecured 5-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series B Green Bonds” means the 4.5% unsecured 5-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series C Green Bonds” means the 3.5% unsecured 3-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series D Green Bonds” means the 3.0% unsecured 3-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series E Green Bonds” means the 5.0% unsecured 5-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series F Green Bonds” means the 4.5% unsecured 5-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series G Green Bonds” means the 3.5% unsecured 3-year bonds of the Corporation having the terms and conditions described in Item 5.1 herein.

“Series H Green Bonds” means the 3.0% unsecured 3-year bonds of the Corporation having the terms and conditions described in item 5.1 herein.

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

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

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

“Target Agreement” means the agreement between the Corporation and Target dated November 22, 2016, the terms of which are referred to in Item 2.2 and Item 2.8.1 herein.

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

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

“TFSA” means Tax-Free Savings Account as defined under the Tax Act.

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

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Funds

The following table discloses the available funds (the “Available Funds”) of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	\$250,000	\$20,000,000
B	Selling Commissions and Fees ⁽¹⁾	\$250	\$20,000
C	Estimated Offering Costs ⁽²⁾	Nil	Nil
D	Annual Fee and Capital Raising Fee ⁽³⁾	\$2,500	\$100,000 ⁽⁴⁾
E	Available Funds: E = A – (B + C + D)	\$247,250	\$19,880,000
F	Additional sources of funding required ⁽⁵⁾	Nil	Nil
G	Working Capital Deficiency ⁽⁶⁾	Nil	Nil
H	Total: H = (E + F) – G	\$247,250	\$19,880,000

- (1) Assumes that 10% of funds raised are from selling agents other than CoPower Inc. **See Item 7 Compensation Paid to Sellers and Finders.**
- (2) The Corporation has engaged EE to assist it in structuring the terms of this Offering and to engage legal and tax advisors on behalf of the Corporation in the preparation of this Offering. EE has been paid a consulting fee in the amount of \$40,000 for performing these services, a portion of which EE will use to pay all legal, tax advice and audit costs associated with this Offering on the Corporation’s behalf. The Offering Costs have been paid from the Corporation’s working capital.
- (3) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Annual Fee and the Capital Raising Fee. **See Item 2.8.1 Agreement with Target Capital Inc.**
- (4) Represents the estimated Annual Fee and the Capital Raising Fee payable in the first 12 months from the date of this Offering Memorandum, on the assumption that all funds raised under this Offering are from Deferred Plans.
- (5) The Corporation does not anticipate requiring additional funds to pursue its business objectives. **See Item 2.3 Our Business.**
- (6) As at January 20, 2017, the Corporation has a working capital deficiency of \$2,400. However, the working capital deficiency is due to payment by the Corporation of the minimum Annual Fee and Capital Raising Fee associated with this Offering included in item D (which are exclusive of GST) above and as such for purposes of this table the working capital deficiency is \$0.

1.2 Use of Available Funds

The following table provides the breakdown of how the Corporation will use the Available Funds of this Offering in the ensuing 12 months from the date of this Offering Memorandum:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Acquire the Assigned Interest of the Borrower Corp. Loan from CoPower Warehouse. See Item 2.3 Our Business – Borrower Corp. Loan.	\$247,250	\$2,864,160
Advance Loans to Borrowers for the purpose of financing Clean Energy Projects and/or acquire additional interest in Loans from CoPower Warehouse. See Item 2.3 Our Business.	Nil	\$17,015,840
Total:	\$247,250	\$19,880,000

1.3 Reallocation

The Corporation intends to use the available funds as stated.

1.4 Future Cash Calls

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

ITEM 2 - BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation is a corporation incorporated under the law of the Province of Québec pursuant to a certificate of incorporation dated November 21, 2016. The Corporation's head and registered office is located at 4444 Sainte-Catherine Street W., Suite #201, Westmount, QC H3Z 1R2. The Corporation is controlled by Target. Please see www.sedar.com for further information with respect to Target.

2.2 Voting Control - Target Capital Inc.

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

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

Specifically:

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

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

2.2.1 Release of Target Capital Inc.

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

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

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

2.3 Our Business

The Corporation is in a start-up phase of development and has limited development history. Since the date of incorporation, the Corporation has been engaged in preparation of this Offering, which has included, among other things, putting in place a management team, retaining legal counsel and auditors, entering into the Management Agreement (**See Item 2.8.2 Management Agreement**) and negotiating the acquisition of the Assigned Interest in the Credit Agreements (**See Item 2.8.3 Assignment of Borrower Corp. Loan**).

Clean Energy Projects

The Corporation is raising funds to fund secured, first-priority, non-recourse Loans to Borrowers developing Clean Energy Projects located in Canada and the United States. Clean Energy Projects include, but are not limited to, solar photovoltaic technologies ("Solar PV"), energy efficiency, geo-thermal and geo-exchange, energy storage, bio-energy and small wind. Loan proceeds will be used by Borrowers to finance Clean Energy Projects

Borrowers

Borrowers with Clean Energy Projects seeking financing of less than \$20,000,000 are usually unable to access traditional bank financing. The Corporation's focus will be to provide Loans to Borrowers that require financing between the amounts of \$500,000 to \$10,000,000 with a target yield of five percent (5%) to ten percent (10%) interest over a term of two (2) to five (5) years.

Borrowers will be single purpose entities, typically subsidiaries or affiliates of companies ("Sponsors") that have expertise in building and managing Clean Energy Projects. Sponsors typically own, in whole or in part, the Borrowers. Sponsors may also have ongoing obligations to the Projects which can include managing construction, installation, operations and maintenance and administrative work.

Borrowers will own only the assets and any material contracts for the operation of a Project. Borrowers typically will not have any employees or any overhead costs unrelated to the operation of a Project. Loans will be secured by a first security position which can include one of or all of the following: (i) assets of the Borrower which can include security over any equipment or physical assets; (ii) revenue derived from the generation and sale of clean energy or energy efficiency services provided by the Borrowers; and/or (iii) any material contracts related to the ongoing operation of a Project. Sponsors will not be parties to a Loan and as such the Corporation will not have recourse to the assets of a Sponsor in the event of default by a Borrower under a Loan.

The Manager will originate Projects requiring Loans from existing professional networks, direct incoming inquiries through the Manager's website (<https://copower.me/en/>) and from firms with expertise in engineering and Clean Energy Project development. The Manager will be paid an underwriting fee by each Borrower of two percent (2%) to three percent (3%) of the principal amount of each Loan funded by the Corporation. The Borrower will pay for any legal expenses, independent consultant fees and any other expenses incurred by the Manager. The expenses are negotiated prior to the definitive agreements for a Loan are completed.

The officers and directors of the Manager have extensive experience in clean energy finance. **See Items 3.2 and 3.3 herein.**

Loans

Each Borrower applying for financing will follow a standard due diligence process. The Manager has an investment committee (the "Committee") which reviews each proposed Loan and ultimately decides if a Loan will be advanced to a Borrower. Clean Energy Projects that meet the Committee's basic lending criteria (as described below) are put through a preliminary screening process and offered a non-binding term sheet.

Size of Transaction	Up to 80% loan to value ratio with the Loan amount of \$200,000 - \$10,000,000. Loan amounts will be determined based on the size of the Project or portfolio of Projects, the appropriate loan to value ratio and by the availability of capital from the Corporation.
Target Interest Rate	5-10% per annum. The interest rate will be established by the Committee and will be based on market standards, relevant risk profile of the Project, length of the Project, Project economics, investment criteria of the Corporation and cost of capital for the Corporation.
Term	2-5 years with a maximum term of 10 years. Amortization may extend beyond the term.
Security	(i) assets of the Borrower which can include security over any equipment or physical assets; (ii) revenue derived from the generation and sale of clean energy or energy efficiency services provided by the Borrowers; and/or (iii) any material contracts related to the ongoing operation of a Project.

Counterparty	Typical counterparties include non-profit corporations established by a certain act (such as the Ontario Independent Electricity System Operator), municipalities, investment grade utilities or corporations, diversified portfolio of homeowners, condominium corporations and tenants, or corporate building owners, each of which is a party to a Clean Energy Project.
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The Committee's due diligence includes reviewing the Sponsor's corporate history, background, development expertise, management team, financial performance, liabilities, conflicts of interest and share capitalization. The Committee performs due diligence on the Clean Energy Project presented by the Sponsor including a review and analysis of the financial projections and assumptions, project development schedule, suppliers of technology and feedstock, operations, maintenance regulatory considerations, environmental problems or claims and insurance.

The following is the Committee's standard due diligence checklist, which is adapted to suit the needs of each individual Loan.

SPONSOR CHECKLIST	
Sponsor Company Description	Who is the Sponsor? Corporate history and background, with focus on development expertise Management team, number of employees, organizational chart, corporate organization chart Competitive landscape and differentiation, barriers to entry (with respect to project and sponsor company, if different) Latest investor presentation
Biographies of Management, Board of Directors, Advisory Board of the Sponsor	Corporate governance List and bios of individuals constituting board of directors, officers, committees and board of advisors Minutes of director meetings and meetings of important committees of the board Dependence on key employees
State of the Work Environment	Morale (turnover) Health and safety (accidents)
Financial Performance	Historical financial performance (last three year-ends; latest interims since year-end) Tax situation (tax returns and notices of assessment for last three fiscal years)
Order Book/Pipeline	
Financial Projections/Outlook	
Contingent Liabilities	Ongoing, pending or threatened litigation Other contingent liabilities
Conflicts of Interest	Officer, director, employee: <ol style="list-style-type: none"> 1. Is engaged as a competitor, lessor, lessee, company or supplier; 2. Owns any assets needed for the business 3. Owes money to the company; and/or 4. Has an agreement or commitment to receive fees or commissions for services
Share Capitalization Tables of Sponsor Company and Project Company	Copy of current capitalization table List of current officers and directors

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PROJECT CHECKLIST	
Market Potential, Market Research	
Borrower Financials	Financial projections and assumptions The “ask”: sources and uses of total capital expenditure
Offtakers	Who? Background? Report(s) from credit rating agency(ies) as appropriate
Suppliers of Technology and Feedstock	Who? Background? Report(s) from credit rating agency(ies) as appropriate
Engineering, Procurement and Construction (EPC) Contractor	Who? Background? Testimonials? Report(s) from credit rating agency(ies) as appropriate Warranties Insurance Payment schedule
Operations and Maintenance (O&M)	Technology (spec sheets, number of generations, operational experience, proven, strengths and weaknesses, third-party engineering report as appropriate) Feedstock assessment Assumed production O&M provider (Who? Background?)
Regulatory Considerations	
Environmental Problems or Claims	
Insurance	Including, as appropriate: Key Person Insurance Fixed Asset Insurance Business Interruption Insurance Commercial General Liability Insurance Builders risk insurance/installation floater Other

Once the lending criteria is satisfied, the Manager will negotiate the definitive agreements for the Loan with the Sponsor and advance funds once all conditions to the Loan are met. Loans are advanced to the Borrower in one lump sum or in tranches. Loans may be repaid monthly or quarterly, and repayment may be interest only or consist of blended interest plus principal. The Manager monitors the Loan by receiving regular reports including the Project’s energy performance and other financial reporting.

Jointly Funded Loans

The Corporation may co-fund Loans with other lenders on a *pari-passu* basis.

CoPower Warehouse, a party related to the Corporation and the Manager, will use its operating capital to finance Loans for Clean Energy Projects with the express intention of having the Corporation acquire interests in such Loans as the Corporation raises funds under this Offering.

CoPower Warehouse will finance Loans in the event that the Corporation does not have sufficient capital available to enter into a term sheet with a Borrower. In this manner, CoPower Warehouse can temporarily fund a Loan until such time as sufficient capital may become available to the Corporation to allow the Corporation to acquire a partial or 100% interest in such a Loan (each an “Assigned Interest”). Any Loans acquired by the Corporation from CoPower Warehouse will undergo the same due diligence process described above. Loans originating from CoPower Warehouse will be from unrelated Borrowers that are seeking financing for Clean Energy Projects. Loans acquired from CoPower Warehouse will have been reviewed and approved by the Committee.

Borrower Corp. Loan

Pursuant to the Credit Agreements dated August 24, 2016 and December 15, 2016, CoPower Warehouse and CoPower Fund have advanced a total of \$5,326,776.59 (the “Borrower Corp. Loan”) to an unrelated private Ontario Corporation (“Borrower Corp.”).

For purposes of confidentiality and protection of competitive advantage, the identity of Borrower Corp. and its Sponsor ("Sponsor Corp.") have not been disclosed in the Offering Memorandum. **See Item 2.8.4 August Credit Agreement and Item 2.8.5 December Credit Agreement for the material terms of the Credit Agreements.**

Upon closing of the Minimum Offering, the Corporation intends to enter into an agreement (the "Assignment Agreement") with CoPower Warehouse to acquire an interest (the "Assigned Interest") in the Borrower Corp. Loan.

The Corporation will only be acquiring the Assigned Interest in the outstanding principal amounts of CoPower Warehouse under the Credit Agreements with funds from this Offering.

As of the date of this Offering Memorandum, the outstanding principal amount of the August Credit Agreement is \$1,557,902 and the outstanding principal amount of the December Credit Agreement is \$1,306,258 for a total of \$2,864,160. The Corporation will acquire its Assigned Interest under the August Credit Agreement first and then will acquire an interest in the December Credit Agreement as funds are raised under this Offering. All available proceeds from this Offering will be used to acquire the interest of CoPower Warehouse in the Borrower Corp. Loan. Once this interest has been acquired by the Corporation, it will then use the available proceeds from this Offering to either fund its own Loans or to acquire interests in future Loans advanced by CoPower Warehouse.

Business of Borrower Corp. and Sponsor Corp.

- Sponsor Corp. is a private Ontario company that provides energy efficient lighting installations for clients.
- The management team has extensive experience in operations, finance and energy.

Information related to the August Credit Agreement:

Sponsor Corp. has completed lighting projects for clients across Canada. Receivables from projects in the amount of \$4,700,000 were assigned to Borrower Corp. Funds from the Credit Agreements have been used by Borrower Corp. to pay Sponsor Corp. for the assignment of these receivables. Sponsor Corp. is using the funds advanced pursuant to the Credit Agreement as working capital in the further operation of its business.

Information related to the December Credit Agreement

Sponsor Corp. has completed lighting projects for clients across Canada. Receivables from projects in the amount of \$2,300,000 were assigned to Borrower Corp. Funds from the Credit Agreements have been used by Borrower Corp. to pay Sponsor Corp. for the assignment of these receivables. Sponsor Corp. is using the funds advanced pursuant to the Credit Agreements as working capital in the further operation of its business.

Blind Pool

This Offering is a "blind pool" offering. The available proceeds from this Offering will be used by the Corporation to invest in Loans and Assigned Interests from CoPower Warehouse, including the Borrower Corp. Loan. Other than the Borrower Corp. Loan, the Manager has not identified any future Borrowers to whom the Corporation will provide financing.

The objective of the Corporation is to use the available proceeds of this Offering to fund Clean Energy Projects in order to develop a Loan portfolio over the term of the Bonds and generate income from the operation of the Corporation's business.

Raphael Bouskila, the officer and director of the Corporation will, in his sole discretion, without notice to or approval from any Bondholder of the Corporation, select Clean Energy Projects that the Committee will review and that the Corporation will provide financing to from time to time without notice to or consent from any Bondholder of the Corporation. **See Item 8 Risk Factors.**

2.3.1 The Manager

CoPower Inc. (the "Manager"), is a federal corporation incorporated under the *Canada Business Corporations Act* on October 16, 2013 for the purposes of facilitating private investments in clean energy and energy efficiency infrastructure projects.

Raphael Bouskila, the sole director and officer of the Corporation is also a director, officer and a shareholder of the Manager.

The Corporation has engaged the Manager to manage the day to day business of the Corporation in return for payment by the Corporation of the Management Fee. **See Item 2.8.2 Management Agreement.**

The Management Fee will be paid quarterly from the interest income of the Corporation after payment of interest due and owing under the Bonds to the Corporation's Bondholders are paid.

2.3.2 Offering Structure

The purpose of this Offering is to allow Subscribers to, indirectly through the purchase of Bonds, participate in the funding of the Corporation's investment in Clean Energy Projects.

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

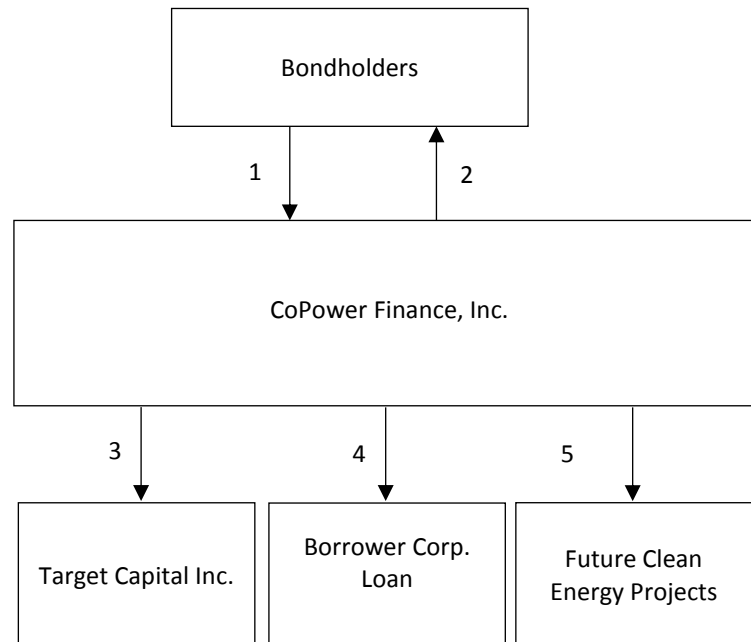
No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. **See Item 8 Risk Factors.**

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

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

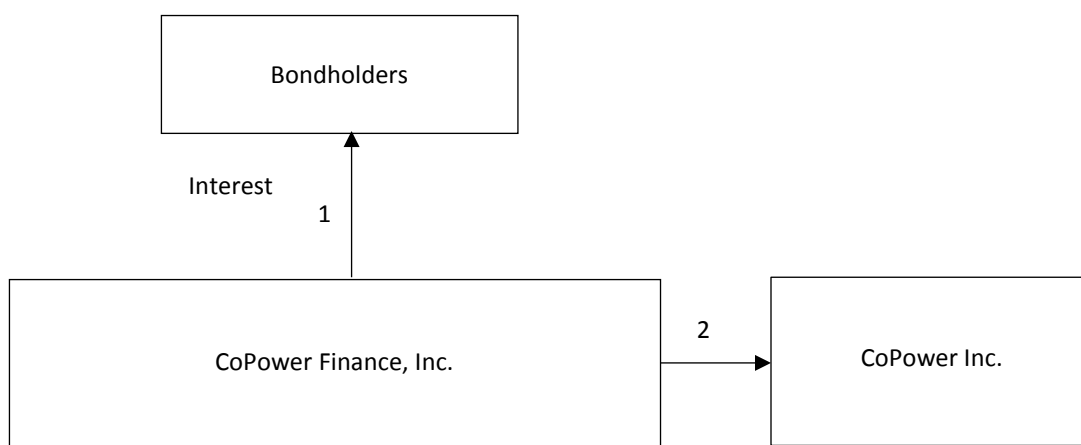
2.3.3 Investment Flow Charts

The following chart represents the proposed use of the available funds of this Offering associated with this Offering. **See Item 1.1 Funds.**



- (1) Subscribers purchase Bonds using Deferred Plans or cash.
- (2) The Corporation issues Bonds to Subscribers.
- (3) The Corporation will use funds from this Offering to pay the Annual Fee and Capital Raising Fee to Target accruing in the first 12 months from the date of this Offering Memorandum. **See Item 1.1 Funds and Item 2.8.1 Agreement with Target Capital Inc.**
- (4) The Corporation will use the funds from this Offering to acquire the Assigned Interest in the Borrower Corp. Loan from CoPower Warehouse. **See Item 2.3 Our Business.**
- (5) The Corporation will use the funds from this Offering to finance future Clean Energy Projects. **See Item 2.3 Our Business.**

The following chart represents the proposed distribution of funds to Bondholders by the Corporation from funds derived from the Corporation's business.



- (1) The Corporation pays interest to its Bondholders. The principal amount of a Bondholders Bonds will be paid in lump sum on the applicable Maturity Date after first paying all of its outstanding liabilities.
- (2) The Corporation pays the Manager the Management Fee. **See Item 2.8.2 Management Agreement.**

2.4 Development of Business

The Corporation is newly formed and has limited business and financial history.

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

1. Entering into the Target Agreement;
2. Entering into the Management Agreement; and
3. Negotiating the acquisition of the Assigned Interest in the Borrower Corp. Loan.

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

2.5 Long Term Objectives

The Corporation's long-term goals are: (i) raise up to \$20,000,000 pursuant to this Offering; (ii) acquire Assigned Interests in the Borrower Corp. Loan; (iii) acquire future Loans from CoPower Warehouse; (iv) provide funding to future Clean Energy Projects through loans provided by the Corporation exclusive of CoPower Warehouse; (v) provide a return to its Bondholders; and (vi) pay the Management Fee. **See Item 2.3 Our Business.**

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

The Corporation's goal for the next 12 months is to raise up to \$20,000,000 and invest in Clean Energy Projects. The following outlines the Corporation's short-term objectives and the method and cost associated with the achievement thereof.

What we must do and how we will do it	Target number of months to complete	Our cost to complete
1. Raise up to \$20,000,000 pursuant to this Offering.	12 months	\$120,000 ⁽¹⁾
2. Acquire the Assigned Interest in the Borrower Corp. Loan. See Item 2.8.3 Assignment of Borrower Corp. Loan.	6 months	Up to \$2,846,160
3. Fund future Clean Energy Projects.	12 months	\$17,015,840

- (1) Includes offering costs, commissions payable on the Maximum Offering amount at one percent (1%) of the gross proceeds thereof assuming 10% of the sale of Bonds are made by selling agents other than CoPower Inc., together with the first year of the Annual Fee and Capital Raising Fee payable to Target. **See Item 1.1 Funds and Item 2.8.1 Agreement with Target Capital Inc.**

2.7 Insufficient Funds

The available funds raised from this Offering will be used for the purposes set out in the Corporation's investment objectives. The Corporation does not intend to hold any significant cash reserves, other than those amounts necessary to pay for the expenses incurred by the Corporation in the conduct of its business. The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives.

2.8 Material Agreements

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

2.8.1 Agreement with Target Capital Inc.

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

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

- (a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out in the Target Agreement within sixty (60) days of such amounts being owing to Target;
- (b) the Corporation failing to deliver signed copies of the Target Release for each subscriber of the Corporation's securities;
- (c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents disclosure on such terms as required by the Target Agreement (the "Required Disclosure");
- (d) the Corporation failing to deliver a signed copy of the "Consent to Release Information" form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement (the "Consent to Release Information");
- (e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving a written request from Target to review such documentation; and
- (f) the Corporation failing to raise any Deferred Plan Capital within 12 months from the date of the Target Agreement.

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

"Target Shares" means the 6,000 Class A Preferred Shares of the Corporation held by Target as of the date of this Offering Memorandum.

The Corporation entered into the Target Agreement on November 22, 2016. The terms of this Agreement are as follows:

- (a) The Corporation shall pay to Target:
 - (i) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus
 - (ii) a Capital Raising Fee whenever the Corporation raises Deferred Plan Capital. Notwithstanding the preceding
- (c) **Target Release/Required Disclosure.** The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.
- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target's shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.
- (e) **Term.** The Target Agreement shall be in effect from the date of that Agreement until the date on which Target ceases to be the majority shareholder of the Corporation. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target any Annual Fees and Capital Raising Fees that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.

- (f) **Termination by the Corporation.** Subject to the two year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.
- (g) **Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, such as failure to pay any Annual Fees or Capital Raising Fees within 60 days of invoicing, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00.

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

2.8.2 Management Agreement

The Management Agreement is dated December 1, 2016 between the Corporation and CoPower Inc. as “Manager”.

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

“Annual Net Asset Value of the Corporation” means, in respect of a fiscal year, the average of each Quarterly Net Asset Value of the Corporation for such fiscal year;

“Management Fee” shall have the meaning set forth under the heading “Management Fee” below;

“Net Asset Value of the Corporation” means, in respect of a particular date, the Corporation’s total assets less its total liabilities less its minority interest, all as at such date as set forth in the Corporation’s consolidated financial statements prepared as at such date;

“Quarterly Net Asset Value of the Corporation” means, in respect of a fiscal quarter of the Corporation, the Net Asset Value of the Corporation as at end of such fiscal quarter.

The following is an edited summary only of the material terms of the Management Agreement and is subject to the complete terms and conditions of the Management Agreement.

Management and Administrative Services

Without limiting the generality of the foregoing, during the term of the Management Agreement, the Manager shall:

- (a) administer the day-to-day business and affairs of the Corporation;
- (b) provide or cause to be provided all internal accounting, audit and legal services in respect of the Corporation and other usual and ordinary office facilities, supplies and services necessary or desirable for carrying on the management and administration of the Corporation;
- (c) nominate at least one individual to serve as a director, president and chief executive officer of the Corporation, together with nominees for such other executive positions as may be required by the Corporation (the “**Nominees**”). Such officers will be employees of the Corporation and shall be remunerated by the Corporation directly, subject to offset against the Management Fee. The Corporation agrees to propose to its shareholders for election a slate of directors which includes at least one Nominee;
- (d) provide or cause to be provided services in respect of the Corporation’s daily operations;
- (e) distribute or cause to be distributed all securities which the Corporation may decide to issue during the term of the Management Agreement and take or cause to be taken all such actions as the Manager reasonably considers necessary or desirable in the sale of securities of the Corporation whether by prospectus or private placement offering;
- (f) authorize payment on behalf of the Corporation of expenses incurred on behalf of the Corporation and the negotiation of contracts with third party providers of services;
- (g) keep and maintain the books and records of the Corporation;
- (h) deal with banks, insurance companies and custodians;
- (i) monitor relationships with organizations or professionals serving the Corporation;
- (j) make reports to the Corporation and/or its shareholders, of the Manager’s performance of the services provided to the Corporation pursuant to the Management Agreement;
- (k) prepare or cause to be prepared accounting, management and other reports;

- (l) provide or cause to be provided all other administrative services and facilities required by the Corporation in relation to its shareholders; and
- (m) provide for the overall management and the financial and business operations of the Corporation including:
 - (i) structuring loans;
 - (ii) overseeing the issuance of loans;
 - (iii) overseeing and supervising management of any loans;
 - (iv) establishing appropriate legal and accounting systems for the Corporation;
 - (v) reporting to the shareholders or bondholders of the Corporation on an ongoing basis;
 - (vi) arranging for any debt financing;
 - (vii) structuring and overseeing securities offerings;
 - (viii) providing ongoing supervisory management services to the Corporation and arranging for any office, administrative and staff support required by the Corporation;
 - (ix) periodically, to review, evaluate and make recommendations concerning the Corporation's policies and procedures, administration, accounting, legal and other professional representation, financings, and securities offerings;
 - (x) maintaining the good standing of the Corporation under Applicable Securities Legislation;
 - (xi) at the request of the Corporation, guaranteeing and causing its principals to guarantee the payment of any mortgage or other financial encumbrance charging all or any of a loan;
 - (xii) at the request of the Corporation, implementing decisions of the Corporation's directors or officers related to any part or all of the Corporation and its business.

The Corporation grants and delegates to the Manager the power and authority to act in the name of and on behalf, as agent and mandatary, of the Corporation for the purpose of providing and performing the management and administrative services.

Management Fee

In consideration for the services provided by the Manager to the Corporation pursuant to the Management Agreement, the Corporation shall pay to the Manager, in respect of each fiscal quarter, a management services fee equal to 90% of the Quarterly Net Asset Value of the Corporation for such fiscal quarter, less the Management Compensation for such fiscal quarter (the "**Management Fee**"). The Management Fee shall be paid in cash within five (5) Business Days following the completion of the Corporation's financial statements for such fiscal quarter.

If the Management Fee is payable in respect of a period that is less than a full fiscal quarter, the Management Fee payable to the Manager shall be pro-rated for that fiscal quarter. The Management Fee payable to the Manager shall be subject to applicable sales taxes.

Compensation for Additional Services

If and to the extent that the Manager shall render services to the Corporation other than those required to be rendered pursuant to the provisions of the Management Agreement, such additional services and activities will be compensated for separately and shall be on such terms that are generally no more favourable to the Manager than those available from arm's length parties for comparable services.

Expenses of the Corporation

The Corporation shall pay all fees and expenses incurred in connection with the operation and administration of the Corporation's business.

Additionally, the Corporation shall reimburse the Manager for all reasonable expenses incurred by the Manager in connection with its duties to the extent such expenses were incurred for and on behalf of the Corporation and do not represent administrative costs of the Manager necessary for it to carry out its functions hereunder.

Other Activities of the Manager

The Corporation acknowledges that the Manager has management and administrative responsibilities and contracts with other entities, and therefore agrees that the Manager may provide management services to such other persons and entities even though such other persons or entities may be the same or similar to the Corporation, or engage in other activities.

Termination

The Corporation may terminate the Management Agreement at any time if

- a. the Manager has committed an act that constitutes bad faith, gross negligence, wilful misconduct, wilful neglect or default or a material failure to comply with applicable laws, regulations or restrictions, or the provisions set forth in the Management Agreement; or
- b. if the Net Asset Value of the Corporation is nil or negative.

Notwithstanding the foregoing, the Management Agreement shall terminate immediately where a winding-up, liquidation, dissolution, bankruptcy, sale of substantially all assets, sale of business or insolvency proceeding have been commenced or are being contemplated by the Manager, and upon the completion of any such proceeding by the Corporation.

Any change of the Manager (other than to its successor or Affiliate) requires the Corporation's approval.

Upon termination or assignment of the Management Agreement, the Manager shall forthwith deliver to the Corporation, in the case of termination, or to the assignee, in the case of an assignment:

- (a) all records, documents and books of account; and
- (b) all materials and supplies of the Corporation,

which are in the possession or control of the Manager and relate directly or indirectly to the performance by the Manager of its obligations under the Management Agreement, except where required by Applicable Securities Regulation. Upon termination or assignment of the Management Agreement, the Manager shall forthwith pay over to the Corporation all monies held for the account of the Corporation, after deducting any accrued compensation and reimbursement for expenses to which it is then entitled.

2.8.3 Assignment of Borrower Corp. Loan

The Corporation intends to enter into an agreement (the "Assignment Agreement") with CoPower Warehouse to acquire the Assigned Interest in the Borrower Corp. Loan upon closing of the Minimum Offering.

The following are the material terms of the Assignment Agreement.

"Assignor" means CoPower Warehouse.

"Assignee" means the Corporation.

"Assigned Agreements" means the Finance Documents and the Agency Agreement (the Agreement between CoPower Warehouse, CoPower Fund and the Manager in relation to the Credit Assigned Agreements).

"Assigned Interest" means the portion of the Loans to be assigned by the Assignor to the Assignee with effect as of the corresponding Assignment Date, as described in Schedule "A" (Additional Terms and Conditions), together with the same pro rata portion of:

- (a) all of the Assignor's right, title and interest in and to the Assigned Agreements;
- (b) all of the Assignor's right, title and interest in and to all documents or instruments delivered pursuant to the Assigned Agreements;
- (c) all rights, privileges and other benefits now or hereafter accruing to the Assignor under the Assigned Agreements, together with all obligations of the Assignor thereunder.

"Credit Agreement" means the Credit Agreements.

"Finance Documents" means the Credit Agreement, the Security and all other documents delivered or to be delivered to the Agent and/or the Lender(s) pursuant thereto and, when used in relation to any Person, the term "Finance Documents" shall mean and refer to the Finance Documents executed and delivered by such Person.

- (a) Subject to the terms and conditions of this Agreement and with effect as of each Assignment Date, the Assignor hereby sells, transfers and assigns to the Assignee, all of the Assignor's rights, obligations and benefits (both present and future) in and to:
- (i) the Assigned Interest;
 - (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other rights of the Assignor against any Person, whether known or unknown, arising under or in connection with the Assigned Interest, the loan transactions governed thereby or in any way based on or related to any of the foregoing including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold, transferred and assigned pursuant to this Section;
 - (iii) all debts, claims, demands, moneys and choses in action (including all book debts) now due or accruing due or hereafter to become due, (collectively, the "Debts") under or in respect of the Assigned Interest, and also books of account and documents in any way evidencing or relating to, or which may be received as security for or on account of the Debts, and also all judgments and all mortgages, security interests or other securities or other securities for payment of the same or any of them, and also all other rights and benefits which are now or may hereafter become vested in the Assignor in respect of the Debts,
- and the Assignee hereby accepts such sale, transfer and assignment and assumes all the Assignor's obligations and benefits with respect to the Assigned Interest, whether arising prior to, on or after the relevant Assignment Date.
- (b) To the extent that any transfer or assignment of the Assigned Interest would result in the breach or termination of terms governing any Assigned Agreement (each, a "Restricted Benefit"), unless and until consent or waiver with respect to such Restricted Benefit is obtained as required, the transfer or assignment with respect to each Restricted Benefit shall constitute a trust created in favour of the Assignee pursuant to which the Assignor holds as trustee all right, title and interest to the relevant documents and all benefits derived therefrom, in trust for the Assignee.

Assigned Interest

In connection with each assignment of an Assigned Interest hereunder, the Assignor shall, and is hereby unconditionally and absolutely authorized and directed by the Assignee to, calculate and record on the grid set out in Schedule "A" (Additional Terms and Conditions), the Assignment Date, the Assigned Interest, the Purchase Price and the aggregate total Assigned Interest as of such Assignment Date. Each assignment of an Assigned Interest so recorded shall be effective as of the corresponding Assignment Date.

Assigned Interest to be calculated on each Assignment Date as a percentage equal to (a) the principal and accrued interest to be assigned to the Assignee on the Assignment Date, divided by (b) the total outstanding principal advanced by the Assignor under the Credit Agreement, plus all accrued and unpaid interest thereon.

Purchase Price on each Assignment Date shall be equal to the principal and accrued interest to be assigned to the Assignee on the Assignment Date.

2.8.4 August Credit Agreement

The August Credit Agreement is dated August 24, 2016 between Borrower Corp., CoPower Holdings Inc., CoPower Fund and CoPower Warehouse.

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

"Advance" means an advance by the Lenders to Borrower pursuant to the August Credit Agreement.

"Agent" means CoPower Holdings Inc.

"Borrower" means Borrower Corp.

"Collateral" means collectively, (a) in the case of the Borrower, all of the present and after acquired assets, property and undertaking of the Borrower, and (b) in the case of the Guarantor, the shares of the Borrower, and, in each case, the proceeds arising from the use or disposition of any such Collateral, upon which an encumbrance is created in relation to the August Credit Agreement.

"Guarantor" means a private Ontario corporation related to Borrower Corp.

"Lenders" means collectively CoPower Fund II, L.P. and CoPower Warehouse L.P.

This following is an edited summary only of the August Credit Agreement and is subject to the complete terms and conditions of the August Credit Agreement. All capitalized terms below that are not defined above shall have the same meaning as provided for in the August Credit Agreement.

The Loan

The Lenders advanced the total amount committed under the August Credit Agreement in three Advances, the last of which occurred on September 12, 2016.

Conditions for Advances

Before each Advance, except the advance made on the closing date, the following conditions were satisfied by the Borrower, all in form and substance satisfactory to the Agent:

- (a) the Agent received an Advance certificate executed by the Borrower and the Guarantor and all matters attested to by the Borrower and the Guarantor in the applicable Advance certificate were certified to be true and accurate;
- (b) the Borrower certified that:
 - (i) no Advance could have a material adverse effect and no material adverse effect had occurred or was continuing;
 - (ii) no event of default had occurred or was continuing; and
 - (iii) there was no default or event which with the passing of time or giving of notice or both would constitute a default on the part of the Borrower under any of the material project agreements.

Payments

Subject to the terms and conditions of the August Credit Agreement, the Borrower is obliged to make payments (consisting of principal and interest) in respect of the loan on each monthly payment date such that the loan is fully repaid at the end of the term.

Interest

The Borrower is obliged pay interest on the outstanding principal amount of the Loan at a rate per annum equal to an interest rate, which falls within the range disclosed in Item 2.3 Our Business - Loans. Such interest is calculated monthly with interest on overdue interest at the same rate, calculated in the same manner, until paid. In the event that the Borrower makes a payment of principal other than on a payment date, interest shall be calculated by reference to the number of calendar days elapsed during such period prior and subsequent to such repayment. The loan does not revolve and any amount repaid or prepaid under the August Credit Agreement cannot be re-borrowed thereafter.

Prepayment of Principal

On each payment date, the Borrower has the right to prepay all or part of the outstanding principal. If the Borrower elects to do so, there is a prepayment penalty that the Borrower pays in addition to the principal and accrued interest. Each such prepayment of principal shall be no less than twenty-five thousand dollars (\$25,000) in the aggregate.

Security

The obligations of the Borrower are secured by (a) a general security agreement, (b) a collateral assignment agreement, (c) appropriate controls over the Borrower's bank account, (d) a pledge agreement and guarantee granted by the Guarantor and (e) other documents, instruments and agreements that are customary for project financings of this nature that allow the Lenders to fully secure the loan. The Borrower is obliged to, from time to time, execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge required in connection with any change in applicable laws or in connection with all collateral acquired by it after the date of the August Credit Agreement and intended to be subject to the encumbrances associated with the August Credit Agreement. The security in respect of the August Credit Agreement been granted by the Borrower and the Guarantor to the Agent for the benefit of the Lenders.

Events of Default

The August Credit Agreement includes customary events of default and cure periods for project financings of this nature that include (but are not limited to):

- (a) failure to make a payment of principal, interest or any fees when due;
- (b) providing information, representations or warranties that are incorrect or misleading;

- (c) failure to observe or perform certain covenants as stipulated under the August Credit Agreement and other ancillary documents; and
- (d) the occurrence of an insolvency event in relation to the Borrower or the Guarantor.

Upon the occurrence of an event of a default, the Agent may take certain actions include accelerating all amounts outstanding under the August Credit Agreement, demanding payment and exercising any other available recourse.

Costs, Expenses and Fees

The Borrower paid on the closing date an arrangement fee to CoPower Inc. as well as the legal and other costs incurred in negotiating and closing the transaction.

The Borrower has also agreed to pay within thirty (30) calendar days of demand by the Agent all reasonable fees and out-of-pocket costs and expenses of the Agent and the Lenders in connection with the Agent's and the Lenders' preparation or review of waivers, consents and amendments and questions of interpretation of the August Credit Agreement and the establishment and monitoring of the validity and enforceability of the August Credit Agreement and the preservation or enforcement of rights of the Agent and the Lenders under the August Credit Agreement.

Indemnification by the Borrower

In addition to any liability of the Borrower to the Agent and the Lenders under any other provision of the August Credit Agreement, the Borrower is obliged to hold the Agent, the Lender and persons related to them (each, an "**Indemnitee**") harmless from and against any loss, damage, or reasonable cost or expense (including reasonable counsel fees and expenses (on a solicitor and own client basis)) incurred by the Agent or the Lenders as a result of any breach of the August Credit Agreement or any related agreement by the Borrower or the Guarantor (the "**Indemnified Liabilities**"), except for any such Indemnified Liabilities that a court of competent jurisdiction determines arose on account of the relevant Indemnitee's gross negligence or wilful misconduct.

Governing Law

The August Credit Agreement is governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable therein, and subject to the exclusive jurisdiction of the courts of the Province of Ontario.

Other Terms and Conditions:

Term: Starting on August 24, 2016, and expiring on March 15, 2019.

Maximum Commitment: \$3,563,023.59 of which \$1,757,999.78 (49.4%) was funded by CoPower Warehouse L.P. and the remaining balance was funded by CoPower Fund.

Arrangement Fee: The arrangement fee under the August Credit Agreement has not been disclosed for competitive reasons relating to the business of the Agent and the Lenders. The fee falls within the range disclosed in Item 2.3 Our Business - Loans.

Administration Fee: The annual administration fee under the August Credit Agreement has not been disclosed for competitive reasons relating to the business of the Agent and the Lenders.

Debt Service Reserve Fund Requirement: A debt service reserve account was funded by the Borrower for the benefit of the Lenders, and is subject to terms and conditions customary for project financings of this nature.

Interest Rate: The interest rate under the August Credit Agreement has not been disclosed for competitive reasons relating to the business of the Agent and the Lenders. The interest rate falls within the range disclosed in Item 2.3 Our Business - Loans.

First Fiscal Quarter: August 24, 2016, to September 31, 2016.

Purpose of the Loan: Finance the purchase of accounts receivable.

2.8.5 December Credit Agreement

The December Credit Agreement is dated December 15, 2016 between Borrower Corp., CoPower Holdings Inc., CoPower Fund and CoPower Warehouse.

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

"Credit Agreement" means the December Credit Agreement.

“Collateral Assignment Agreement” means the collateral assignment agreement dated December 15, 2016 granted by the Borrower in favour of the Agent.

This is an edited summary only of the December Credit Agreement and is subject to the complete terms and conditions of the December Credit Agreement. All capitalized terms below that are not defined above shall have the same meaning as provided for in the December Credit Agreement. All of the material terms of the December Credit Agreement are the same as in the August Credit Agreement disclosed above except with respect to the “Financial Terms” which are as follows:

Term: Starting on December 15, 2016, and expiring on September 15, 2019.

Maximum Commitment: \$1,763,753 of which \$1,610,686 (91.3%) was funded by CoPower Warehouse L.P. and the remaining balance was funded by CoPower Fund.

Arrangement Fee: The arrangement fee under the December Credit Agreement has not been disclosed for competitive reasons relating to the business of the Agent and the Lenders. The fee falls within the range disclosed in Item 2.3 Our Business - Loans.

Administration Fee: The annual administration fee under the December Credit Agreement has not been disclosed for competitive reasons relating to the business of the Agent and the Lenders.

Debt Service Reserve Fund Requirement: A debt service reserve account was funded by the Borrower for the benefit of the Lenders, and is subject to terms and conditions customary for project financings of this nature.

Interest Rate: The interest rate under the December Credit Agreement has not been disclosed for competitive reasons relating to the business of the Agent and the Lenders. The interest rate falls within the range disclosed in Item 2.3 Our Business - Loans.

First Fiscal Quarter: December 15, 2016, to December 31, 2016.

Purpose of the Loan: Finance the purchase of accounts receivable.

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ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls ten percent (10%) or more of any class of voting securities of the Corporation (a "Principal Holder"). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder. The Corporation has not completed its first financial year and no compensation has been paid since its inception:

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after the completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held after the completion of the Maximum Offering
Target Capital Inc. Calgary, Alberta	Shareholder since November 22, 2016	\$100,000 ⁽¹⁾	6,000 Class A Preferred Shares (60%)	6,000 Class A Preferred Shares (60%)
CoPower Inc. Westmount, Québec	Manager since December 1, 2016 and Shareholder since November 21, 2016	⁽²⁾	4,000 Class A Preferred Shares (40%) 40,000 Class B Common Shares (100%)	4,000 Class A Preferred Shares (40%) 40,000 Class B Common Shares (100%)
Raphael Bouskila Westmount, Québec	Director and President since November 21, 2016	⁽³⁾	Nil	Nil

- (1) Assuming the maximum fee payable pursuant to the Target Agreement in the ensuing 12 months from the date of this Offering Memorandum. **See Item 2.8.1 Agreement with Target Capital Inc.**
- (2) The Manager will be paid the Management Fee on a quarterly basis after all the accrued interest due and owing under the Bonds has been paid. **See Item 2.8.2 Management Agreement.**
- (3) Raphael Bouskila, the sole director, officer and a shareholder of the Corporation is also a director, officer and shareholder of the Manager and may be paid a portion of the Management Fee by the Manager.

3.2 Management Experience

The name and principal occupation of the officer and director of the Corporation over the past five (5) years is as follows:

Name and position	Principal Occupation and Related Experience
Raphael Bouskila Director and President	<p>Raphael is a cofounder of CoPower Inc. He leads internal activities for CoPower Inc., including regulatory compliance, corporate governance and architecture of the online platform.</p> <p>Prior to CoPower Inc., Raphael was the first employee of Inerjys, a clean energy investment fund, where he served as lead researcher and analyst. Raphael developed the firm's investment strategy, investor documentation and financial models and led the analysis of the majority of funding opportunities. He also closed a number of key academic, industrial and public sector partnerships and led press relation activities for the firm.</p> <p>Raphael has over eight years of work experience in engineering and physics research, IT and software development. He was a founding member of the Equity Crowdfunding Alliance of Canada and co-chaired the Portals Committee.</p> <p>Raphael holds a B.Eng. in electrical engineering from McGill University and an M.Sc. in physics from the University of Toronto.</p>

3.3 Manager and Investment Committee

The names and principal occupations of each of the officers and directors of the Manager and members of the Investment Committee over the past five (5) years are as follows:

Name and position	Principal Occupation and Related Experience
Raphael Bouskila Director, President and Shareholder	See above.
David Berliner Director, Chief Executive Officer and Shareholder	David is a co-founder of CoPower Inc. He previously worked at Inerjys, a clean energy investment firm. He has consulted for the New York City Mayor's Office on renewable energy, was Sustainability Coordinator for the University of Toronto and worked at the Carbon Disclosure Project. David has been named "Emerging Solar Leader" by the Canadian Solar Industries Association and "Top 30 Under 30" by Corporate Knights. He holds an M.P.A. from Columbia University and a B.Sc from the University of Toronto.
Trish Nixon Director of Investments	As Director of Investments, Trish is responsible for capital raising strategy, including product structuring and investor relations. Trish brings 6 years' experience in private markets impact investing. In her prior role at MaRS Discovery District, she provided advisory services to impact investors and financial intermediaries, founded Impact8 venture accelerator, and led venture services for the SVX, a private investment platform. She also spearheaded the development of the MaRS/Virgin Unite Catalyst Fund. She has written and contributed to a number reports on social finance, including "Mission Possible: Assessing the Appetite, Activity and Barriers for Impact Investing Among Canadian Foundations," and "Opportunities for Impact: A White Paper on Social Impact Investing" for TD Bank. She is the 2016 Recipient of the Edward Newton Award for Social Innovation, presented by MaRS, and co-recipient of the Clean50 Award for Environmental Entrepreneurship. Previously, Trish was a financial reporter at Reuters. She holds an M.A. International Relations from the University of St. Andrews (Scotland).
Kathrin Ohle Chief Investment Officer	Kathrin is founder and principal at Twig Energy Inc., where she assists clients in clean energy and clean technology with capital raising and business development. At CoPower Inc., she leads the assessment and structuring of clean energy investments. During her 25 years of experience, Kathrin has closed more than \$5.5 billion of financing transactions as a corporate banker with Deutsche Bank and TD Securities, as a financial investor with the Business Development Bank of Canada, and as a strategic investor with Emera. Kathrin holds an M.B.A. from the University of Cologne, Germany, and is the author of the book The Decision-Maker's Guide to Long-Term Financing.
Larry Markowitz Director, General Counsel and Shareholder	Larry is a lawyer, entrepreneur and investor with over 15 years of experience in corporate and securities law. A former partner at McMillan LLP, Larry has been awarded the Lexpert Zenith Award for Corporate and Law Firm Social Responsibility and the Promise Award for Young Professional of the Year. He is a frequent guest speaker at international legal conferences and has authored several legal books and articles. Larry holds degrees in civil law, common law and commerce from McGill University.

Name and position	Principal Occupation and Related Experience
Russell Pullan Director, Chairman and Shareholder	<p>Russell is an entrepreneur and venture capitalist with over 25 years of investing in cleantech and funding clean energy infrastructure. He was previously Chief Investment Officer at Sustainable Development Capital's UK Energy Efficiency Fund. He is also former chairman of EvoEnergy, a solar energy installer; led the cleantech venture fund at Nomura Bank; and was head of venture capital at The Carbon Trust. He has advised several investment funds and has extensive experience as a board director for clean energy companies.</p> <p>Russell holds a B.Sc. (Hons.) from the University of Western Ontario and an M.B.A. from INSEAD.</p>
James Van Bergh Director and Shareholder	<p>James is founder and President of Innovation Support, a Toronto-based investment fund which provides capital and strategic support to social-purpose businesses in Canada. James also currently serves as Chairman of the Board of Benefit Systems, a publicly-listed company on the Warsaw stock exchange which he founded in 2004 in Poland.</p> <p>James holds a B.A. from Amherst College, and an M.B.A. from Harvard Business School.</p>
Jonathan Frank Director of Projects	<p>Jonathan Frank brings a wealth of clean energy industry experience to CoPower. Over his career working at companies like SunEdison and RESCo, he has played a lead role in securing clean energy contracts valued at over \$300 million.</p> <p>Jon is one of the founding executives of Emerging Leaders for Solar Energy and has served as Co-Chair of the National Board of Directors. He is also the 2015 recipient of the Canadian Solar Industries Association's "GameChanger" Award for Emerging Solar Leader.</p>

3.4 Penalties, Sanctions and Bankruptcy

No penalties or sanctions have been in effect during the last 10 years against (i) an officer, director or control person of the Corporation, or (ii) an issuer in which a person or company referred to in (i) was an officer, director or control person at the time.

No declarations of or voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, have been in effect during the last 10 years against (i) an officer, director or control person of the Corporation, or (ii) an issuer in which a person or company referred to in (i) was an officer, director or control person at the time.

ITEM 4 - CAPITAL STRUCTURE

4.1 Share Capital

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at January 20, 2017	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	10,000	10,000	10,000
Class B Common Shares	Unlimited	\$1.00	40,000	40,000	40,000

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

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

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

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

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

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

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

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

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

4.2 Long Term Debt

As of January 20, 2017, the Corporation has no outstanding long term debt.

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

Description of Long Term Debt	Number authorized to be issued	Number outstanding as at January 20, 2017	Amount outstanding assuming completion of Minimum Offering	Amount outstanding assuming completion of Maximum Offering
Unsecured Fixed Rate Bonds	20,000	Nil	250 Bonds ⁽¹⁾ Representing a debt obligation of \$250,000 to Subscribers under this Offering.	20,000 Bonds ⁽¹⁾ Representing a debt obligation of \$20,000,000 to Subscribers under this Offering.

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

4.3 Prior Sales

As of January 20, 2017, there are 10,000 Class A Preferred Shares and 40,000 Class B Common Shares of the Corporation issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
November 21, 2016	Class A Preferred Shares	4,000 ⁽¹⁾	\$0.01	\$40
November 21, 2016	Class B Common Shares	40,000 ⁽¹⁾	\$1.00	\$40,000
November 22, 2016	Class A Preferred Shares	6,000 ⁽²⁾	\$0.01	\$60

(1) Owned by the Manager.

(2) Owned by Target Capital Inc.

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

Securities: The securities being offered pursuant to this Offering are unsecured fixed rate Bonds. The price of each Bond is \$1,000. The minimum number of Bonds that may be purchased by a Subscriber is five (5) Bonds for a minimum investment of \$5,000. There is no maximum number of Bonds allocated to any Subscriber.

Series A Green Bonds, Series C Green Bonds, Series E Green Bonds and Series G Green Bonds are only available to Subscribers investing with cash proceeds.

Series B Green Bonds, Series D Green Bonds, Series F Green Bonds and Series H Green Bonds are only available to Subscribers investing in Deferred Plans.

Date of Bonds: If a subscription for Bonds is received prior to the 25th day of a given month, then the Bonds that are issued pursuant to that subscription will be dated as of the first day of the following month. If a subscription for Bonds is received between the 25th day of a given month and the last day of that month, then the Bonds that are issued pursuant to that subscription will be dated as of the first day of the month that is the second month following the month in which the subscription was dated.

No Voting Rights: Bondholders will not have the right to vote on matters relating to the Corporation. **See Item 8 Risk Factors.**

Maturity and Redemption: Subject to the right of early redemption of the Corporation as provided for herein, a Bondholder's Bonds shall mature as follows (each a "Maturity Date"):

- Series A Green Bonds shall mature on the fifth anniversary date of the issuance of those Bonds;
- Series B Green Bonds shall mature on the fifth anniversary date of the issuance of those Bonds;
- Series C Green Bonds shall mature on the third anniversary date of the issuance of those Bonds;
- Series D Green Bonds shall mature on the third anniversary date of the issuance of those Bonds;
- Series E Green Bonds shall mature on the fifth anniversary date of the issuance of those Bonds;
- Series F Green Bonds shall mature on the fifth anniversary date of the issuance of those Bonds;
- Series G Green Bonds shall mature on the third anniversary date of the issuance of those Bonds; and
- Series H Green Bonds shall mature on the third anniversary date of the issuance of those Bonds.

Early Redemption: The Corporation may redeem up to 100% of the principal amount of a Bondholder's Bonds at any time during the term of the Bonds. If the Corporation redeems 20% or less of a Bondholder's Bonds, the Corporation must provide 21 days written notice to the Bondholder and pay all accrued but unpaid interest and the principal amount of the Bonds within 21 days of such notice. If the Corporation redeems more than 20% of a Bondholder's Bonds, the Corporation must provide 90 days written notice to the Bondholder and pay all accrued but unpaid interest and the principal amount of the Bonds within 90 days of such notice. The Corporation, in its sole discretion, may redeem Bonds from individual Bondholders without offering early redemption to other Bondholders.

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

- Series A Green Bonds: 5.0% interest per annum, payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series A Green Bonds.
- Series B Green Bonds: 4.5% interest per annum, payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series B Green Bonds.
- Series C Green Bonds: 3.5% interest per annum, payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series C Green Bonds.
- Series D Green Bonds: 3.0% interest per annum, payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series D Green Bonds.
- Series E Green Bonds: 5.0% interest per annum, compounded on March 31, June 30, September 30 and December 31 of each year during the term of the Series E Green Bonds and payable on the Maturity Date.
- Series F Green Bonds: 4.5% interest per annum, compounded on March 31, June 30, September 30 and December 31 of each year during the term of the Series F Green Bonds and payable on the Maturity Date.
- Series G Green Bonds: 3.5% interest per annum, compounded on March 31, June 30, September 30 and December 31 of each year during the term of the Series G Green Bonds and payable on the Maturity Date.
- Series H Green Bonds: 3.0% interest per annum, compounded on March 31, June 30, September 30 and December 31 of each year during the term of the Series H Green Bonds and payable on the Maturity Date.

Principal: The principal amount of a Bondholders Bonds will be paid in lump sum on the applicable Maturity Date.

Date of Payments of Interest and Principal: Payments on the Bonds will be made by electronic funds transfer, or by cheque drawn on the Corporation and sent by pre-paid mail to the Bondholder at the address of the Bondholder contained in the records of the Corporation. If the date for payment of any amount of the principal sum or interest is not a business day, then payment will be made on the next business day and the Bondholder will not be entitled to any further interest or other payment respect of the delay.

Events of Default: The following constitutes an event of default:

- Failure to pay principal or interest when the same becomes due and such default continues for 10 days;
- Failure in the observance of any of the covenants in a Bond; or
- Certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws.

Enforcement: Upon the occurrence and during the continuance of any such event of default, the Bondholders may proceed to enforce his/her rights by any action, suit, remedy or proceedings authorized or permitted by law or by equity, and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have his/her claim lodged in any bankruptcy, winding-up or other judicial proceeding relative to the Corporation. Such rights of the Bondholder shall be in addition to any other rights, powers and remedies which otherwise may be available to him/her at law or in equity.

Processing Fees: Each subscription for Bonds that is paid by wire transfer, cheque or bank draft is subject to a processing fee of \$25 that may be waived at the Corporation's sole discretion. In the event that a subscription for Bonds made by pre-authorized debit is refused for non-sufficient funds, the Subscriber will be subject to a processing fee of \$35 that may be waived at the Corporation's sole discretion.

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

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

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

An investor in the securities offered under this Offering Memorandum should understand that Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Target does not encourage or discourage an investment in the Corporation.

5.2 Subscription Procedure

(a) Subscription Documents

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

Reference is made to the Subscription Agreement attached to this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for Bonds, Subscribers must complete, execute and deliver the following documentation to the Corporation at 4444 Sainte-Catherine Street W., Suite 201, Westmount, QC H3Z 1R2:

1. One (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. A cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "CoPower Finance, Inc.";
3. Completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:
 - (i) all Subscribers must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule A;
 - (ii) all Subscribers must submit one (1) completed and signed of the Classification of Investors Under the Offering Memorandum Exemption and Investment Limits for Investors Under the Offering Memorandum Exemption attached to the Subscription Agreement as Schedule A-1 and Schedule A-2;
 - (iii) if you are subscribing for more than \$10,000 in Bonds, one (1) completed and signed copy of the Representation Letter attached to the Subscription Agreement as Schedule B;
4. All Subscribers must execute the Target Release attached as Schedule C to the Subscription Agreement; and
5. Subscribers paying the Aggregate Subscription Amount by pre-authorized debit must complete and sign one copy of the Pre-Authorized Debit Agreement attached to the Subscription Agreement as Schedule D.

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

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The closing of the Minimum Offering amount is scheduled to occur on or before March 31, 2017. It is expected that certificates representing the Bonds will be available for delivery within a reasonable period of time after the relevant closing date(s). If the Minimum Offering amount is not met prior to March 31, 2017, collected funds will be returned to the respective parties by April 15, 2017 without interest.

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

(b) Distribution

The Offering is being conducted in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106 (the "Offering Memorandum Exemption").

The Offering Memorandum Exemption is available for distributions to Subscribers resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form attached to the Subscription Agreement as Schedule A-1 and Schedule A-2, as applicable (provided that, with respect to Québec, the Offering Memorandum is available in both the French and English languages).

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers for Bonds will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The exemptions from the registration requirements contained in the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon allow the Corporation to offer the Bonds for sale directly to the Subscribers.

ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

6.1 Deferred Plan Eligibility of the Bonds

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

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

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

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

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

The income tax information contained in this Item 6 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and published administrative practices of the CRA. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

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

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

Selling Commissions

The Corporation has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds. No compensation will be paid for sale of the Bonds affected by CoPower Inc.

Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to 1% of the gross proceeds realized on the sale of Bonds under this Offering to any of, or a combination of, the following parties: unrelated investment dealers, unrelated exempt market dealers and/or their dealing representatives.

Related and Connect Issuer Matters

CoPower Inc., the Manager and a shareholder of the Corporation, is an Exempt Market Dealer. The sole director and officer of the Corporation is a director, officer and shareholder of CoPower Inc. As a consequence, CoPower Inc. and the Corporation are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Corporation and CoPower Inc. may lead a reasonable prospective purchaser of the Bonds being offered under this Offering to question the independence of such parties for purposes of the distribution of Bonds to purchasers.

Canadian provincial and territorial securities laws requires securities registered firms such as CoPower Inc. and its dealing representatives, when they trade in or advise with respect to securities of certain issuers to which they, or certain parties related to them, are related or connected, such as in this case the Corporation, to do so only in accordance with particular disclosure.

Further, these rules require dealers such as CoPower Inc., prior to trading with or advising their clients, to inform clients of the relevant relationships and connections with the issuer of the securities, which in the case of this Offering is the Corporation.

Purchasers should refer to the applicable provisions of the relevant securities laws for the particulars of these rules or consult with a legal advisor.

Raphael Bouskila, a director, officer and shareholder of CoPower Inc., in his capacity as the sole director of the Corporation, was responsible for the decision to proceed with the offering of the Bonds under this Offering Memorandum.

Subscribers should note that if they purchase Bonds of the Corporation through CoPower Inc., they will not be purchasing securities from an Exempt Market Dealer that is independent of the Corporation.

ITEM 8 - RISK FACTORS

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

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

Investment and Issuer Risk

1. **No Regulatory Review:** Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.
2. **Blind Pool:** This Offering is a “blind pool” Offering as the Corporation has only identified Borrower Corp. as a Borrower and not any other Borrowers that financing will be advanced for Clean Energy Projects.
3. **Unsecured Obligations:** The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program. As unsecured obligations of the Corporation, the Bonds will rank subordinate to secured and other types of debt which may rank in preference at law or otherwise, to the Bonds.
4. **No Assurance of Payment:** There can be no assurance that the Corporation will be in a position to meet its obligations in accordance with the terms of the Bonds, as its ability to pay interest and principal thereunder is wholly dependent on receiving payments of principal and interest from Borrower pursuant to Loans advanced by the Corporation.
5. **No Assurance of Funding:** There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such funding will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
6. **No Trust Indenture:** The Bonds are not being issued pursuant to a trust indenture and Bondholders will not have the benefit of a trustee to coordinate enforcement and realization in the event of a default in payment under the Bonds by the Corporation.
7. **No Market for Securities:** An investment in the Bonds of the Corporation is an illiquid investment. There is currently no market through which the Bonds of the Corporation may be sold. The price of the Bonds has been arbitrarily determined. The Corporation is not a “reporting issuer” in any jurisdiction, and a prospectus has not qualified the issuance of the

securities. Accordingly, Subscribers will be unable to sell the securities of the Corporation, subject to some exceptions. **See Item 10 Resale Restrictions.**

8. **Change in Tax Laws:** The tax consequences associated with an investment in the Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to Subscribers holding or disposing of the Bonds.
9. **Tax Challenges under GAAR:** The structuring of this Offering in general and the ownership of a majority of the Class A Preferred shares of the Corporation by Target in particular, as a means to make the Bonds eligible investments for Deferred Plans, may be challenged by the CRA under the general anti-avoidance rule ("GAAR"). No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not GAAR would apply in this case. The comments of Grant Thornton LLP referred to under Item 6 Income Tax Consequences and Deferred Plan Eligibility do not address GAAR.
10. **Target Agreement:** Pursuant to the Target Agreement, Target will be the controlling shareholder of the Corporation until the date Target ceases to be the majority shareholder of the Corporation (holding more than 60% of the voting shares). Should there occur a Material Breach of the Target Agreement, Target, in its sole discretion, may terminate the Target Agreement and transfer all its shares to the Corporation. In the event that Target ceases to control the Corporation or ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a Subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Preferred Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange, or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds. If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investment in the Bonds.
11. **Control by Target:** The Corporation's Class A Preferred Shares are held by Target and the Manager. Pursuant to the BCA and the constating documents of the Corporation, the holders of the Corporation's Class A Preferred Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Preferred Shares of the Corporation. Consequently, Target can change the directors of the Corporation and Raphael Bouskila does not have a mechanism to ensure that he will remain the director of the Corporation. Accordingly there is no assurance that the director(s) of the Corporation will remain the same as disclosed in this Offering Memorandum.
12. **No Voting Rights:** Bondholders do not have a right to vote on matters relating to the Corporation. Exclusive authority and responsibility for managing the Corporation rests with management of the Corporation and those persons, consultants and advisors retained by management on behalf of the Corporation. Accordingly, Subscribers should appreciate that they will be relying on the good faith, experience, expertise and ability of the directors and officers of the Corporation and other parties for the success of the business of the Corporation.
13. **Dependence on Key Personnel:** The success of the Corporation is dependent upon, among other things, the services of key personnel. The loss of any of these individuals, for any reason, could have a material adverse effect on the prospects of the Corporation. Failure to retain or to attract additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. The Corporation does not maintain key man insurance for any of its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Corporation is likely to be of central importance and the loss of any one of these individuals could have a material adverse effect on the business of the Corporation.
14. **Other Activities of the Director and Officer:** The director and officer of the Corporation will not be devoting all of his time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. The director and officer of the Corporation is engaged and will continue to be engaged in the search for business prospects on his own behalf and on behalf of others. There are potential conflicts of interest to which the director and officer of the Corporation may be subject in connection with the operations of the Corporation. Situations may arise where the director and officer will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the BCA.
15. **Limited Operating History:** The Corporation has limited operational history and no history of earnings. Accordingly, there is limited information available to a Subscriber upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stages of its business and therefore is subject to the risks associated with early stage companies, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business and the ability to identify, attract and retain

qualified personnel. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.

16. **Limited Working Capital:** The Corporation will have a limited amount of working capital, as the proceeds from this Offering will be used to finance the acquisition of the Borrower Corp. Loan, pay the Management Fee and to fund future Clean Energy Projects.
17. **Legal Proceedings:** The Corporation may, from time to time, become involved in regulatory or legal proceedings in the course of their business. The costs of compliance or litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavourable resolution of any legal proceedings could have an adverse effect on the Corporation and its financial position and results of operations that could be material.
18. **Debt Securities:** The Bonds offered by the Corporation are not a direct investment in the Loans advanced or acquired by the Corporation but an investment in debt securities of the Corporation.
19. **Independent Counsel:** No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.
20. **Default Risk in Borrowers' Security:** In the event that a Borrower defaults in its obligations under a Loan, the Corporation will have to enforce its security against the Borrower. There may be intervening encumbrances or other interests of other third parties that may stand in priority to the Corporation's security. The existence of any intervening encumbrances may prevent the Corporation from realizing on or enforcing some or all of its security against the assets of a Borrower secured by the Corporation. There may be principals at law or at equity that may prevent the Corporation from enforcing some or all of its security against a Borrower and/or its assets. The assets of a Borrower may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation.

As such, there is a risk that if a Borrower defaults on its Loan, the assets of the Borrower may be insufficient to satisfy its interest and principal obligations to the Bondholders. If the cash flows and capital resources of Corporation are insufficient to fund service obligations with respect to the Bonds, the Corporation may be forced to reduce or delay scheduled payments under the Bonds. Therefore, prospective Subscribers who are not financially able to bear the risk that the Corporation may fail to make timely interest and principal payments on the Bonds should not purchase Bonds.

21. **Fraud:** The Corporation is not protected from default under a Loan caused by fraud perpetrated by a Borrower.
22. **Credit Risk – Bankruptcy of a Borrower:** Whilst the Corporation, through the Manager, will manage exposure to any Borrower and complete due diligence to the best of its ability and secure additional security as a precaution to improve security for funds advanced under a Loan issued, there is no absolute guarantee of repayment of a Loan in the event of bankruptcy of a Borrower.
23. **Ongoing Deployment of Funds:** Despite a business plan developed by the Manager to grow its business, there is no guarantee that the Corporation will have the capacity to continuously deploy all of the funds raised under this Offering. Failure to deploy all funds raised in a timely manner may result on the Corporation being unable to meet its payment obligations to Bondholders under the Bonds.
24. **The Corporation may advance Loans to Borrowers that are single purpose entities, typically subsidiaries or affiliates of companies that may be privately owned small and medium-sized companies:** Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete. Accordingly, Loans made to these types of Borrowers entail higher risks than advances made to companies who are larger and more established in their industry sectors.
25. **The Corporation may not have all of the material information relating to potential clients at the time that it makes its credit decisions:** There is generally no publicly available information about the privately owned Sponsor or Borrower companies to whom the Corporation will make Loans. Therefore, the Corporation must rely on the due diligence efforts of the Manager and its agents to obtain the information that it considers when making its acquisition decisions. To some extent, the Manager and its agents may depend and rely upon the management of Borrowers to provide full and accurate disclosure of material information concerning their business, financial condition and prospects. If the Corporation does not have access to all of the material information about a particular Borrower or Sponsor's business, financial condition and prospects, or if a Borrower's accounting records are poorly maintained or organized, the Corporation's decision to advance a Loan may not be fully informed, and may lead, ultimately, to a failure or inability to recover the funds under a Loan in the event of default by a Borrower.
26. **Re-investment Risk:** Loans to Clean Energy Projects are often structured such that blended repayments of principal and interest are made. To continue servicing Bondholder interest, the Manager will re-invest principal. Market conditions may

change and there is no guarantee that the Corporation will be able to continue to invest in new Loans. Failure to do so could result in early repayment of principal in whole or in part to Bondholders.

27. **Interest Rate Risk:** The interest rate return for the Bonds are fixed for the term of the Bonds and are not subject to increase in the event of a general rise in domestic interest rates for other investments.
28. **Foreign Exchange Risk:** Certain Loans may be advanced in US currency. The Manager will carefully consider foreign exchange risk in the context of each Loan and the overall Loan portfolio, and where appropriate, may hedge against currency risk. Significant fluctuations in Canadian dollars relative to US currency could affect the Corporation's ability to service Bondholders.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Security Holders

The Corporation is not a "reporting issuer" or equivalent under the securities legislation of any jurisdiction. Accordingly, the Corporation is not subject to the "continuous disclosure" requirements of any securities legislation other than as provided for under National Instrument 45-106 and there is therefore no requirement that the Corporation make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Corporation, other than as provided for under National Instrument 45-106. The Corporation will file Material Change Reports and make Notice of Use of Proceeds filings as required by National Instrument 45-106. The Corporation will provide Bondholders with audited financial statements on an annual basis.

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

ITEM 10 - RESALE RESTRICTIONS

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

10.1 General Statement

For trades in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon:

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

10.2 Restricted Period

For trades in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon:

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

The Corporation does not intend to become a reporting issuer.

ITEM 11 - PURCHASERS' RIGHTS

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

Two Day Cancellation Right for a Subscriber

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

Rights of Action in the Event of a Misrepresentation

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

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

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

Statutory Rights of Action for Subscribers in the Province of British Columbia

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Province of Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the Corporation or selling security holder on whose behalf the distribution is made if the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

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

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has the right to sue. In particular, the Corporation would have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Bonds.

If the purchaser intends to rely on the rights described in (a) or (b) above, the purchaser must do so within strict time limitations. The purchaser must commence its action to cancel the agreement by notice to the Corporation within 180 days and must commence its action for damages by notice to the Corporation within one year from the date of the transaction.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a "misrepresentation") and it was a misrepresentation on the date of investment, a purchaser to whom this Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Corporation, while still the owner of any of the securities offered hereunder. provided that, if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

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

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

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

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

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Province of Manitoba

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Bonds resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law: (a) a right of action for damages against (i) the Corporation, (ii) every director of the Corporation at the date of this Offering Memorandum (collectively, the "Directors"), and (iii) every person or company who signed this Offering Memorandum (collectively, the "Signatories"); and (b) a right of rescission against the Corporation.

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

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

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

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

A Director or Signatory will not be liable:

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

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

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Province of Ontario

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

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

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:
 - (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - (ii) three years after the date of the transaction giving rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

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

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

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

- (1) the Corporation to cancel your agreement to buy these Securities; or
- (2) for damages against the Issuer and a selling security holder on whose behalf the distribution is made.

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

In New Brunswick, the defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

- (1) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

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

However, in New Brunswick, the above defence does not relieve a person of liability respecting forward-looking information in a financial statement.

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

In New Brunswick, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) one year after you knew of the misrepresentation, or (ii) six years after the transaction.

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

If this offering memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Nova Scotia who purchases a security offered by this offering memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Corporation and every person or company who signed the offering memorandum or, at the election of the investor, a right of rescission against the Corporation (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; and
 - (ii) for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Corporation or any person or company is not liable for damages:
 - (i) if it is proven that the purchaser had knowledge of the misrepresentation;
 - (ii) if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - (iv) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
 - (v) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;
- (c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) subsection (b)(ii) to (v) do not apply to the Corporation;
- (e) in an action for damages, the Corporation or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered.

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

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

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

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

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

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

However, in Prince Edward Island, the above defence does not relieve a person of liability respecting forward-looking information in a financial statement required to be filed under Prince Edward Island securities laws. If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Prince Edward Island, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Statutory Rights of Action for Subscribers in Newfoundland and Labrador

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

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

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

Time limitations

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

In Newfoundland and Labrador, you must commence your action to rescind your agreement to purchase Bonds within 180 days after you signed the agreement to purchase the Bonds or commence your action for damages within the earlier of: (1) 180 days after learning of the misrepresentation, or (2) three years after the transaction.

Statutory Rights of Action for Subscribers in the Northwest Territories

If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the Corporation, the selling holder of a Bond on whose behalf the distribution is made, every director of the Corporation at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering

Memorandum during the period of distribution has a right of action for rescission against the Corporation or the selling security holder on whose behalf the distribution is made. If the Subscriber elects to exercise a right of action for rescission, the Subscriber shall have no right of action for damages.

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

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

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Yukon Territory

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

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

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

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

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

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

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

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

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

Statutory Rights for Failure to Deliver the Offering Memorandum in Yukon

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

Statutory Rights of Action for Subscribers in the Nunavut Territory

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

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

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

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Province of Québec

If this Offering Memorandum, together with any amendment to it, is delivered to a Subscriber resident in Quebec and contains a Misrepresentation that was a Misrepresentation at the time of purchase, the Subscriber will be deemed to have relied upon the Misrepresentation and will have a statutory right of action against the issuer, the officers and directors of the issuer or any dealer under contract with the issuer for damages or for rescission or revision of the price.

This right of action is subject to the following limitations:

- (a) the right of action for rescission or revision of the price must be exercised within three years of the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission or revision of the purchase price, the earlier of: (i) three years after the plaintiff first had knowledge of the facts giving rise to the cause of action unless the delay in knowledge is caused by the negligence of the plaintiff, or (ii) five years after the Offering Memorandum is filed with Autorité des marchés financiers du Québec;
- (b) no person or company will be liable if it proves that the Subscriber acquired the Notes with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the officers or directors of the issuer or the dealer under contract with the issuer will not be liable if they acted with prudence and diligence; and
- (d) a defendant may defeat an action based on a misrepresentation in forward-looking information by proving that
 - (i) the document containing the forward-looking information contained, proximate to that information,
 - (1) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and
 - (ii) the defendant had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information

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

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION.

REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED.

THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.



Rice & Company LLP
Suite 1600, 510 5th St SW
Calgary, AB T2P 3S2
T (403) 457-1100

Consent of Rice & Company LLP

To the Director of CoPower Finance, Inc.

We have read the offering memorandum of CoPower Finance, Inc. (the "Corporation"), dated January 20, 2017, for the offer of unsecured participating bonds, with up to an aggregate maximum of 200,000 bonds at a price of \$1,000 per bond for total gross proceeds of \$200,000,000 and a minimum of 250 bonds at a price of \$1,000 per bond for total gross proceeds of \$250,000. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the abovementioned offering memorandum of our report to the director of the Corporation on the statement of financial position as at December 31, 2016, and the statements of comprehensive income, changes in equity and cash flows for the period from incorporation on November 21, 2016 to December 31, 2016. Our report is dated January 20, 2017.

This letter is provided solely for the purposes of assisting the Board of Directors, or equivalent, to which it is addressed in discharging their responsibilities and should not be used for any other purposes. Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Rice & Company LLP.

CHARTERED ACCOUNTANTS

Calgary, Canada
January 20, 2017

CoPower Finance, Inc.
Financial Statements
December 31, 2016

Independent Auditors' Report

To the Shareholders of CoPower Finance, Inc.

We have audited the accompanying financial statements of CoPower Finance, Inc., which comprise the statement of financial position as at December 31, 2016, and the statements of comprehensive income, changes in equity and cash flows for the period from incorporation on November 21, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CoPower Finance, Inc. as at December 31, 2016, and its financial performance, changes in equity and cash flows for the period from incorporation on November 21, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 13 of the financial statements which outlines the offering that CoPower Finance, Inc. is undertaking subsequent to period end which, if unsuccessful, could have a material effect on the entity's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Rice & Company L.L.P.

CHARTERED ACCOUNTANTS

Calgary, Canada
January 20, 2017

CoPower Finance, Inc.*(Incorporated under the laws of Quebec)***Statement of Financial Position****December 31, 2016**

Assets	Notes	
Current asset		
Cash		\$ 100
Taxes receivable		<u>2,125</u>
		2,225
Deferred financing costs	6	<u>42,500</u>
Total assets		<u><u>\$ 44,725</u></u>
Liabilities		
Accounts payable and accrued liabilities	7	\$ 2,625
Due to related party	8	<u>2,000</u>
Current and total liabilities		<u>4,625</u>
Equity		
Share capital	10	40,100
Retained earnings		<u>-</u>
Total equity attributable to equity holders of the Corporation		<u>40,100</u>
Total liabilities and equity		<u><u>\$ 44,725</u></u>

See accompanying notes to the financial statements.

These financial statements were approved by the Director of the Corporation on January 20, 2017.

(Signed) "Raphael Bouskila" , Director

CoPower Finance, Inc.
Statement of Comprehensive Income
For the Period from Incorporation on November 21, 2016 to December 31, 2016

	Notes	
Expense		
General and administrative	11	\$ _____ -
Total comprehensive income for the period		\$ _____ -

See accompanying notes to the financial statements.

CoPower Finance, Inc.**Statement of Changes in Equity****For the Period from Incorporation on November 21, 2016 to December 31, 2016**

	Notes	Number of Shares	Share Capital Stated Value	Retained Earnings	Total Equity
Preferred shares issued on incorporation	10	10,000	\$ 100	\$ -	\$ 100
Common shares issued on incorporation	10	40,000	40,000	-	40,000
Income for the period		-	-	-	-
Balance at December 31, 2016		50,000	\$ 40,100	\$ -	\$ 40,100

See accompanying notes to the financial statements.

CoPower Finance, Inc.
Statement of Cash Flows
For the Period from Incorporation on November 21, 2016 to December 31, 2016

Cash provided by (used in):

Cash flows from operating activities

Net Income	\$ -
Change in non-cash working capital	<u>500</u>

Net cash provided by operating activities	<u>500</u>
--	------------

Cash flows from financing activities

Advances from related party	2,000
Proceeds on issuance of share capital	<u>40,100</u>

Net cash provided by financing activities	<u>42,100</u>
--	---------------

Net cash flows from investing activities

Increase in deferred financing costs	<u>(42,500)</u>
--------------------------------------	-----------------

Net cash used in investing activities	<u>(42,500)</u>
--	-----------------

Change in cash, beginning cash, end of period cash	<u><u>\$ 100</u></u>
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See accompanying notes to the financial statements.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

1. General business description

CoPower Finance, Inc. (the “Corporation”) was incorporated pursuant to the Business Corporations Act (Quebec) on November 21, 2016. The Corporation was formed to raise funds pursuant to an offering (note 13) for the purposes of funding secured, first-priority, non-recourse loans (the “Loans”) that are related to the development of clean energy projects located in Canada and the United States. The Corporation intends to source the Loans through the Manager pursuant to the Management Agreement (Note 12) and may co-fund loans with other lenders.

The proposed business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the amount of funds to finance its activities as disclosed in note 13.

The registered address of the Corporation is 4444 Saint-Catherine Street W, Suite 201, Westmount, Quebec, H3Z 1R2.

2. Basis of presentation

2.1 Statement of compliance

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

These financial statements were authorized for issue by the director of the Corporation on January 20, 2017.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

The methods used to measure fair values are discussed in note 4.

2.3 Functional and presentation currency

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

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is valuation of financial instruments (note 4).

There were no critical estimates and assumptions in determining the value of assets, liabilities and equity as at December 31, 2016.

3. Significant accounting policies

3.1 Financing costs

Financing costs incurred in the course of obtaining debt financing will be capitalized as financing costs and netted against the corresponding debt obtained. These costs are then amortized over the life of the debt instrument to which they pertain using the effective interest rate method. Any financing costs related to the raising of debt, which is extinguished or for which efforts are subsequently abandoned, are expensed in the period in which the debt is extinguished or efforts for raising of the debt are abandoned.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

3.2.1 *Financial assets*

Financial assets include any outstanding accounts receivable and cash and cash equivalents. Purchases and sale of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Corporation. Financial assets are derecognized when the rights to receive cash flows have expired or are transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of the initial recognition based on the purpose for which the financial assets were acquired:

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy. The Corporation has designated cash as held for trading.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Assets in this category include accounts receivable which are classified as current assets in the statement of financial position.

The Corporation had taxes receivable at December 31, 2016, designated as loans and receivables as at December 31, 2016.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They consist of investments in equity securities and certain other debt securities. They are included in other non-current financial assets unless management intends to dispose of the investments within 12 months of the balance sheet date. Available-for-sale financial assets are recorded in other comprehensive income until realized, at which time they are recorded through profit or loss. The Corporation has not designated any financial assets as available-for-sale.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassification of financial assets are limited to debt instruments. Reclassifications are accounted for at fair value of the financial asset at the date of reclassification.

3.2.2 *Financial liabilities*

Financial liabilities primarily consist of accounts payable and accrued liabilities and due to related party. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged, and fair value for liabilities that are hedged. Non-performance risk, including the Corporation's own credit risk for financial liabilities, is considered when determining the fair value of financial liabilities.

3.2.3 *Equity instruments*

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

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

3.2.4 Impairment

The Corporation addresses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit and loss, or a group of financial assets, is impaired. When an impairment has occurred, the cumulative loss is recognized in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Receivables that are assessed not to be impaired are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables may include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in the national or local economic conditions that may default on receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited through the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Any increase in fair value subsequent to an impairment loss with respect to available-for-sale equity instruments is recognized in other comprehensive income.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

3.3 Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery in profit and loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

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

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry forward of non-capital losses, can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

3.4 Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

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

3.5 Related party transactions

All related party transactions must be disclosed in the financial statements which include the amount of the transactions, the amount of outstanding balances, including terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the period in respect of bad or doubtful debts from related parties.

3.6 Property, plant and equipment

Property, plant and equipment will be stated at cost less accumulated depreciation and recognized impairment loss. Amortization will be charged so as to write off the cost of assets, other than land or properties under construction, over the estimated useful lives, using the declining balance method, at rates to be determined.

Assets held under finance leases will be depreciated over the expected lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss on the disposal or retirement of an asset will be determined as a difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

3.7 Revenue and expense recognition

Revenue and expenses will be recognized in the financial statements on an accrual basis.

3.8 New accounting standards and interpretations

In addition to the foregoing accounting policies outlined, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2016 and which have not yet been adopted by the Corporation. These include:

On January 1, 2018, the Corporation will be required to adopt IFRS 9 “Financial Instruments”, which is the result of the first phase of the International Accounting Standards Board (“IASB”) project to replace IAS 39 “Financial Instruments: Recognition and measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Portions of the standard remain in development and the full impact of the standard on the Corporation’s financial statements will not be known until the project is complete.

4. Determination of fair values

Certain of the Corporation’s accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash, taxes receivable, accounts payable and accrued liabilities and due to related party approximates their carrying values due to the short term to maturity.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.

CoPower Finance, Inc.
Notes to the Financial Statements
Period from Incorporation on November 21, 2016 to December 31, 2016

5. Financial risk management

5.1 Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risks, and the Corporation's management of capital.

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

5.2 Credit Risk

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

The maximum exposure to credit risk at December 31, 2016 is as follows:

	Carrying amount	
	December 31, 2016	
Cash	\$	100
Taxes receivable		2,125
	\$	2,225

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

Cash

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

Taxes receivable

The Corporation's taxes receivable are from the Canadian government and are subject to credit and political risks that would be considered normal in the environment.

5.3 Liquidity risk

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

The Corporation's financial liabilities at December 31, 2016 consisted of accounts payable and accrued liabilities and due to related party.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future debt securities (note 13).

5.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Corporation does not currently have any interest bearing debt, the Corporation is not exposed to interest rate risk.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

The Corporation had no interest rate swaps or financial contracts in place as at or during the period ended December 31, 2016.

5.5 Capital management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

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

The Corporation currently has accounts payable and accrued liabilities and due to related party outstanding and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Corporation is not subject to externally imposed capital requirements.

6. Deferred financing costs

The deferred financing costs are professional and consulting fees paid in relation to the offering (note 13).

7. Accounts payable and accrued liabilities

These amounts relate to fees incurred in relation to the offering (note 13).

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

8. Due to related party

The amount is due to CoPower Inc. (the "Manager"), an entity related through common officers and directors and is a shareholder of the Corporation. The amount is unsecured, non-interest bearing, and were paid by the Manager in relation to the estimated costs of the offering (note 13).

9. Income tax expense

The Corporation has no available estimated non-capital losses and no deferred tax assets as there was no income or loss for the period ended.

10. Share capital

10.1 Authorized

As at December 31, 2016, the Corporation was authorized to issue the following:

Unlimited number of Class A voting preferred shares
(Class A preferred shares)

Unlimited number of Class B non-voting common shares
(Class B common shares)

10.2 Issued and outstanding

	2016	
	Number	Amount
Class A preferred shares	10,000	\$ 100
Class B common shares	40,000	\$ 40,000

10.3 The Corporation issued 10,000 Class A preferred shares issued at \$0.01 per share and 40,000 Class B common shares issued at \$1.00 per share during the period ended December 31, 2016.

11. General and administrative

No personnel or general administrative expenses were incurred during the period ended December 31, 2016.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

12. Related party transactions

- 12.1 On November 22, 2016, the Corporation signed an agreement with Target Capital Inc. ("Target"), the majority shareholder of the Corporation, whereby the Corporation agrees to pay Target an annual fee equal to \$2,500 plus $\frac{1}{2}$ of 1% of the amount of capital raised from the offering (note 13) in excess of \$500,000 through deferred plans (any one of, or collectively, a Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan and Tax-Free Savings Account, all as defined under the Income Tax Act) (a "Deferred Plan"). The minimum term of the agreement is two years but is expected to be renewed until the Bonds issued as a result of the offering (note 13) either mature or are redeemed by the Corporation. This transaction is in the normal course of operations and is measured at the exchange amount of consideration established and agreed to by the related parties.
- 12.2 On December 1, 2016, the Corporation entered into a management agreement (the "Management Agreement") with the Manager, pursuant to which the Manager shall manage the day to day business of the Corporation. In consideration for the services provided by the Manager to the Corporation pursuant to this Management Agreement, the Corporation shall pay to the Manager, in respect of each fiscal quarter, a management services fee equal to 90% of the quarterly net asset value (the Corporation's total assets less its total liabilities) of the Corporation for such fiscal quarter, less the Management Compensation for such fiscal quarter (the "Management Fee"). The Management Fee shall be paid in cash within five (5) Business Days following the completion of the Corporation's financial statements for such fiscal quarter, subject to the right of the Manager in its sole discretion to accept its Management Fee at such later time as may be convenient to the Manager from time to time.

CoPower Finance, Inc.

Notes to the Financial Statements

Period from Incorporation on November 21, 2016 to December 31, 2016

13. Subsequent event

The Corporation has prepared an offering memorandum (the “offering”), for the offer of a series of unsecured fixed-rate bonds (the “Bonds”), of up to an aggregate maximum of 20,000 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$20,000,000 and a minimum of 250 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$250,000. Each Bond pays interest from the date of issue on March 31, June 30, September 30, and December 31 of each year during the term of the Bond, and shall be payable as follows: Series A, B, C and D - simple interest on March 31, June 30, September 30 and December 31 of each year during the term of the Bonds; and Series E, F, G and H - compounded on March 31, June 30, September 30 and December 31 of each year during the terms of the Bonds payable upon maturity. The Bonds shall bear interest as follows: Series A and E - 5.0%; Series B and F - 4.5%; Series C and G - 3.5%; and, Series D and H - 3.0%. The Bonds shall mature, subject to early redemption by the Corporation, as follows: Series A, B and F - five years from date of issue; and, Series C, D, E, G and H - three years from date of issue. Series A, C, E and G will be sold to investors with non-Deferred Plan accounts, and Series B, D, F and H will be sold to investors with Deferred Plan accounts.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 1% of the gross proceeds realized on the sale of Bonds under this offering. If agents are retained, the Corporation will pay aggregate fees and commissions of up to 1% of the gross proceeds realized on the Bonds sold by such agent. The Corporation has retained the Manager as lead selling agent in respect of the distribution and sale of the Bonds. No compensation will be paid for sale of the Bonds effected by the Manager.

Closing of the offering is set to take place periodically at the Corporation’s discretion with the minimum closing to occur on or before March 31, 2017.

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ITEM 13 - DATE AND CERTIFICATE

Dated: January 20, 2017

This Offering Memorandum does not contain a misrepresentation.

ON BEHALF OF THE DIRECTOR, OFFICER AND PROMOTER OF COPOWER FINANCE



Raphael Bouskila

**SUBSCRIPTION AGREEMENT TO THE OFFERING MEMORANDUM OF
COPOWER FINANCE, INC.**

PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:

1. A signed copy of this Subscription Agreement;
2. A certified cheque, trust cheque, or bank draft in an amount equal to the Aggregate Subscription Amount, payable to "CoPower Finance, Inc.";
3. A properly completed and duly executed copy of the appropriate investor qualification form(s):
 - two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule A (one copy may be retained for your records);
 - one (1) copy each:
 - i.) Schedule A-1, Classification of Investors Under the Offering Memorandum Exemption; and
 - ii.) Schedule A-2, Investment Limits for Investors Under the Offering Memorandum Exemption; and
 - if subscribing for more than \$10,000 in Bonds, one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule B;
4. All Subscribers must execute the Target Release attached as Schedule C to the Subscription Agreement;
5. Subscribers paying their subscription by pre-authorized debit, complete and sign one copy of the Pre-Authorized Debit Agreement attached to the Subscription Agreement as Schedule D.

PLEASE DELIVER YOUR SUBSCRIPTION TO:

COPOWER FINANCE, INC.

4444 Sainte-Catherine Street W., Suite 201
Westmount, QC H3Z 1R2

SUBSCRIPTION FOR BONDS

TO: COPOWER FINANCE, INC. (the "Corporation")

The undersigned (hereinafter referred to as the "Subscriber") hereby irrevocably subscribes for and agrees to purchase the number and series of Bonds ("Bonds") of the Corporation set forth below for the aggregate subscription amount set forth below, representing a subscription price of CDN \$1,000 per Bond, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Bonds of CoPower Finance, Inc." attached hereto (the "Subscription Agreement"). **In addition to this face page, the Subscriber must also complete all applicable Schedules attached hereto.**

Full Legal Name of Subscriber (please print)

By: _____
Signature of Subscriber or its Authorized Representative

Official Title or Capacity (please print)

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

Date of Execution

Social Insurance Number / Business Number

Subscriber's Address (line one)

Subscriber's Address (line two)

Telephone Number (including area code)

E-mail Address

Aggregate Subscription Amount: \$_____

Series of Bonds: _____

Number of Bonds: _____

Insider Status

Is the Subscriber an "Insider" of the Corporation as defined by applicable securities laws in the jurisdiction of residence of the Subscriber?

☐ YES ☐ NO

Registrant Status

Is the Subscriber a "Registrant" as defined by applicable securities laws in the jurisdiction of residence of the Subscriber?

☐ YES ☐ NO

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

Name

Account reference, if applicable

Address (including postal code)

Telephone Number (including area code)

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

Name

Contact Name

Address (including postal code)

Telephone Number (including area code)

FOR OFFICE USE ONLY

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

COPOWER FINANCE, INC.

Per: _____

Date: _____

Certificate No. Issued:

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR
BONDS OF COPOWER FINANCE, INC.**

Definitions In this Subscription Agreement:

- (a) **"Aggregate Subscription Amount"** means the aggregate dollar amount of the subscription under this Subscription Agreement;
- (b) **"Bondholder(s)"** means a holder of Bonds purchased by a Subscriber pursuant to the Offering Memorandum;
- (c) **"Bonds"** means collectively the Series A, Series B, Series C, Series D, Series E, Series F, Series G and Series H Green Bonds of the Corporation offered pursuant to the Offering Memorandum;
- (d) **"Closing Date"** means the dates on which Bonds are issued by the Corporation pursuant to the Offering Memorandum;
- (e) **"Corporation"** means CoPower Finance, Inc., a corporation incorporated under the *Civil Code of Québec, LRQ, c C-1991*;
- (f) **"Offering"** means the offering of up to 20,000 Bonds by the Corporation pursuant to the Offering Memorandum;
- (g) **"Offering Memorandum"** means the Offering Memorandum of the Corporation dated January 20, 2017;
- (h) **"Series A Green Bonds"** means the 5.0% unsecured 5-year green bonds offered pursuant to the Offering Memorandum;
- (i) **"Series B Green Bonds"** means the 4.5% unsecured 5-year green bonds offered pursuant to the Offering Memorandum;
- (j) **"Series C Green Bonds"** means the 3.5% unsecured 3-year green bonds offered pursuant to the Offering Memorandum;
- (k) **"Series D Green Bonds"** means the 3.0% unsecured 3-year green bonds offered pursuant to the Offering Memorandum;
- (l) **"Series E Green Bonds"** means the 5.0% unsecured 5-year green bonds offered pursuant to this Offering Memorandum;
- (m) **"Series F Green Bonds"** means the 4.5% unsecured 5-year green bonds offered pursuant to this Offering Memorandum;
- (n) **"Series G Green Bonds"** means the 3.5% unsecured 3-year green bonds offered pursuant to this Offering Memorandum; and
- (o) **"Series H Green Bonds"** means the 3.0% unsecured 3-year green bonds offered pursuant to this Offering Memorandum.

Acknowledgements of the Subscriber The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:

- (a) this subscription is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;
- (b) the Corporation has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds. No compensation will be paid for sale of the Bonds affected by CoPower Inc. Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to one percent (1%) of the gross proceeds realized on the sale of Bonds under the Offering to any of, or a combination of, the following parties: unrelated investment dealers, unrelated exempt market dealers and/or their dealing representatives;
- (c) the Bonds subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Corporation of up to 20,000 Bonds at a subscription price of \$1,000 per Bond; and
- (d) **the Subscriber is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.**

Representations, Warranties and Covenants of the Subscriber By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:

- (a) the Subscriber is, or is deemed to be, purchasing the Bonds as principal for the Subscriber's own account, not for the benefit of any other person, and for investment only and not with a view to the resale or distribution of all or any of the Bonds;
- (b) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;
- (c) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions

required of the Subscriber hereunder, and all necessary approvals of its Directors, partners, Shareholders, trustees or otherwise with respect to such matters have been given or obtained;

- (d) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;
- (e) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
- (f) if the Subscriber is acting as agent or trustee for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;
- (g) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (h) the Subscriber confirms that the Subscriber it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address", as the case may be, on page 2 hereof and it has received or been provided with a copy of the Offering Memorandum **and has duly completed and executed and or complied with, as the case may be:**
 - i. two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule A (one copy may be retained for your records);
 - ii. if the Subscriber is an individual, the Subscriber: (i) has complied with any and all investment limits prescribed by Section 2.9 of NI 45-106 applicable to the Subscriber, as summarized in Schedule A-1 – Classification of Investors Under the Offering Memorandum Exemption and Schedule A-2 – Investment Limits for Investors Under the Offering Memorandum Exemption; and (ii) is entitled to subscribe for the Bonds for the Aggregate Subscription Amount noted on page 2 hereof;
 - iii. if subscribing for more than \$10,000 in Bonds, one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule B;
- (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Bonds;
 - (i) is capable of assessing the proposed investment in the Bonds as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation; and
 - (ii) is able to bear the economic risk of loss of its investment in the Bonds;
- (j) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Bonds;
- (k) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Bonds and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:
 - (i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;
 - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and
 - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (l) the Subscriber confirms that neither the Corporation or any of its representative Directors, employees, Officers or affiliates, have made any representations (written or oral) to the Subscriber:
 - (i) regarding the future value of the Bonds;
 - (ii) that any person will resell or repurchase the Bonds;

- (iii) that the Bonds will be listed on any stock exchange or traded on any market; or
- (iv) that any person will refund the purchase price of the Bonds other than as provided in this Subscription Agreement;
- (m) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Bonds as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Bonds, and the resale restrictions and “hold periods” to which the Bonds are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation with respect to such suitability, tax consequences, and resale restrictions;
- (n) except for the Subscriber’s knowledge regarding its subscription for Bonds hereunder, the Subscriber has no knowledge of a “material fact” or a “material change” (as those terms are defined in the *Securities Act* (Québec)) in the affairs of the Corporation that has not been generally disclosed;
- (o) the Subscriber is resident in the jurisdiction indicated on the 2nd page of this Subscription Agreement as the “Subscriber’s Address” and the purchase by and sale to the Subscriber of the Bonds, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
- (p) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Bonds and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Bonds as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;
- (q) the Subscriber understands that it will not resell the Bonds except in accordance with limited exemptions available under applicable securities legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber’s compliance with applicable resale restrictions;
- (r) the Subscriber acknowledges that it is aware that there is no market upon which the Bonds trade and there is no assurance that any of the Bonds will be listed and posted for trading on a stock exchange or dealer network in the future;
- (s) the Subscriber understands that the sale of the Bonds is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, and the requirement to sell securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Bonds pursuant to such exemptions, certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages in the event of a misrepresentation may not be available to the Subscriber in connection with the purchase and sale of the Bonds;
- (t) the Subscriber understands that any certificates representing the Bonds will bear a legend indicating that the resale of such securities is restricted;
- (u) the Subscriber is not a “U.S. Person” (as that term is defined by Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Bonds for the account or benefit of a U.S. Person or a person in the United States;
- (v) the Bonds have not been Offered to the Subscriber in the United States, and the individuals making the order to purchase the Bonds and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;
- (w) the Subscriber undertakes and agrees that it will not offer or sell any of the Bonds in the United States unless such Securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;
- (x) the Subscriber acknowledges that, in addition to any other requirements under applicable securities legislation to which a disposition of any of the Bonds by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Bonds;
- (y) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Bonds;
- (z) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;

- (aa) the Subscriber is not a non-resident for the purposes of the *Income Tax Act* (Canada);
- (bb) the Subscriber is not a “control person” of the Corporation, as that term is defined in the *Securities Act* (Québec), will not become a “control person” of the Corporation by purchasing the number of Bonds subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;
- (cc) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation except as expressly set forth herein or in the Offering Memorandum;
- (dd) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLTFA”) and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;
- (ee) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders or security holders, including the Subscriber;
- (ff) the Subscriber is aware of the attributes and characteristics of the Bonds, the risks relating to an investment therein and of the fact that the Subscriber may not be able to resell the Bonds, except in accordance with limited exemptions under applicable securities legislation and regulatory policy, and the Subscriber understands and confirms that it has been advised that any certificates representing the Bonds will bear the following legend indicating that the resale of such securities is restricted:

UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION, THE SUBSCRIBER CANNOT TRADE THE SECURITIES BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE DATE THAT COPOWER FINANCE, INC. BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

and the Subscriber further agrees that it is the Subscriber's responsibility to comply with such restrictions before selling the Bonds;

- (gg) **the Subscriber acknowledges that it has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds under the Offering. No compensation will be paid for sale of the Bonds affected by CoPower Inc. CoPower Inc., the Manager and a shareholder of the Corporation, is an Exempt Market Dealer. The sole director and officer of the Corporation is a director, officer and shareholder of CoPower Inc. As a consequence, CoPower Inc. and the Corporation are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Corporation and CoPower Inc. may lead a reasonable prospective purchaser of the Bonds being offered under this Offering to question the independence of such parties for purposes of the distribution of Bonds to purchasers. Subscribers should note that if they purchase Bonds of the Corporation through CoPower Inc., they will not be purchasing securities from an Exempt Market Dealer that is independent of the Corporation.**
- (hh) **the Subscriber acknowledges that an investment in the Bonds is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Bonds and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Bonds. Resale of such Bonds will require the availability of exemptions from the prospectus requirements of applicable Securities legislation, or the application for a discretionary order of the securities commission or similar regulatory authority in the subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with relevant securities legislation, orders or policies concerning the purchase, holding of, and resale of the Bonds.**

Timeliness of Representations, etc. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Bonds and any subsequent disposition by the Subscriber of any of the securities.

Indemnity The Subscriber acknowledges that the Corporation and its counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a Securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Bonds) to purchase Bonds under the Offering, and hereby agrees to indemnify the Corporation and its Directors, officers, employees, advisers, affiliates, Shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at 4444 Sainte-Catherine Street W., Suite 201, Westmount, Quebec H3Z 1R2 of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.

Deliveries by Subscriber prior to Closing The Subscriber agrees to deliver to the Corporation not later than 5:00 p.m. (Eastern Time) on the day that is two (2) business days before any Closing Date of which the Subscriber receives notice:

- (a) this duly completed and executed Subscription Agreement;
- (b) a certified cheque, trust cheque, or bank draft made payable to "CoPower Finance, Inc." in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in such other manner as is acceptable to the Corporation;
- (c) properly completed and duly executed copies of the appropriate investor qualification form(s) as described on the front page of this Subscription Agreement; and
- (d) such other documents as may be requested by the Corporation as contemplated by this Subscription Agreement.

Consent to Collection of Personal Information If the Subscriber is an individual, the Subscriber acknowledges that the Subscriber has provided, in this Subscription Agreement, to the Corporation information (the "**Personal Information**") of a personal nature that may or may not be protected under applicable privacy legislation. This information is being collected, used and may be disclosed by the Corporation for the following purposes (the "**Purposes**"):

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

The Subscriber hereby consents to the collection, use and disclosure by the Corporation of the Personal Information for the Purposes.

Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. The Subscriber's personal information may be disclosed by the Corporation or its counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the offering, including legal counsel. By executing this Subscription Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Subscription Agreement as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transactions contemplated hereby.

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

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

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

Time and Place of Closing The sale of the Bonds will be completed at the offices of the Corporation, in Westmount, QC at 10:00 a.m. (Eastern Time) or such other time as the Corporation may determine (the “**Closing Time**”) on the Closing Date. The Corporation reserves the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.

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

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

- (a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Bonds to the Subscriber;
- (b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;
- (c) the Corporation has complied or will comply with all applicable corporate and Securities laws in connection with the Offering and sale of the Bonds;
- (d) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors’ rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court; and
- (e) the execution, delivery and performance of this Subscription Agreement by the Corporation and the issue of the Bonds to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound.

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

Governing Law The contract arising out of acceptance of this Subscription Agreement by the Corporation shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Québec.

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

Entire Agreement This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

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

Counterpart This Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

Severability The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

Survival The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

Interpretation The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.

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

Costs The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Bonds to the Subscriber shall be borne by the Subscriber.

Withdrawal The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

Assignment Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.

SCHEDULE A

FORM 45-106F4

TO BE COMPLETED BY ALL SUBSCRIBERS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ in total; this includes any amount I am obliged to pay in future.

Capitalized terms below are defined in the Offering Memorandum dated January 20, 2017.

Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to one percent (1%) of the gross proceeds realized on the sale of Bonds under this Offering to any of, or a combination of, the following parties: unrelated investment dealers, unrelated exempt market dealers and/or their dealing representatives.

The Corporation has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds under the Offering. No compensation will be paid for sale of the Bonds affected by CoPower Inc. CoPower Inc., the Manager and a shareholder of the Corporation, is an Exempt Market Dealer. The sole director and officer of the Corporation is a director, officer and shareholder of CoPower Inc. As a consequence, CoPower Inc. and the Corporation are considered to be "related" and "connected" in accordance with securities laws as the relationship between the Corporation and CoPower Inc. may lead a reasonable prospective purchaser of the Bonds being offered under this Offering to question the independence of such parties for purposes of the distribution of Bonds to purchasers.

Subscribers should note that if they purchase Bonds of the Corporation through CoPower Inc., they will not be purchasing securities from an Exempt Market Dealer that is independent of the Corporation.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

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

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to CoPower Finance, Inc. stating that you want to cancel your purchase. You must deliver the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to CoPower Finance, Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name: CoPower Finance, Inc.
Address: 4444 Sainte-Catherine Street W., Suite #201
Westmount, Québec H3Z 1R2
Phone: (514) 600-0270
Email: investors@copower.me

You are buying Exempt Market Securities

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

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

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

You will receive an Offering Memorandum

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

You will not receive advice

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

The securities you are buying are not listed

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

You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

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

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

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at www.bcsc.bc.ca.
- If you live in Alberta, contact the Alberta Securities Commission at (403) 297-6454 or visit its website at www.albertasecurities.com.
- If you live in Saskatchewan, contact the Financial and Consumer Affairs Authority of Saskatchewan at (306) 787-5879, or visit its website at www.fcaa.gov.sk.ca.
- If you live in Manitoba, contact The Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca.
- If you live in the Northwest Territories, contact the Securities Registry at (867) 920-3318, or visit its website at www.justice.gov.nt.ca/SecuritiesRegistry.
- If you live in Nunavut, contact the Legal Registries Division at (867) 975-6590, or visit its website at nunavutlegalregistries.ca/sr_index_en.shtml.
- If you live in the Yukon, contact the Office of the Yukon, Superintendent of Securities at (867) 667-5466, or visit its website at www.community.gov.yk.ca/corp/securities_about.html.
- If you live in Ontario, contact the Ontario Securities Commission at (416) 593-8314, or visit its website at www.osc.gov.on.ca.
- If you live in Quebec, contact the Autorite des marches financiers at (514) 395-0337, or visit its website at www.lautorite.qc.ca/en.
- If you live in New Brunswick, contact the Financial and Consumer Services Commission at (506) 658-3060 or visit its website at www.nbsc-cvmnb.ca.
- If you live in Newfoundland and Labrador, contact the Financial Services Regulation Division at (709) 729-4189 or visit its website at www.gs.gov.nl.ca/cca/scon.
- If you live in Nova Scotia contact the Nova Scotia Securities Commission at (902) 424-7768 or visit its website at www.gov.ns.ca/nssc.
- If you live in Prince Edward Island, contact the Prince Edward Island Securities Office at (902) 368-4569 or visit its website www.gov.pe.ca/securities.

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

SCHEDULE A

FORM 45-106F4

TO BE COMPLETED BY ALL SUBSCRIBERS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ in total; this includes any amount I am obliged to pay in future.

Capitalized terms below are defined in the Offering Memorandum dated January 20, 2017.

Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to one percent (1%) of the gross proceeds realized on the sale of Bonds under this Offering to any of, or a combination of, the following parties: unrelated investment dealers, unrelated exempt market dealers and/or their dealing representatives.

The Corporation has retained CoPower Inc. as lead selling agent in respect of the distribution and sale of the Bonds under the Offering. No compensation will be paid for sale of the Bonds affected by CoPower Inc. CoPower Inc., the Manager and a shareholder of the Corporation, is an Exempt Market Dealer. The sole director and officer of the Corporation is a director, officer and shareholder of CoPower Inc. As a consequence, CoPower Inc. and the Corporation are considered to be “related” and “connected” in accordance with securities laws as the relationship between the Corporation and CoPower Inc. may lead a reasonable prospective purchaser of the Bonds being offered under this Offering to question the independence of such parties for purposes of the distribution of Bonds to purchasers.

Subscribers should note that if they purchase Bonds of the Corporation through CoPower Inc., they will not be purchasing securities from an Exempt Market Dealer that is independent of the Corporation.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

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

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to CoPower Finance, Inc. stating that you want to cancel your purchase. You must deliver the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to CoPower Finance, Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name: CoPower Finance, Inc.
Address: 4444 Sainte-Catherine Street W., Suite #201
Westmount, Québec H3Z 1R2
Phone: (514) 600-0270
Email: investors@copower.me

You are buying Exempt Market Securities

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

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

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

You will receive an Offering Memorandum

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

You will not receive advice

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

The securities you are buying are not listed

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

You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

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

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

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at www.bcsc.bc.ca.
- If you live in Alberta, contact the Alberta Securities Commission at (403) 297-6454 or visit its website at www.albertasecurities.com.
- If you live in Saskatchewan, contact the Financial and Consumer Affairs Authority of Saskatchewan at (306) 787-5879, or visit its website at www.fcaa.gov.sk.ca.
- If you live in Manitoba, contact The Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca.
- If you live in the Northwest Territories, contact the Securities Registry at (867) 920-3318, or visit its website at www.justice.gov.nt.ca/SecuritiesRegistry.
- If you live in Nunavut, contact the Legal Registries Division at (867) 975-6590, or visit its website at nunavutlegalregistries.ca/sr_index_en.shtml.
- If you live in the Yukon, contact the Office of the Yukon, Superintendent of Securities at (867) 667-5466, or visit its website at www.community.gov.yk.ca/corp/securities_about.html.
- If you live in Ontario, contact the Ontario Securities Commission at (416) 593-8314, or visit its website at www.osc.gov.on.ca.
- If you live in Quebec, contact the Autorite des marches financiers at (514) 395-0337, or visit its website at www.lautorite.qc.ca/en.
- If you live in New Brunswick, contact the Financial and Consumer Services Commission at (506) 658-3060 or visit its website at www.nbsc-cvmnb.ca.
- If you live in Newfoundland and Labrador, contact the Financial Services Regulation Division at (709) 729-4189 or visit its website at www.gs.gov.nl.ca/cca/scon.
- If you live in Nova Scotia contact the Nova Scotia Securities Commission at (902) 424-7768 or visit its website at www.gov.ns.ca/nssc.
- If you live in Prince Edward Island, contact the Prince Edward Island Securities Office at (902) 368-4569 or visit its website www.gov.pe.ca/securities.

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

SCHEDULE A-1

Classification of Investors Under the Offering Memorandum Exemption

Instructions: This schedule must be completed together with the Risk Acknowledgment Form and Schedule A-2 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

How you qualify to buy securities under the offering memorandum exemption		
Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.		
A. You are an eligible investor because:		Your Initials
Eligible Investor	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	
B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the Securities Act (Ontario), because:		Your Initials
Accredited Investor	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	
C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:		Your Initials
Family, Friends and Business Associates	<p>You are:</p> <p>1) [check all applicable boxes]</p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>2) [check all applicable boxes]</p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	

Family, Friends and Business Associates	Your Initials	
	You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i> , who holds the following position at the issuer or an affiliate of the issuer: _____ You have known that person for _____ years.	
	You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i> , who holds the following position at the issuer or an affiliate of the issuer: _____ You have known that person for _____ years.	
D. You are not an eligible investor.		
Not An Eligible Investor	Your Initials	
	You acknowledge that you are not an eligible investor.	

SCHEDULE A-2

Investment Limits for Investors Under the Offering Memorandum Exemption

Instructions: This schedule must be completed together with the Risk Acknowledgment Form and Schedule A-1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

SECTION 1 TO BE COMPLETED BY THE PURCHASER		
1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption		
You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule A-1. Initial the statement that applies to you.		
A. You are an eligible investor.		
Eligible Investor	As an eligible investor that is an individual, you cannot invest more than \$30,000 in all offering memorandum exemption investments made in the previous 12 months since April 29, 2016, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.	
	Initial <u>one</u> of the following statements:	
	You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months since April 29, 2016.	Your Initials
	You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable. You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months since April 29, 2016 of \$100,000.	
B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario):.		
Accredited Investor	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>], you are not subject to investment limits.	Your Initials
C. You are an eligible investor, as a person described in section 2.5 [<i>Family, friends and business associates</i>] of NI 45-106.		
Family, Friends and Business Associates	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [<i>Family, friends and business associates</i>], you are not subject to investment limits.	Your Initials
D. You are not an eligible investor.		
Not An Eligible Investor	You acknowledge that you cannot invest more than \$10,000 in all offering memorandum exemption investments made since April 29, 2016 in the previous 12 months . You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months since April 29, 2016.	Your Initials

SECTION 2 TO BE COMPLETED BY THE REGISTRANT**2. Registrant information**

[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]

First and last name of registrant (please print):

Registered as:

[Instruction: indicate whether registered as a dealing representative or advising representative]

Telephone:

Email:

Name of firm:

[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]

Date:

SCHEDULE B

REPRESENTATION LETTER – NATIONAL INSTRUMENT 45-106 ELIGIBLE INVESTOR

**TO BE COMPLETED BY ALL SUBSCRIBERS
WHO ARE SUBSCRIBING FOR MORE THAN \$10,000 IN BONDS**

The undersigned (the “Subscriber”) hereby confirms and certifies to CoPower Finance, Inc. that the Subscriber is purchasing the Bonds as principal, that the Subscriber is resident in the jurisdiction set out on page 2 hereof, and that the Subscriber is: **[check appropriate boxes]**

- ☐ (a) an “Eligible Investor”, being a person or company whose **[circle one or more]**
- (i) net assets, alone or with a spouse, exceed CDN \$400,000,
 - (ii) net income before taxes exceeded CDN \$75,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year, or
 - (iii) net income before taxes combined with that of a spouse exceeded CDN \$125,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year,
- ☐ (b) a person or company of which a majority of the voting securities are beneficially owned by Eligible Investors or a majority of the Directors are Eligible Investors,
- ☐ (c) a general partnership in which all of the partners are Eligible Investors,
- ☐ (d) a limited partnership in which the majority of the general partners are Eligible Investors,
- ☐ (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are Eligible Investors,
- ☐ (f) an accredited investor (as defined in National Instrument 45-106),
- ☐ (g) a person who is a family member, close personal friend or close business associate as described in Section 2.5 of National Instrument 45-106. Subscribers qualifying as eligible investors through this qualification who are resident in the province of Saskatchewan must also execute and deliver to the Corporation one copy of the form of Risk Acknowledgement attached as Schedule C; or
- ☐ (h) a person or company that has obtained advice regarding the suitability of the investment and if the person or company is in a jurisdiction of Canada that advice has been obtained from an eligibility adviser (as defined in National Instrument 45-106).

EXECUTED by the Subscriber this ____ day of _____, 20__.

If a Corporation, Partnership or other entity:

Signature of Authorized Signatory

Name and Position of Signatory

Name of Purchasing Entity

Jurisdiction of Residence

If an individual:

Signature

Print Name

Jurisdiction of Residence

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SCHEDULE C

RELEASE OF ANY CLAIMS BY SUBSCRIBER AGAINST CONTROLLING SHAREHOLDER

TO BE COMPLETED BY ALL INVESTORS

TO: Target Capital Inc.

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

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

Dated as of the ____ day of _____, 20__.

(Signature of Subscriber)

(Name of Subscriber – Please Print)

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PRE-AUTHORIZED DEBIT AGREEMENT**Subscriber Information**

Name: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Bank Account Information

Name of Financial Institution: _____

Bank Account Number: _____

Transit/Branch Number*: _____ Financial Institution Number†: _____

Terms and Conditions: Personal Pre-Authorized Debit

Reference is made to the Subscription Agreement between you and CoPower (the "Agreement"). This PAD agreement is part of the Agreement.

By signing this Personal Pre-authorized debit (PAD) agreement, you, the Payor, authorize CoPower to draw on the financial institution account identified above to transfer funds to CoPower. These debits will be sporadic and the amounts will be variable, depending on your rights and obligations under the Agreement.

You will receive regular account statements from CoPower with respect to transactions carried out hereunder. If your CoPower account statement indicates that a debit will occur, receipt of the statement serves as notice of the date of debit and the amount to be debited from your account. You acknowledge and agree that the notice may be received less than ten (10) calendar days before the date of the debit.

If any information associated with the financial institution account provided in this authorization changes, you shall inform CoPower, in writing at info@copower.me or at the address indicated above, at least ten (10) business days prior to the next scheduled debit. You may also revoke the present authorization at any time by providing written notice to CoPower. This notice must also be received at least ten (10) business days before the next scheduled debit. A sample cancellation form may be obtained from your financial institution or at www.cdnpay.ca.

You agree that, in the event of a non-negotiable payment (such as for non-sufficient funds), you will be liable to a charge of \$35. Additionally, in the event of a non-negotiable payment for any other reason, or in the event that two consecutive payments are refused for reason of non-sufficient funds, this authorization will terminate. Cancellation of this authorization does not terminate or otherwise have any effect on the Agreement or any other contract that exists between you and CoPower.

If you think a debit has been made in error, please contact CoPower immediately. You have certain recourse rights if any debit does not comply with this agreement. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with this agreement within 90 calendar days of such a debit. To obtain more information on your recourse rights, contact your financial institution or visit www.cdnpay.ca.

You agree that delivery of this agreement constitutes delivery by you to your financial institution identified above. You agree that CoPower may deliver this agreement to its financial institution and agree to the disclosure of any personal information which may be contained in this agreement to such financial institution.

Applicable to the Province of Quebec only: It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. *Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.*

Signature of Payor: _____ Date: _____