

## OFFERING MEMORANDUM AMENDMENT

Dated September 13, 2016

This offering memorandum amendment (the "Offering Memorandum Amendment") and the offering memorandum (the "Offering Memorandum") dated July 15, 2016 constitutes an offering (the "Offering") of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold. This Offering Memorandum Amendment and the Offering Memorandum is not, and under no circumstances is it to be construed as a prospectus, advertisement or public offering of the securities referred to herein. **No securities commission or similar regulatory authority has passed on the merits of the securities offered nor has it reviewed this Offering Memorandum Amendment or the Offering Memorandum and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada or elsewhere.**

### TPF THE PHOENIX FUND INC.

(the "Corporation")

1201 – 1166 Alberni Street

Vancouver, British Columbia, V6E 3Z3

Tel: (604) 336-0185 Fax: (604) 676-2622

Email: info@thephoenixfund.ca

The offering memorandum of the Corporation dated July 15, 2016 (the "Offering Memorandum") relating to the distribution of up to a maximum of 50,000 unsecured bonds comprised of 1-year 8% unsecured bonds ("8% Bonds") and/or 3-year 9% unsecured bonds ("9% Bonds", and together with the 8% Bonds, the "Bonds") at a price of \$1,000 per Bond is hereby amended, and is to be read subject to the additional information set forth below. Unless defined herein, all capitalized terms have the meanings given to them in the Offering Memorandum.

## AMENDMENTS

The purpose of this offering memorandum amendment (the "Offering Memorandum Amendment") to the Offering Memorandum is to: (i) revise the definition of "TPFM" under the Glossary of Terms to add MLI Marble Lending Inc. as a common shareholder, and remove Christopher Jimenez as an officer and director and to add Paul Mullen and John Lee as common officers and directors; (ii) to update the disclosure under 2.2.3 of Item 2 with respect to Related Party Matters; (iii) to update the disclosure under 2.7.5 of Item 2 to remove Christopher Jimenez as an officer of MLI Marble Lending Inc.; (iv) to update the disclosure under 3.1 of Item 3 to remove Christopher Jimenez as a director and officer of the Corporation and to add Paul Mullen as a director and officer of the Corporation and add John Lee as an officer of the Corporation; (v) to update the disclosure under 3.2 of Item 3 to remove Christopher Jimenez and to add information with respect to Paul Mullen and John Lee; (vi) to update the disclosure under 3.3 of Item 3 with respect to the names and principal occupations of management of TPFM over the past five years; and (vii) to update the disclosure under risk factor #19 "*Change of Directors*" and risk factor #21 "*Conflict of Interest*" under Item 8.

The principal material changes to the Offering are as follows:

### 1. Glossary of Terms

The definition of "TPFM" in the Glossary of Terms is amended and replaced as follows:

"**TPFM**" means TPFM The Phoenix Fund Management Ltd., a private British Columbia corporation related to the Corporation by a common shareholder, MLI Marble Lending Inc., and common officers and directors, Ayaz Virani, Paul Mullen and John Lee. **See Item 2.2.1 Business of TPFM The Phoenix Fund Management Ltd. and Item 2.2.3 Related Party Matters.**

## **2. 2.2.3 Related Party Matters**

The section on Related Party Matters under Section 2.2.3 of Item 2 is amended as follows:

### **2.2.3 Related Party Matters**

Ayaz Virani, Paul Mullen and John Lee, directors and/or officers of the Corporation, are also directors and/or officers of TPFM and MLI. Ayaz Virani, Paul Mullen and John Lee are shareholders, directly or indirectly through holding companies, of MLI.

## **3. 2.7.5 Management Agreements**

The section on Management Agreements under Section 2.7.5 of Item 2 is amended and replaced as follows:

### **2.7.5 Management Agreements**

TPFM manages the business and affairs of the Corporation pursuant to the TPFM Management Agreement described above. In addition, TPFM has entered into a management agreement dated as of July 1, 2016 with MLI (the "MLI Management Agreement"), pursuant to which MLI assists TPFM with the management of the Corporation and provides TPFM with strategic, financial, risk management, technology and administrative services. TPFM will pay all management fees and reimbursement of expenses payable to MLI pursuant to the MLI Management Agreement, and will not be reimbursed by the Corporation. The principal individuals providing services on behalf of MLI pursuant to the MLI Management Agreement, and their respective titles, are set out below:

#### ***Ayaz Virani: CEO & Chairman***

Ayaz has managed several large funds and mortgage investment portfolios. His keen knowledge and understanding of the industry ensures that loans and acquisition opportunities work for the borrower and are profitable for the lender and its investors.

Over the past 26 years Ayaz has raised more than \$1 billion towards both residential and commercial project financings. In 1986 he co-founded the Home Mortgage Group Ltd. Ayaz also co-founded the original Mortgage Brokers Association of British Columbia. This experience has solidified his reputation within the industry as an expert in all aspects of commercial, construction and residential lending with special focus on private lending.

Ayaz received a marketing-management diploma (with honors) from the British Columbia Institute of Technology.

#### ***Paul Mullen, President***

In 2012, Paul retired from CIBC as Vice-President, Risk Management. In that capacity, Paul was responsible for Residential Mortgages and Secured Lines and Loans and a total portfolio in excess of \$150 billion. He has over 40 years of professional banking experience.

In 1972, Paul joined Kinross Mortgage Corporation as a Junior Mortgage Underwriter in its' Winnipeg office. Kinross was a partly owned subsidiary of CIBC. Paul spent 3 years in Winnipeg and in 1975 was transferred to the Regina office as Head of the Saskatchewan operation. Subsequently, Kinross became a wholly owned subsidiary of CIBC and was renamed CIBC Mortgage Corporation.

In 1984, Paul was transferred to Head Office in Toronto where he received numerous promotions and positions of increasing responsibility.

#### ***John Lee, CPA, CGA, CFO***

Over 20 years of in-depth experience as a business leader in finance, treasury, compliance and corporate administration. He has held key financial leadership positions for both start-ups and established top tier companies, utilizing his strengths in implementing efficient processes, building strong teams and in-

depth knowledge of finance and accounting to provide value-added leadership to organizations. Mr. Lee has been instrumental in creating and maintaining solid and disciplined financial and operational infrastructures.

Mr. Lee has a comprehensive understanding of the investment and financial services sector and has been involved in raising capital, managing Income Trusts, Mutual Fund Trusts and other Funds, Mortgage Investment Corporations & Limited Partnerships, setting up RRSP eligible structures, preparing Offering Memorandums and building & analyzing financial models to support decision makers on investment initiatives. In addition to finance and accounting, his breadth of experience includes the implementation of enterprise resource planning (ERP) software systems, CRM systems, and leading IT and IS projects.

***Sean Jordan, COO***

An entrepreneur with over 20 years of experience starting businesses, establishing relationships, managing productions, building killer teams & expanding business opportunities. He has spent the majority of his professional career in development, production management and marketing for a number of web-centric start-ups.

His teams have produced several award-winning multimedia projects for over 300 companies worldwide. He has directed teams of 40 or more programmers, designers and engineers in the areas of online development, animation and audio post-production.

Specialties: Part engineer, part creative and part strategist - all bundled together. Highly experienced in project development & management, art directing, photography, web design, PPC campaign management, SEO, ecommerce, social media, sales conversions and online media buying.

***Paul Vanderzee, CTO***

Sr. programming specialist, highly experienced in developing innovative, large-scale online applications and networks. Primary industries include real estate and SaaS. Paul Vanderzee is a painter, software developer and creator of a popular Internet Relay Chat (IRC) client for the Windows operating system. With his *IceChat*, Vanderzee really doesn't break any new ground - *technologically*. So many IRC clients have come and gone, and IRC enthusiasts tend to be a stubborn, conservative crowd, eschewing most anything that comes along in favor of the hallowed mIRC chat client that is a favorite of the community. Where Vanderzee goes both wrong and right as the developer of IceChat is in the program's design, which deviates from the standard no-frills, geek-inspired, barren interface of most chat clients by offering large colorful icons, assorted toolbars and customization features. The program's extremely user friendly interface appears to be an extension of Vanderzee's enthusiasm as a developer, which apparently just can't bear to produce yet-another-irc-client-clone: in addition to putting together a user-friendly (or, "amateurish", to quote one such traditionalist reviewer) chat program, Vanderzee provides the type of documentation and support that really shows some admirable dedication as a developer. In addition to furnishing a well-maintained website for IceChat,

Vanderzee hosts a dedicated support forum on the site, keeps an extensive changelog detailing the program's evolution since its earliest days nearly 10 years ago (complete with screenshots) and even throws in a dedicated IceChat Facebook group and Twitter account, to keep his user base continuously informed of any and all developments and tweaks to the program. While its supporters point out IceChat's ease of use and small size, it isn't exactly without problems, as a few users point out bugs, such as editing difficulties and some crashing, which may well support some of the "amateurish" claims - after all, Vanderzee has had 10 years to build a stable program. Nonetheless, this developer really goes the extra mile in supporting his creation with great documentation, and isn't afraid to offend tradition for the sake of staying true to his design concept.

***Bob Ord, Senior Vice President, Debt Markets***

Over 40 years in the industry, Ord is now an industry veteran and a widely known as the industry's innovator having played an integral role in the creation of several significant mortgage operations. In chronologic order these are as follows: President and CEO Title Mortgage, Vice President First Western Trust, Vice President Mortgage Origination and Servicing FirstLine Mortgages, President and CEO Mortgage Centre Canada, EVP Filogix, President

and CEO Mortgage Intelligence, President and CEO Mortgage Architects, President and CEO MyNext Mortgage, President Title Mortgage Investment Corporation, President and CEO Invis and Mortgage Intelligence.

He was instrumental growing First Western Trust Company to over \$100 million in assets under administration. Mr. Ord was the key player and CEO in the founding of Mortgage Centre Canada. Later on Mr. Ord was Executive Vice President at Filogix where he developed and built Mortgage Intelligence Inc. to a \$3.2B operation. He was appointed President of GMAC-RFC Holding Company, LLC brokerage operations where he remained until 2005, having grown the company to annual originations of \$7 billion.

#### **4. 3.1 Compensation and Securities Held**

The section on Compensation and Securities Held under Section 3.1 of Item 3 is amended and replaced as follows:

##### **3.1 Compensation and Securities Held**

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "**Principal Holder**"). Where the Principal Holder is not an individual, the note to the 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.

<b>Name and municipality of principal residence</b>	<b>Position held</b>	<b>Compensation paid by the Corporation in the most recently completed financial year and the compensation anticipated to be paid in current financial year</b>	<b>Number, type and percentage of securities of the Corporation held <sup>(1)</sup> after the completion of the Minimum Offering</b>	<b>Number, type and percentage of securities of the Corporation held <sup>(1)</sup> after the completion of the Maximum Offering</b>
Target Capital Inc. <sup>(2)</sup> Calgary, Alberta	Shareholder	Previous financial year: \$10,269.00  Anticipated for the current year: \$53,385.00 (not incl. GST) <sup>(3)</sup>	60,000 Class A Preferred Shares (60%)	60,000 Class A Preferred Shares (60%)
Ayaz Virani  Richmond, British Columbia	Director and Chairman	Nil <sup>(4)</sup>	Nil	Nil
Paul Mullen  Toronto, Ontario	Director, President and Chief Executive Officer	Nil <sup>(4)</sup>	Nil	Nil
John Lee  Vancouver, British Columbia	Chief Financial Officer	Nil <sup>(4)</sup>	Nil	Nil

MLI Marble Lending Inc.  Vancouver, British Columbia	Shareholder	Nil <sup>(4)</sup>	40,000 Class A Preferred Shares (40%) <sup>(5)</sup>  100 Class B Common Shares (100%) <sup>(5)</sup>	40,000 Class A Preferred Shares (40%) <sup>(5)</sup>  100 Class B Common Shares (100%) <sup>(5)</sup>
------------------------------------------------------------	-------------	--------------------	-------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------

(1) Directly or indirectly.

(2) Target Capital Inc. is a public company listed on the TSX-V (TCI).

(3) Assuming an additional \$10 million of Bonds are issued to Deferred Plans. See Item 2.7.1 Agreement with Target Capital Inc.

(4) The individual is not compensated by the Corporation; however, the individual is compensated by TPFM.

(5) MLI Marble Lending Inc. ("MLI") is owned by Ayaz Virani, directly and indirectly through a holding corporation, as to approximately 37% as of July 1, 2016. Paul Mullen owns approximately 1% of MLI indirectly through a holding company, and John Lee directly owns approximately 0.3% of MLI.

## 5. 3.2 Management Experience

The section on Management Experience under Section 3.2 of Item 3 is amended and replaced as follows:

### 3.2 Management Experience

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

Name and position	Principal Occupation and Related Experience
Ayaz Virani Director and Chairman	<p>Mr. Virani is the Chairman of the Board of Directors of the Corporation and TPFM. Over the past 26 years he has raised more than \$1 billion towards both residential and commercial project financings. In 1986 he co-founded the Home Mortgage Group Ltd. Mr. Virani also co-founded the original Mortgage Brokers Association of British Columbia. This experience has solidified his reputation within the industry as an expert in all aspects of commercial, construction and residential lending with special focus on private lending.</p> <p>Mr. Virani received a marketing-management diploma (with honors) from the British Columbia Institute of Technology.</p> <p>Mr. Virani has served as Chairman and a director of the Corporation and TPFM since each commenced operations in 2012.</p>
Paul Mullen Director, President and Chief Executive Officer	<p>In 2012, Mr. Mullen retired from CIBC as Vice-President, Risk Management. In that capacity, Mr. Mullen was responsible for Residential Mortgages and Secured Lines and Loans and a total portfolio in excess of \$150 billion. He has over 40 years of professional banking experience.</p> <p>In 1972, Mr. Mullen joined Kinross Mortgage Corporation as a Junior Mortgage Underwriter in its' Winnipeg office. Kinross was a partly owned subsidiary of CIBC. Mr. Mullen spent 3 years in Winnipeg and in 1975 was transferred to the Regina office as Head of the Saskatchewan operation. Subsequently, Kinross became a wholly owned subsidiary of CIBC and was renamed CIBC Mortgage Corporation.</p> <p>In 1984, Mr. Mullen was transferred to Head Office in Toronto where he received numerous promotions and positions of increasing responsibility.</p>
John Lee Chief Financial Officer	<p>Mr. Lee has over 20 years of in-depth experience as a business leader in finance, treasury, compliance and corporate administration. He has held key financial leadership positions for both start-ups and established top tier companies, utilizing his strengths in implementing efficient processes, building strong teams and in-depth knowledge of finance and accounting to provide value-added leadership to</p>

	<p>organizations. Mr. Lee has been instrumental in creating and maintaining solid and disciplined financial and operational infrastructures.</p> <p>Mr. Lee has a comprehensive understanding of the investment and financial services sector and has been involved in raising capital, managing Income Trusts, Mutual Fund Trusts and other Funds, Mortgage Investment Corporations &amp; Limited Partnerships, setting up RRSP eligible structures, preparing Offering Memorandums and building &amp; analyzing financial models to support decision makers on investment initiatives. In addition to finance and accounting, his breadth of experience includes the implementation of enterprise resource planning (ERP) software systems, CRM systems, and leading IT and IS projects.</p>
<p>Christopher Jimenez <i>Former</i> Director, President and Chief Executive Officer</p>	<p>For over a decade, Mr. Jimenez has consulted investors on the acquisition, sale and financing of residential and commercial real estate throughout the Greater Vancouver Area. He studied business at The University of Calgary, Marketing Management at Kwantlen College Polytechnic University and graduated with Honours from UBC Sauder School of Business.</p> <p>Mr. Jimenez is also the managing director of several companies overseeing the investing, development and marketing of multiple residential projects and has constructed many single family homes in the lower mainland. To complement his knowledge of real estate investing and development, he is also experienced in various aspects of commercial construction and residential lending through both financial and private lending institutions.</p> <p>Mr. Jimenez served as President, Chief Executive Officer and a director of the Corporation, managed the day-to-day operations of the Corporation and TPFM from 2013 to September 6, 2016.</p>

## 6. 3.3 Management Experience of TPFM

The section on Management Experience under Section 3.2 of Item 3 is amended and replaced as follows:

### 3.3 Management Experience of TPFM

The names and principal occupations of management of TPFM over the past five years are as follows:

Name and position	Principal Occupation and Related Experience
Ayaz Virani Director and Chairman	See above
Paul Mullen Director, President and Chief Executive Officer	See above
John Lee Chief Financial Officer	See above
Christopher Jimenez <i>Former</i> Director, President and Chief Executive Officer	See above

**7. Item 8 – Risk Factors**

The risk factor #19 “*Change of Directors*” and risk factor #21 “*Conflict of Interest*” under Item 8 – Risk Factors are amended and replaced as follows:

19. **Change of Directors:** The issued Class A Preferred Shares (the “**Class A Shares**”) of the Corporation are held collectively by Target and MLI. Pursuant to the BCA and the constating documents of the Corporation, the holders of the Corporation's Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation. Consequently, Target can change the directors of the Corporation and MLI does not have a mechanism to ensure that Ayaz Virani and Paul Mullen will remain the directors of the Corporation. There is no assurance that the directors of the Corporation will remain the same as disclosed in this Offering Memorandum.
21. **Conflict of Interest:** Ayaz Virani, Paul Mullen and John Lee, directors and/or officers of the Corporation, are also directors and/or officers of TPFM. As a result, there may be an inherent conflict of interest with respect to the officers and directors of the Corporation in the event of a default by TPFM under the TPFM Loan.

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

**Certificate of the Corporation**

Dated this 13<sup>th</sup> day of September, 2016

**This Offering Memorandum, as amended by this Offering Memorandum Amendment, does not contain a misrepresentation.**

Per:

"Paul Mullen"  
PAUL MULLEN, President & CEO

Per:

"John Lee"  
JOHN LEE, CFO

**ON BEHALF OF THE BOARD OF DIRECTORS**

Per:

"Ayaz Virani"  
AYAZ VIRANI, Director

Per:

"Paul Mullen"  
PAUL MULLEN, Director

## Offering Memorandum

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**Date:** July 15, 2016

**The Issuer:** TPF The Phoenix Fund Inc. (the "Corporation")

**Address:** 1202 - 1166 Alberni Street  
Vancouver, British Columbia, V6E 3Z3

**Phone:** (604) 336-0185

**Fax:** (604) 676-2622

**Email:** info@thephoenixfund.ca

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

**Reporting Issuer?** No.

**SEDAR filer?** No.

### The Offering

<b>Securities Offered</b>	8% 1-Year Unsecured Bonds ("8% Bonds") 9% 3-Year Unsecured Bonds ("9% Bonds") (8% Bonds and 9% Bonds are collectively referred to herein as the "Bonds") <b>See Item 5.1, Terms of Securities, for details regarding the Bonds.</b>	
<b>Price Per Security</b>	\$1,000 per Bond	
<b>Minimum Offering</b>	There is no minimum offering.	
<b>Maximum Offering</b>	\$50,000,000	(50,000 Bonds)
<b>Minimum Subscription Amount Per Subscriber</b>	\$5,000	(5 Bonds)
<b>Payment Terms</b>	Payment in full by certified cheque, money order, bank draft or wire transfer of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. Please note that personal cheques will not be accepted. <b>See Item 5.2 Subscription Procedure.</b>	
<b>Proposed Closing Date(s)</b>	Closings will take place periodically at the Corporation's discretion.	
<b>Income Tax Consequences</b>	There are important tax consequences to these securities. <b>See Item 6 Income Tax Consequences and Deferred Plan Eligibility.</b>	
<b>Purchasers' Rights</b>	<b>You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.</b>	
<b>Resale Restrictions</b>	<b>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.</b>	
<b>Selling Agents</b>	Compensation in respect of the sale of Bonds under this Offering payable to registered dealers, exempt market dealers, or where permitted, non-registrants, including parties related to, or employed or engaged by, the Corporation, will be paid by TPFM The Phoenix Fund Management Ltd or MLI Marble Lending Inc., which will not be reimbursed by the Corporation. <b>See Item 7 Compensation Paid to Sellers and Finders.</b>	

**CORPORATION'S COPY – Please print your name, sign and date below, and submit this page with your Subscription Agreement.**

**Investor Name:** \_\_\_\_\_ **Investor Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## Offering Memorandum

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**Date:** **July 15, 2016**

**The Issuer:** **TPF The Phoenix Fund Inc. (the "Corporation")**

**Address:** 1202 - 1166 Alberni Street  
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**Phone:** (604) 336-0185

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

**Reporting Issuer?** No.

**SEDAR filer?** No.

### The Offering

<b>Securities Offered</b>	8% 1-Year Unsecured Bonds ("8% Bonds") 9% 3-Year Unsecured Bonds ("9% Bonds") (8% Bonds and 9% Bonds are collectively referred to herein as the "Bonds") <b>See Item 5.1, Terms of Securities, for details regarding the Bonds.</b>	
<b>Price Per Security</b>	\$1,000 per Bond	
<b>Minimum Offering</b>	There is no minimum offering .	
<b>Maximum Offering</b>	\$50,000,000	(50,000 Bonds)
<b>Minimum Subscription Amount Per Subscriber</b>	\$5,000	(5 Bonds)
<b>Payment Terms</b>	Payment in full by certified cheque, money order, bank draft or wire transfer of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. Please note that personal cheques will not be accepted. <b>See Item 5.2 Subscription Procedure.</b>	
<b>Proposed Closing Date(s)</b>	Closings will take place periodically at the Corporation's discretion.	
<b>Income Tax Consequences</b>	There are important tax consequences to these securities. <b>See Item 6 Income Tax Consequences and Deferred Plan Eligibility.</b>	
<b>Purchasers' Rights</b>	<b>You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.</b>	
<b>Resale Restrictions</b>	<b>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.</b>	
<b>Selling Agents</b>	Compensation in respect of the sale of Bonds under this Offering payable to registered dealers, exempt market dealers, or where permitted, non-registrants, including parties related to, or employed or engaged by, the Corporation, will be paid by TPFM The Phoenix Fund Management Ltd, which will not be reimbursed by the Corporation. <b>See Item 7 Compensation Paid to Sellers and Finders.</b>	

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

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## **DISCLAIMER**

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the securities offered hereby. Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this investment. The securities offered hereby will be issued only on the basis of information contained in this Offering Memorandum and no other information or representation is authorized or may be relied upon as having been authorized by the Company. Any subscription for the securities offered hereby made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, will be solely at the risk of such person.

This Offering Memorandum is confidential. By their receipt hereof, prospective Subscribers agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

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

The information provided in this Offering Memorandum may contain "forward-looking statements" and "forward looking information" about the Corporation or the other matters described in this Offering Memorandum, within the meaning of applicable securities laws. All statements and information, other than statements of historical fact, made by the Corporation that address activities, events, or developments that the Corporation expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words. Forward-looking statements included in this Offering Memorandum include, but are not limited to, statements with respect to: intended use of available funds; estimated offering costs; requiring additional funds to pursue its business objectives; the Bonds issued pursuant to this Offering being qualified investments; intended loan procedure and guidelines; the Corporation's long term objectives; the Corporation's intention to not hold any significant cash reserves; intended compensation to finders; and the Corporation's expectations regarding interest payment and redemption of Bonds.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this Offering Memorandum include, but are not limited to: general economic conditions in Canada; possibility that government policies or laws may change; competition; management of future growth and expansion; the development, implementation and execution of the Corporation's strategic vision; legal and/or regulatory risks relating to the Corporation's business; and risks associated with strategic alliances.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this Offering Memorandum and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and the Corporation does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this Offering Memorandum and other documents of the Corporation are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements. For a more detailed discussion of certain risk factors, see Item 8 - Risk Factors.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this Offering Memorandum, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this Offering Memorandum. The Corporation does not undertake any obligation to release any revisions to these forward-looking statements or forward looking information to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required by law.

## 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:

**"10% Bonds"** means the 10% unsecured bonds previously issued by the Corporation maturing November 30, 2018 or, if reinvested, November 30, 2023 (subject to early redemption rights).

**"4 Pillars"** means 4 Pillars Consulting Group Inc., a private British Columbia corporation unrelated to the Corporation or TPFM.

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

**"Asset-backed Loans"** means Loans secured by collateral in the form of property of the Borrower.

**"Bankruptcy Trustee"** means a person licensed by the Superintendent of Bankruptcy to administer Consumer Proposals, bankruptcies and manage assets held in trust.

**"BCA"** means the *Business Corporations Act* (British Columbia).

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

**"Bonds"** means the 8% 1-year unsecured bonds and 9% 3-year unsecured bonds offered by the Corporation pursuant to this Offering Memorandum.

**"Borrowers"** means those individuals who meet TPFM's lending criteria to borrow funds.

**"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 during a year in excess of \$500,000.

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

**"Commitment Letter"** means a legally binding document issued by TPFM to a Borrower informing the Borrower that the Loan has been approved as long as certain conditions are met.

**"Consumer Proposal"** means a formal proposal filed and approved under the provisions of the *Bankruptcy and Insolvency Act* (Canada) which allows an individual or entity debtor to pay only a fraction of debt without filing for bankruptcy.

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

**"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.

**"GSA"** means the Amended and Restated General Security Agreement dated June 13, 2016 between the Corporation, as secured party, and TPFM, as debtor, as more particularly described in **Item 2.7.4 General Security Agreement**.

**"Loans"** means the secured and unsecured loans provided by TPFM (i) to Borrowers for the funding of loans used to pay off Consumer Proposals, or (ii) from time to time, to Borrowers who are settling with creditors but whose settlement plans are not filed as formal proposals under the *Bankruptcy and Insolvency Act* (Canada); or (iii) from time to time to Borrowers for financing under special conditions.

**"Material Breach"** means, in respect of the Target Agreement, one or more of the following events:

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

**"Maximum Offering"** means 50,000 Bonds (\$50,000,000).

**"MLI"** means MLI Marble Lending Inc., a British Columbia corporation.

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

**"Offering"** means the offering of up to 50,000 Bonds pursuant to the terms of this Offering Memorandum.

**"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.

**"Offering Memorandum"** means this offering memorandum dated July 15, 2016 as amended or supplemented.

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

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

**"Program"** means the program developed by TPFM to provide Loans to clients of 4 Pillars and other Borrowers. **See Item 2.2 Our Business and Item 2.7.2 Loan Program Agreement with 4 Pillars Consulting Group Inc.**

**"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.

**"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. The Subscription Agreement with respect to this Offering is attached hereto as Schedule A.

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

**"Target Agreement"** means the agreement between the Corporation and Target dated October 5, 2012, replaced by agreement effective October 5, 2014 extending the agreement on identical terms, which terms are described in Item 2.1.1 and Item 2.7.1 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 2.1.2 herein.

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

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

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

**"TPFM"** means TPFM The Phoenix Fund Management Ltd., a private British Columbia corporation related to the Corporation by common officers and directors, Ayaz Virani and Christopher Jimenez. **See Item 2.2.1 Business of TPFM The Phoenix Fund Management Ltd. and Item 2.2.3 Related Party Matters.**

**"TPFM Loan"** means the amended and restated loan agreement dated June 13, 2016, between the Corporation, as lender, and TPFM, as borrower, advancing the proceeds raised pursuant to this Offering, together with the proceeds from the offering of the 10% Bonds, as a loan to TPFM as more particularly described in **Item 2.7.3 TPFM Loan Agreement**. Obligations of TPFM under the TPFM Loan are secured by the GSA.

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

## ITEM 1: USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised pursuant to this Offering	\$0	\$50,000,000
B	Selling commissions and fees	NIL	NIL <sup>(1)</sup>
C	Estimated Offering Costs	NIL <sup>(2)</sup>	NIL <sup>(2)</sup>
D	Annual Fee and Capital Raising Fee	NIL <sup>(3)</sup>	NIL <sup>(3)</sup>
E	Available funds: E = A - B - C - D	\$0	\$50,000,000
F	Additional sources of funding required	NIL <sup>(4)</sup>	NIL <sup>(4)</sup>
G	Working Capital Deficiency	NIL <sup>(5)</sup>	NIL <sup>(5)</sup>
H	Total: H = E + F - G	\$0	\$50,000,000

(1) All selling commissions for this Offering will be paid on the Corporation's behalf by TPFM or MLI. **See Item 7 Compensation Paid to Sellers and Finders.**

(2) All estimated offering costs for this Offering will be paid on the Corporation's behalf by TPFM or MLI.

(3) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Annual Fee and Capital Raising Fee. TPFM will pay Target all Annual Fees and Capital Raising Fees incurred by the Corporation with respect to this Offering (expected to be approximately \$53,385 for the current annual period ending on the anniversary of the Target Agreement on October 5, 2016, assuming an additional \$10 million in Deferred Plan Capital is raised). **See Item 2.7.2 Agreement with Target Capital Inc.**

(4) The Corporation does not anticipate requiring additional funds to pursue its business objectives.

(5) As of the date of this Offering, the Corporation does not have a working capital deficiency.

### 1.2 Use of Available Funds

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

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
The available funds of this Offering shall be loaned by the Corporation to TPFM. TPFM will use these funds for the operation and administration of the Program as a provider of Loans to borrowers that meet TPFM's lending criteria. <b>See Item 2.2 Our Business</b>	\$0	\$50,000,000
<b>Total</b>	<b>\$0</b>	<b>\$50,000,000</b>

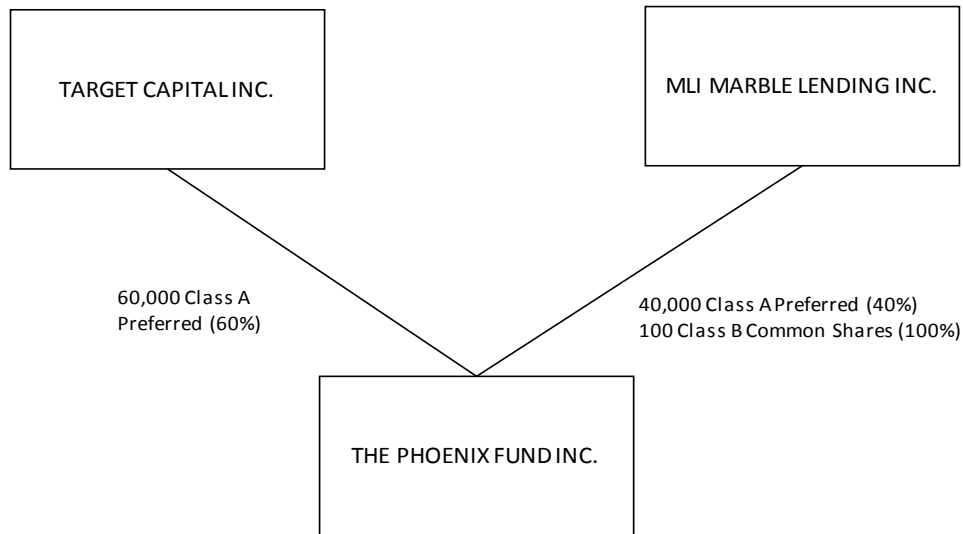
### 1.3 Reallocation

The Corporation intends to use the available funds of this Offering as stated.

## ITEM 2: BUSINESS OF THE CORPORATION

### 2.1 Structure

The Corporation is a corporation incorporated under the BCA pursuant to a certificate of incorporation dated October 4, 2012. The Corporation's head office is located at 1202 - 1166 Alberni Street, Vancouver, BC, V6E 3Z3. The Corporation's registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, BC, V6E 4N7. The Corporation is controlled by Target. Please see [www.sedar.com](http://www.sedar.com) for further information with respect to Target. All the shares of the Corporation not owned by Target are owned by MLI Marble Lending Inc. ("MLI").



#### 2.1.1 Voting Control – Target Capital Inc.

Voting control of the Corporation by Target is intended to result in the Bonds issued pursuant to this Offering being qualified investments for a trust governed by a Deferred Plan under the Tax Act, but the Corporation cannot provide any assurance that the Bonds are or will be such qualified investments. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility and see Item 8 Risk Factors.**

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 2.7.1 Agreement with Target Capital Inc.**

Specifically:

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

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

### 2.1.2 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 Exhibit 5 to the Subscription Agreement (the "**Target Release**"). Pursuant to the terms of the Target Release, the Subscriber will acknowledge that:

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

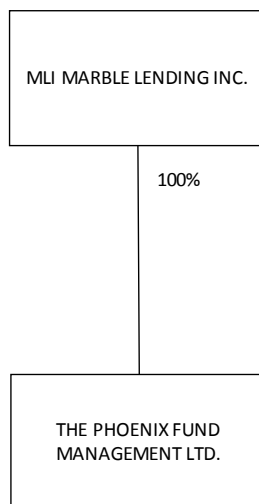
**All Subscribers are encouraged to seek independent legal advice before executing and delivering the Target Release.**

## 2.2 Our Business

The Corporation has been raising funds since June 2013 for the purpose of loaning the funds to TPFM under the TPFM Loan. TPFM uses the funds loaned to it by the Corporation in the operation and administration of the Program as a provider of Loans to Borrowers that meet TPFM's lending criteria. Obligations of TPFM pursuant to the TPFM Loan are secured by way of the GSA.

### 2.2.1 Business of TPFM The Phoenix Fund Management Ltd.

TPFM is a private British Columbia corporation incorporated on October 3, 2012 for the purpose of administering the Program, and to manage the business and affairs of the Corporation. TPFM is a wholly-owned subsidiary of MLI. **See Item 2.2.3 Related Party Matters.**



TPFM manages the business and affairs of the Corporation pursuant to a management agreement, amended and restated as of July 1, 2016 (the "**TPFM Management Agreement**"). TPFM is not paid a management fee from the Corporation, but instead retains any remaining interest and fees paid from Borrowers after repayment of principal and interest (and any other amounts owing) to the Corporation pursuant to the TPFM Loan Agreement as more particularly described in Item 2.7.3 TPFM Loan Agreement.

TPFM recognizes that unique individual and business situations sometimes require a specialized financing solution that is not available by way of conventional financing through traditional Canadian lenders such as banks, credit unions, trusts companies and other such conventional lenders. TPFM will use the funds loaned to it by the Corporation to provide Loans to Borrowers in the Program. As a result, Loans made by TPFM to Borrowers have a higher default risk. Accordingly, a Loan made by TPFM to Borrowers earns a higher rate of return than loans made by conventional lenders. An ideal candidate for the TPFM Program is someone who had good credit in the past but may have experienced an unforeseen life event that has led them to financial instability and unmanageable debt. Some examples of borrowers in the Program include:

- Clients who are overwhelmed by debt from a failed business
- Clients who have at one point experienced a job loss and are now struggling to service high interest credit card debt
- Clients who have exhausted a line of credit due to loss of income from a health problem, death of a spouse or a divorce
- Clients who no longer have any refinancing options available and are in need relief from high debt service requirements

While TPFM intends to offer Loans to Borrowers with Consumer Proposals, TPFM may, from time to time, offer Loans to Borrowers who are settling with creditors but whose settlement plans are not filed as formal proposals under the *Bankruptcy and Insolvency Act* (Canada) or, from time to time to borrowers for financing under special conditions.

The Corporation and TPFM have partnered with 4 Pillars for TPFM to be the provider of Loans to 4 Pillars' clients until November 30, 2018 subject to an automatic renewal for a further period of 5 years until November 30, 2023, unless TPFM and 4 Pillars mutually agree otherwise. As a result, 4 Pillars will serve as a major source of loan originations that TPFM will underwrite. TPFM shall have full discretion on the lending criteria and to whom TPFM will advance Loans. TPFM has a rigorous underwriting process and will provide Loans to only the strongest of clients that are referred by 4 Pillars. TPFM will provide Loans to Borrowers that are clients of 4 Pillars and although the Program is not available to competitors of 4 Pillars, TPFM intends to offer the loans directly to qualifying consumers in a Consumer Proposal who have been making payments for two years or more. In addition, upon the final expiration date of the agreement between TPFM and 4 Pillars (or upon earlier termination of or amendment to the agreement), when TPFM no longer has a contractual relationship with 4 Pillars, TPFM intends to provide Loans to Borrowers that are not clients of 4 Pillars. **See Item 2.2.2 4 Pillars Consulting Group Inc. and Item 2.7.2 Loan Program Agreement with 4 Pillars Consulting Group Inc.**

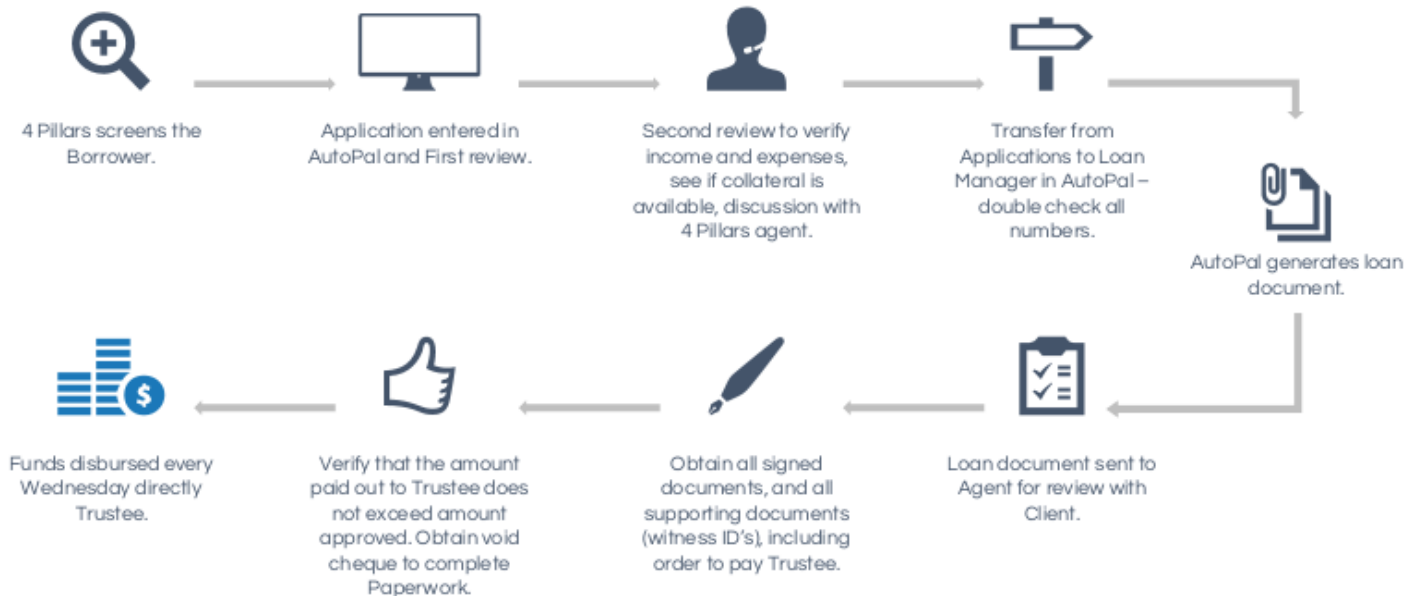
TPFM has developed a comprehensive Program with a value proposition for the borrower that is unique in the marketplace and effective in enabling the borrower to emerge from debt problems that have been negatively impacting their lifestyle and preventing them from being able to take control of their finances and be productive members of the economy. Those facing financial crisis due to unmanageable debt levels typically have four options:

1. Credit counsellors
2. Bankruptcy trustees
3. 4 Pillars
4. 4 Pillars together with the TPFM Program

Non-profit credit counsellors do not usually negotiate a reduced settlement with creditors and are typically funded and supported by the banks and credit card companies. Licensed insolvency trustees are officers of the court and have a fiduciary duty to the creditors. Their fees are set by a government tariff that provides incentive for them to collect the highest possible amount for the creditors. Although their settlements often reduce total debt levels, in the end the monthly payment requirements of debtors remains too high and cannot be sustained. Nearly 35% of licensed insolvency trustees fail to complete the terms of their Consumer Proposals. The insolvency trustee cannot act as an advocate for a consumer and it is not their mandate to provide financial rehabilitation. Either option 1. Credit counsellors or option 2. Bankruptcy trustees will severely impact an individual's credit rating for up to a decade.

4 Pillars, however, works with the individual to come up with a strong financial plan for the future and 97% of their clients complete their plans and have become debt free. A differentiating factor among the options for individuals facing debt crisis is that 4 Pillars works solely on behalf of its clients and not for the creditors or the government.

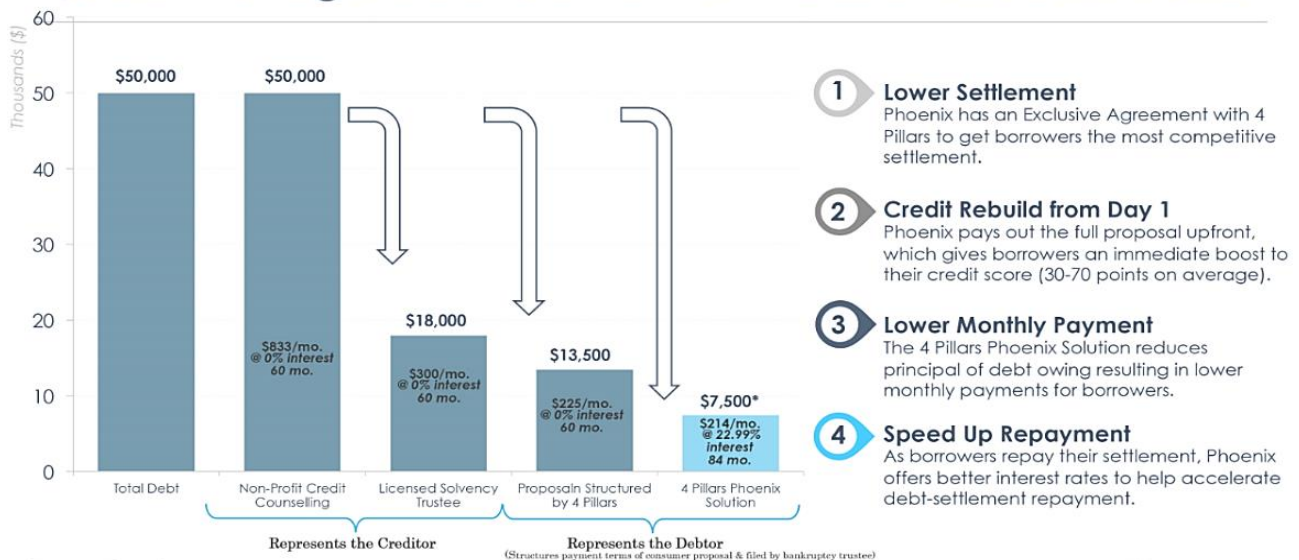
# Lending Process



The TPFM Program enables 4 Pillars to enhance their clients' outcome by providing a path for deleveraging individuals who have experienced unforeseen life changing events and as a result have been overwhelmed by debt. This Program can reduce an individual's debt by up to 85% while minimizing the impact of one's credit rating. Although the debtor pays no interest under a settlement through credit counsellors and bankruptcy trustees, the TPFM Program can offer the 4 Pillars client a lower settlement amount by paying off the creditors with an up-front lump sum payment. Furthermore, this up-front payment under the TPFM Program clears off the debt owed under a Consumer Proposal and is listed as "Proposal Satisfied" on the client's credit report which immediately improves the individual's credit score from day one of the settlement (this positive impact to an individual's credit score happens five years sooner than a typical proposal). The new loan under the TPFM Program will appear on the individual's credit report, thus, providing the opportunity of rebuilding one's credit immediately. Although the TPFM Program loan charges an interest rate of up to 24.9%, the monthly payment will often still be lower due to the reduced settlement amount and the individuals will begin to rebuild their credit score immediately.

The following chart is an example that depicts the possible outcomes of an average debt settlement case.

## \$50k Average Debt-Settlement Case: Phoenix Fund



\*Plus fees of \$1,400 for a total loan of \$8,900, and an APR of 26.54%.  
Note: Rates variable based on clients unique financial situation for all settlements.

Some of the Loans made by TPFM will be Asset-backed Loans, while other Loans will be unsecured. However, TPFM intends that larger amounts will be loaned as Asset-backed Loans, and smaller amounts will be loaned as unsecured Loans. Asset-backed Loans will be secured by registrations against real estate property or personal property (e.g. loans for vehicle purchases). Where real estate is involved, a market value assessment of the property being mortgaged will be confirmed by a third party appraisal or property tax assessment. For Asset-backed Loans, security documentation will be in place and registered as appropriate prior to the disbursement of any funds. Security will be held by and registered in the name of TPFM (the Corporation has no security interest in the property of the Borrowers). To date, approximately 98% of TPFM's Loans have been unsecured and although TPFM initially expected a higher number of Asset-backed Loans, TPFM does not anticipate a material change to its current portfolio's composition in this regard.

Loan sizes will be approximately \$10,000 on average and interest charged will be between 18-25% per annum on a maximum term of 7 years. The exact interest charged will depend on each Borrower's Consumer Proposal or other settlement with creditors, together with other factors relevant to the Borrower's creditworthiness. A fee between 5-10% will be charged on every Loan at the outset.

TPFM endeavors to build a Loan portfolio which has as low risk as possible given the nature of the Borrowers. TPFM will assess each Loan individually with particular emphasis on:

- (a) the type of Borrower;
- (b) employment of the Borrower, the source of income and ability to repay the Loan amount;
- (c) any collateral or mortgage security provided by the Borrower;
- (d) any co-signers or guarantors offered by the Borrower;
- (e) the reason the Borrower became over-leveraged; and
- (f) the length of the repayment term.

For secured Loans, commitment letter will be issued for every Loan approval. All conditions set out in the Commitment Letter must be satisfied prior to any disbursement of Loan funds by TPFM. TPFM will then enter into a loan agreement with the Borrower. If the Loan to a Borrower is unsecured, in addition to entering into a loan agreement, the Borrower will be required to provide a promissory note and enter into a general security agreement.

In the event that a Borrower defaults in payment on an Asset-backed Loan, TPFM may seize the collateral used to secure such Loan. If the Loan is unsecured and the Borrower defaults in payment, TPFM will pursue repayment of the Loan by enforcing the loan agreement and the promissory note.

This Offering is a "blind pool" offering as the Borrowers to whom TPFM will loan funds have not yet been identified. TPFM will, in its sole discretion and without notice to or approval from any Bondholder or the Corporation, analyze and select the Borrowers to whom TPFM will advance Loans from time to time pursuant to the Program. TPFM will have full discretion and authority in respect of the Borrowers to whom funds are advanced and the terms and conditions of such Loans, which discretionary authority may be exercised at any time and from time to time without notice to or consent from any Bondholder or the Corporation.

#### **2.2.2 4 Pillars Consulting Group Inc.**

4 Pillars Consulting Group Inc. is the franchisor of the 4 Pillars® financial debt restructuring franchise system and the largest debt consulting company in Canada with over 50 offices across the country. 4 Pillars helps clients negotiate settlements with creditors. The clients are typically individuals experiencing financial difficulties but have a strong desire to avoid bankruptcy. Settlements are between 10 to 25 cents on the dollar of the total debt and are paid in one payment to creditors. 4 Pillars works very closely with the client and will determine the client's cash flow situation and arrange payments so that the client can honour the new settled arrangement amount on a 3 to 5 year repayment plan. Most of the settled amounts are repaid within 3 to 5 years.

4 Pillars has developed proprietary methods of evaluating complex financial problems while finding unique solutions to resolve clients' problems. When a client approaches 4 Pillars, a consultant will complete a full review of the client's income, assets, liabilities and look at any assets that may have been sold or transferred during the reviewable period prior to filing a Consumer Proposal.

In order for creditors to accept the Consumer Proposal, the client must offer to pay back more than what the Creditor would receive in a bankruptcy. Typically, 25 cents on the dollar is offered to creditors in a Consumer Proposal. If the client's assets have little or no value in a bankruptcy, the Consumer Proposal is based on customer affordability and will range anywhere from 10 cents to 15 cents on the dollar. Once the expected Consumer Proposal payment is calculated, the client is walked through a budgeting process to ensure that payment is actually affordable. The consultant looks at worst case scenarios when calculating the budget, which allows for unexpected expenses that could arise. Once the consultant and client agree that a suitable budget is in place and the client is committed to the process, the Consumer Proposal is filed with a Bankruptcy Trustee.

The Bankruptcy Trustee performs standard due diligence on the file by verifying the supporting documents provided by 4 Pillars to ensure the income, assets and liabilities are listed correctly and that the income and expense budget form shows affordability. The

Bankruptcy Trustee ensures that the creditors and the client are being fairly represented, the information provided is accurate and the return on the Consumer Proposal is greater than a bankruptcy.

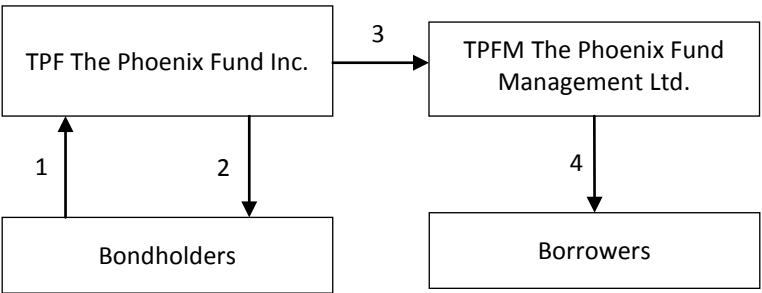
Consumer Proposals allow clients to keep their assets and is favorable compared to bankruptcy. For some people who may be licensed in certain fields, bankruptcy may not be an option. 4 Pillars also works with clients on rebuilding credit with products such as loss of earnings insurance (which protects against loss of employment) and is also a reporting entity to the Credit Bureau. Clients are also assisted in acquiring prepaid credit cards once their Consumer Proposals are complete. Often, completing a Consumer Proposal can re-establish credit in the 600 beacon range within 3 years compared to 7 years following a bankruptcy.

2.2.3 Related Party Matters

Ayaz Virani and Christopher Jimenez, directors and officers of the Corporation, are also directors and officers of TPFM and MLI. Ayaz Virani and Christopher Jimenez are shareholders, directly or through holding companies, of MLI.

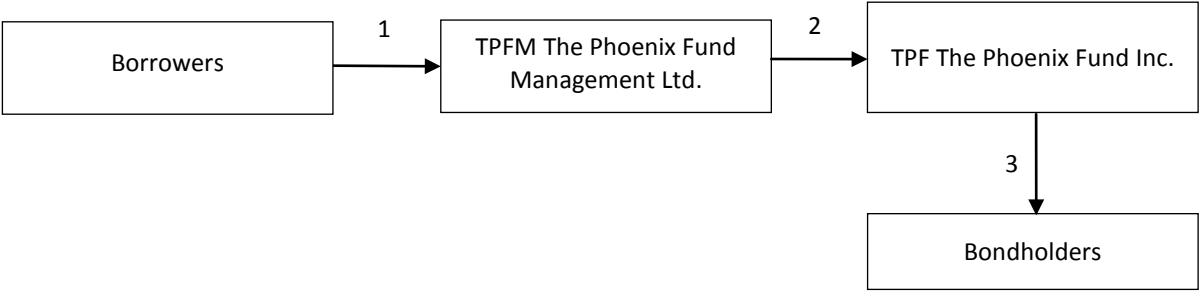
2.2.4 Investment Flow Charts

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



- 1. Subscribers purchase Bonds.
- 2. The Corporation issues Bonds to Subscribers.
- 3. The Corporation will loan the available funds of this Offering to TPFM.
- 4. TPFM will use the available funds to provide Loans to Borrowers

The following represents the proposed distribution of funds by the Corporation:



- 1. Borrowers repay Loans to TPFM.
- 2. TPFM pays interest and principal on the TPFM Loan to the Corporation.
- 3. The Corporation repays principal and interest to its Bondholders after first paying all of its outstanding liabilities.

2.3 Development of Business

The business has been operational for approximately 42 months. TPFM has funded 678 loans in excess of \$7 million, and defaulting loans are within TPFM’s allowance for bad debt of 3%. Lending guidelines are being refined and loan processing is continuously being refined and streamlined. Marketing efforts to promote the loan product throughout the 4 Pillars network are being expanded and yielding positive results.

As of July 1, 2016, TPFM had 514 Loans outstanding ranging from \$1,350 to \$37,500 with interest rates ranging from 13.99% to 29.99%. The average Loan amount is approximately \$10,074.90 and the average interest rate is approximately 24.46%. Of the 528 Loans outstanding, 17 are Asset-backed Loans with the remaining 511 Loans unsecured.

As TPFM is no longer in its start-up phase of operations, it now generating sufficient cash from operations to pay its operating costs and make interest payments to the Corporation.

## 2.4 Long Term Objectives

The Corporation's long term objective is to raise an additional \$50,000,000 by selling an additional 50,000 Bonds (\$5,585,000 has been raised through the issuance of 5,585 10% Bonds issued to date), the available funds of which will be used for the purposes set forth in **Item 2.2 Our Business**.

The Corporation intends to achieve this objective by increasing penetration of loan originations with 4 Pillars to about 40% of their annual volume. The Corporation will also explore opportunities for TPFM to expand its lending business in both size and scope, and to diversify risk and market concentration, and will look to solidify business relationships with key partners in order to achieve this.

The anticipated costs to be incurred by the Corporation with respect to completion of its long term objectives are expected to be paid entirely by TPFM or MLI. **See Item 2.7.6 Management Agreements.**

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

The following outlines the Corporation's short-term objective and the method and cost associated with the achievement thereof.

What we must do and how we will do it	Target number of months to complete	Our cost to complete
The short term objective for the Corporation is to increase the amount of its loan to TPFM, to be used by TPFM to increase its loan pool through further initiatives with the 4 Pillars franchise network TPFM will work with the corporate office of 4 Pillars to design an incentive program to stimulate greater utilization of the Program. TPFM will also offer additional lending products as part of its growth plan and to enhance the Program features and benefits of enabling its clients to improve their credit score and management of debts.	12 months	All costs associated with these objectives will be paid by TPFM or MLI, neither of which will be reimbursed by the Corporation. <b>See Item 2.7.6 Management Agreements.</b>
TPFM, with the assistance of MLI, is currently developing an online platform for TPFM borrowers that will add value in enabling them to access credit management tools such as budgeting, expense tracking, real time data of their loan details and periodic updates to their credit score.  TPFM, with the assistance of MLI, is currently developing a back office platform that will improve the efficiency of underwriting and administrative operations of TPFM and integration with 4 Pillars.	3 months	

## 2.6 Insufficient Funds

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

## 2.7 Material Agreements

The following are the key terms of all material agreements which the Corporation has entered into, 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.

### 2.7.1 Agreement with Target Capital Inc.

The Corporation entered into the Target Agreement on October 5, 2012, which was replaced by agreement effective October 5, 2014 extending the agreement on identical terms. A summary of some of the material terms of the Target Agreement are as follows:

- (a) The Corporation shall pay to Target:
  - (i) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus
  - (ii) the Capital Raising Fee within 60 days from the date on which the Corporation raises Deferred Plan Capital. Notwithstanding the preceding sentence, the Corporation shall not be required to pay any Capital Raising Fee until it raises Deferred Plan Capital in excess of \$500,000.

Any amounts owing by the Corporation to Target that have been outstanding for more than 60 days will be subject to interest penalties at a rate of 2% per month.
- (b) **Access to Records.** If requested, the Corporation shall promptly provide Target with copies of all corporate records.
- (c) **Target Release/Required Disclosure.** The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.
- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target's shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.
- (e) **Term.** The Target Agreement shall be in effect from the date of that agreement to the date on which Target ceases to be the majority shareholder of the Corporation.
- (f) **Termination by the Corporation.** Subject to the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.
- (g) **Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00

See Item 2.1.1 Voting Control for additional terms of the Target Agreement.

### 2.7.2 Loan Program Agreement with 4 Pillars Consulting Group Inc.

The Corporation entered into the Loan Program Agreement with 4 Pillars dated November 1, 2012, as amended on February 4, 2013. This agreement has been assigned to TPFM, with consent of 4 Pillars, by way of Assignment, Assumption, Novation and Consent Agreement dated August 24, 2013. The material terms of the Loan Program Agreement, as amended and assigned, are summarized below.

- (a) **Purpose of the Program:** The purpose of the Program is to provide Loans to clients of 4 Pillars and other Borrowers for the funding of loans used to pay off Consumer Proposals. TPFM may from time to time make Loans to Borrowers who are settling with creditors but whose settlement plan is not filed as formal proposals under the *Bankruptcy and Insolvency Act* (Canada), the terms of which will be determined at the time.

- (b) **Operation of the Program:**
  - (i) TPFM will provide all funds required to operate the Program;
  - (ii) TPFM will have full discretion as to who to lend funds to, including discretion on fees, expenses, interest and term of the Loans to Borrowers; and
  - (iii) commencing in 2014, TPFM and 4 Pillars agreed to provide Loans to Borrowers that target \$3 million each year until 2017 (the "**Yearly Funding Target**").
- (c) **Exclusivity:** During the term of this agreement,
  - (i) TPFM shall not, directly or indirectly, enter into an agreement with any other person to become a Borrower under the Program except with prior written consent of 4 Pillars, or if any of the Yearly Funding Targets are not achieved by 4 Pillars and 4 Pillars does not achieve the Yearly Funding Target on 30 days' notice;
  - (ii) TPFM shall not enter into an agreement to offer or promote the Program to the clients of other debt industry companies or representatives, including Bankruptcy Trustees, except with the prior written consent of 4 Pillars;
  - (iii) 4 Pillars will not enter into an agreement to provide or offer programs or services that promote lump sum proposal loans to the clients of 4 Pillars franchisees, except if any of the Yearly Funding Targets are not met by TPFM and TPFM does not arrange for delivery of funds equal to or in excess of the Yearly Funding Target on 30 days' notice; and
  - (iv) 4 Pillars will not knowingly promote any other loan product to Borrowers for the term of the Program.
- (d) **Term:** The term of this agreement shall expire on November 30, 2018 with an automatic renewal option for a further period of 5 years until November 30, 2023, unless TPFM and 4 Pillars mutually agree to terminate this agreement. Either party may terminate this agreement with 15 days' notice if either party is in material breach of this agreement.

### 2.7.3 TPFM Loan Agreement

The Corporation has entered into the TPFM Loan, as lender, with TPFM, as borrower, on April 14, 2014, amended and restated as of June 13, 2016. A summary of the material terms of the TPFM Loan are as follows:

- (a) **Loan Amount:** Up to a maximum amount of \$50,000,000. The total amount will be contingent upon the amount of proceeds raised pursuant to this Offering.
- (b) **Maturity Date:** TPFM will repay the remaining outstanding principal amount of the TPFM Loan on the applicable maturity dates of the Bonds and the 10% Bonds in the amounts payable on such dates pursuant to the terms of such bonds.
- (c) **Prepayment:** TPFM may prepay all or any portion of the aggregate principal amount then outstanding at any time prior to the Maturity Date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- (d) **Early Repayment:** The Corporation may annually demand a repayment of up to 10% of the aggregate outstanding amount of the 10% Bonds and the Bonds as of the last day of the previous calendar year, subject to the cash flow of TPFM, upon providing a minimum of 60 days prior written notice.
- (e) **Use of Proceeds:** TPFM will use the proceeds of the TPFM Loan to administer the Program.
- (f) **Interest:** Interest is payable at a rate calculated to equal the total interest payments on the 10% Bonds and the Bonds. To date, interest payable by TPFM to the Corporation has equaled approximately 10% annualized, but is expected to decline over the term of the Bonds based on their lower interest rate. However, historical performance may not be indicative of future results, and the Corporation may decide to borrow additional amounts at higher rates. **See ITEM 8: Risk Factors.**
- (g) **Fees:** All the upfront and ongoing costs and fees associated with the offering of the Bonds by the Corporation under this Offering Memorandum will be paid by TPFM on the Corporation's behalf (but will not be reimbursed by the Corporation for such costs and fees).

### 2.7.4 General Security Agreement

TPFM executed an Amended and Restated General Security Agreement as of June 13, 2016 (the "**GSA**") in favour of the Corporation as security for the payment and discharge of TPFM's obligations under the TPFM Loan. Pursuant to the GSA, as security for the payment and performance of the obligations of TPFM under the TPFM Loan, TPFM mortgages and charges to the Corporation, and grants to the Corporation a security interest in, and the Corporation takes a security interest in, all of TPFM's right, title and interest in and all present and after-acquired personal property owned, leased, licensed, possessed or acquired by TPFM, or in which TPFM has rights, including all present and after-acquired goods (including equipment and inventory), investment property, instruments, documents of title, chattel paper, intangibles (including accounts), money, crops and fixtures, owned, leased, licensed, possessed or acquired by TPFM, or in which TPFM has rights, and all proceeds of that property, but specifically excluding consumer goods, and any

intellectual property right, permit or contract which would be breached or terminated if a security interest was granted in it without the consent of a third party, unless that consent is obtained (other than accounts).

### **2.7.5 Management Agreements**

TPFM manages the business and affairs of the Corporation pursuant to the TPFM Management Agreement described above. In addition, TPFM has entered into a management agreement dated as of July 1, 2016 with MLI (the “MLI Management Agreement”), pursuant to which MLI assists TPFM with the management of the Corporation and provides TPFM with strategic, financial, risk management, technology and administrative services. TPFM will pay all management fees and reimbursement of expenses payable to MLI pursuant to the MLI Management Agreement, and will not be reimbursed by the Corporation. The principal individuals providing services on behalf of MLI pursuant to the MLI Management Agreement, and their respective titles, are set out below:

#### ***Ayaz Virani: CEO & Chairman***

Ayaz has managed several large funds and mortgage investment portfolios. His keen knowledge and understanding of the industry ensures that loans and acquisition opportunities work for the borrower and are profitable for the lender and its investors.

Over the past 26 years Ayaz has raised more than \$1 billion towards both residential and commercial project financings. In 1986 he co-founded the Home Mortgage Group Ltd. Ayaz also co-founded the original Mortgage Brokers Association of British Columbia. This experience has solidified his reputation within the industry as an expert in all aspects of commercial, construction and residential lending with special focus on private lending.

Ayaz received a marketing-management diploma (with honors) from the British Columbia Institute of Technology.

#### ***Paul Mullen, President***

In 2012, Paul retired from CIBC as Vice-President, Risk Management. In that capacity, Paul was responsible for Residential Mortgages and Secured Lines and Loans and a total portfolio in excess of \$150 billion. He has over 40 years of professional banking experience.

In 1972, Paul joined Kinross Mortgage Corporation as a Junior Mortgage Underwriter in its' Winnipeg office. Kinross was a partly owned subsidiary of CIBC. Paul spent 3 years in Winnipeg and in 1975 was transferred to the Regina office as Head of the Saskatchewan operation. Subsequently, Kinross became a wholly owned subsidiary of CIBC and was renamed CIBC Mortgage Corporation.

In 1984, Paul was transferred to Head Office in Toronto where he received numerous promotions and positions of increasing responsibility.

#### ***John Lee, CPA, CGA, CFO***

Over 20 years of in-depth experience as a business leader in finance, treasury, compliance and corporate administration. He has held key financial leadership positions for both start-ups and established top tier companies, utilizing his strengths in implementing efficient processes, building strong teams and in-depth knowledge of finance and accounting to provide value-added leadership to organizations. Mr. Lee has been instrumental in creating and maintaining solid and disciplined financial and operational infrastructures.

Mr. Lee has a comprehensive understanding of the investment and financial services sector and has been involved in raising capital, managing Income Trusts, Mutual Fund Trusts and other Funds, Mortgage Investment Corporations & Limited Partnerships, setting up RRSP eligible structures, preparing Offering Memorandums and building & analyzing financial models to support decision makers on investment initiatives. In addition to finance and accounting, his breadth of experience includes the implementation of enterprise resource planning (ERP) software systems, CRM systems, and leading IT and IS projects.

#### ***Christopher Jimenez: EVP, Sales & Marketing***

For over a decade, Chris has consulted investors on the acquisition, sale and financing of residential and commercial real estate throughout the Greater Vancouver Area.

Currently, he is a licensed real estate agent with Royal Pacific Realty and formally a Mortgage Consultant with Tri City Mortgage Broker Services. Mr. Jimenez is also the managing director several companies overseeing the investing, development and marketing of multiple residential projects and has constructed many single family homes in the lower mainland. To complement his knowledge

of Real Estate investing and development, he is also experienced in various aspects of commercial construction and residential lending through both financial and private lending institutions.

Chris studied business at The University of Calgary, Marketing Management at Kwantlen College Polytechnic University and graduated with Honours from UBC Sauder School of Business.

***Sean Jordan, COO***

An entrepreneur with over 20 years of experience starting businesses, establishing relationships, managing productions, building killer teams & expanding business opportunities. He has spent the majority of his professional career in development, production management and marketing for a number of web-centric start-ups.

His teams have produced several award-winning multimedia projects for over 300 companies worldwide. He has directed teams of 40 or more programmers, designers and engineers in the areas of online development, animation and audio post-production.

Specialties: Part engineer, part creative and part strategist - all bundled together. Highly experienced in project development & management, art directing, photography, web design, PPC campaign management, SEO, ecommerce, social media, sales conversions and online media buying.

***Paul Vanderzee, CTO***

Sr. programming specialist, highly experienced in developing innovative, large-scale online applications and networks. Primary industries include real estate and SaaS. Paul Vanderzee is a painter, software developer and creator of a popular Internet Relay Chat (IRC) client for the Windows operating system. With his *IceChat*, Vanderzee really doesn't break any new ground - *technologically*. So many IRC clients have come and gone, and IRC enthusiasts tend to be a stubborn, conservative crowd, eschewing most anything that comes along in favor of the hallowed mIRC chat client that is a favorite of the community. Where Vanderzee goes both wrong and right as the developer of IceChat is in the program's design, which deviates from the standard no-frills, geek-inspired, barren interface of most chat clients by offering large colorful icons, assorted toolbars and customization features. The program's extremely user friendly interface appears to be an extension of Vanderzee's enthusiasm as a developer, which apparently just can't bear to produce yet-another-irc-client-clone: in addition to putting together a user-friendly (or, "amateurish", to quote one such traditionalist reviewer) chat program, Vanderzee provides the type of documentation and support that really shows some admirable dedication as a developer. In addition to furnishing a well-maintained website for IceChat,

Vanderzee hosts a dedicated support forum on the site, keeps an extensive changelog detailing the program's evolution since its earliest days nearly 10 years ago (complete with screenshots) and even throws in a dedicated IceChat Facebook group and Twitter account, to keep his user base continuously informed of any and all developments and tweaks to the program. While its supporters point out IceChat's ease of use and small size, it isn't exactly without problems, as a few users point out bugs, such as editing difficulties and some crashing, which may well support some of the "amateurish" claims - after all, Vanderzee has had 10 years to build a stable program. Nonetheless, this developer really goes the extra mile in supporting his creation with great documentation, and isn't afraid to offend tradition for the sake of staying true to his design concept.

***Bob Ord, Senior Vice President, Debt Markets***

Over 40 years in the industry, Ord is now an industry veteran and a widely known as the industry's innovator having played an integral role in the creation of several significant mortgage operations. In chronologic order these are as follows: President and CEO Title Mortgage, Vice President First Western Trust, Vice President Mortgage Origination and Servicing FirstLine Mortgages, President and CEO Mortgage Centre Canada, EVP Filogix, President and CEO Mortgage Intelligence, President and CEO Mortgage Architects, President and CEO MyNext Mortgage, President Title Mortgage Investment Corporation, President and CEO Invis and Mortgage Intelligence.

He was instrumental growing First Western Trust Company to over \$100 million in assets under administration. Mr. Ord was the key player and CEO in the founding of Mortgage Centre Canada. Later on Mr. Ord was Executive Vice President at Filogix where he developed and built Mortgage Intelligence Inc. to a \$3.2B operation. He was appointed President of GMAC-RFC Holding Company, LLC brokerage operations where he remained until 2005, having grown the company to annual originations of \$7 billion.

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

#### 3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "**Principal Holder**"). Where the Principal Holder is not an individual, the note to the 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.

Name and municipality of principal residence	Position held	Compensation paid by the Corporation in the most recently completed financial year and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held <sup>(1)</sup> after the completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held <sup>(1)</sup> after the completion of the Maximum Offering
Target Capital Inc. <sup>(2)</sup> Calgary, Alberta	Shareholder	Previous financial year: \$10, 269.00 Anticipated for the current year: \$53,385.00 (not incl. GST) <sup>(3)</sup>	60,000 Class A Preferred Shares (60%)	60,000 Class A Preferred Shares (60%)
Ayaz Virani Richmond, British Columbia	Director and Chairman	Nil <sup>(4)</sup>	Nil	Nil
Christopher Jimenez Richmond, British Columbia	Director, President and Chief Executive Officer	Nil <sup>(4)</sup>	Nil	Nil
MLI Marble Lending Inc. Vancouver, British Columbia	Shareholder	Nil <sup>(4)</sup>	40,000 Class A Preferred Shares (40%) <sup>(5)</sup> 100 Class B Common Shares (100%) <sup>(5)</sup>	40,000 Class A Preferred Shares (40%) <sup>(5)</sup> 100 Class B Common Shares (100%) <sup>(5)</sup>

(1) Directly or indirectly.

(2) Target Capital Inc. is a public company listed on the TSX-V (TCI).

(3) Assuming an additional \$10 million of Bonds are issued to Deferred Plans. See Item 2.7.1 Agreement with Target Capital Inc.

(4) The individual is not compensated by the Corporation; however, the individual is compensated by TPFM.

(5) MLI Marble Lending Inc. is owned by Ayaz Virani and Christopher Jimenez, directly and indirectly through holding corporations, as to approximately 37% and 16%, respectively, as of July 1, 2016.

### 3.2 Management Experience

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

Name and position	Principal Occupation and Related Experience
Ayaz Virani Director and Chairman	<p>Mr. Virani is the Chairman of the Board of Directors of the Corporation and TPFM. Over the past 26 years he has raised more than \$1 billion towards both residential and commercial project financings. In 1986 he co-founded the Home Mortgage Group Ltd. Mr. Virani also co-founded the original Mortgage Brokers Association of British Columbia. This experience has solidified his reputation within the industry as an expert in all aspects of commercial, construction and residential lending with special focus on private lending.</p> <p>Mr. Virani received a marketing-management diploma (with honors) from the British Columbia Institute of Technology.</p> <p>Mr. Virani has served as Chairman and a director and of the Corporation and TPFM since each commenced operations in 2012.</p>
Christopher Jimenez Director, President and Chief Executive Officer	<p>For over a decade, Mr. Jimenez has consulted investors on the acquisition, sale and financing of residential and commercial real estate throughout the Greater Vancouver Area. He studied business at The University of Calgary, Marketing Management at Kwantlen College Polytechnic University and graduated with Honours from UBC Sauder School of Business.</p> <p>Mr. Jimenez is also the managing director of several companies overseeing the investing, development and marketing of multiple residential projects and has constructed many single family homes in the lower mainland. To complement his knowledge of real estate investing and development, he is also experienced in various aspects of commercial construction and residential lending through both financial and private lending institutions.</p> <p>Mr. Jimenez has served as President, Chief Executive Officer and a director of the Corporation, managed the day-to-day operations of the Corporation and TPFM since 2013.</p>

### 3.3 Management Experience of TPFM

The names and principal occupations of management of TPFM over the past five years are as follows:

Name and position	Principal Occupation and Related Experience
Ayaz Virani Director and Chairman	See above
Christopher Jimenez Director, President and Chief Executive Officer	See above

### 3.4 Penalties, Sanctions and Bankruptcy

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

## ITEM 4: CAPITAL STRUCTURE

### 4.1 Share Capital

The following table sets out information about the Corporation's outstanding shares, including any options, warrants and other securities convertible into shares of the Corporation:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at July 1, 2016	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	100,000	100,000
Class B Common Shares	Unlimited	\$1.00	100	100

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

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

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

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

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

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

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

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

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

**Dividend Entitlement** - The right to receive dividends, subject to any preferential rights attaching to any other class or series of shares of the Corporation, 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 (including the amount required to redeem the 10% Bonds, the Bonds

and any other 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 and any other liabilities of 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 June 30, 2016, the Corporation has no outstanding long term debt other than 4,895 10% Bonds. The Corporation will not be issuing any additional 10% Bonds (other than the reinvestment of outstanding 10% Bonds). In the event the Corporation is successful in raising the maximum amount of this Offering, it will have the following debt obligations to Subscribers through the issue of Bonds offered by the Corporation pursuant to this Offering:

Description of Security	Interest Rate	Repayment Terms	Amount Outstanding (Assuming Maximum Amount)
10% Bonds	10%	Subject to early redemption rights, maturing: a) November 30, 2018 if holder elects to redeem on that date (the “ <b>First 10% Maturity Date</b> ”); or b) November 30, 2023 if the holder has not elected to redeem on the First Maturity Date <sup>(1)</sup>	\$4,895,000 <sup>(2)</sup>
9% Bonds	9%	Subject to early redemption rights, maturing: a) On the third anniversary of the date the Bond is issued, if holder elects to redeem on that date (the “ <b>First 9% Maturity Date</b> ”); or b) On the sixth anniversary of the date the Bond is issued, if the holder has not elected to redeem on the First 9% Maturity Date <sup>(3)</sup>	\$25,000,000 <sup>(4)</sup>
8% Bonds	8%	Subject to early redemption rights, maturing: a) On the first anniversary of the date the Bond is issued, if holder elects to redeem on that date (the “ <b>First 8% Maturity Date</b> ”); or b) On a subsequent anniversary of the date the Bond is issued (a “ <b>Subsequent 8% Maturity Date</b> ”), if the holder has elected to redeem the Bond at least 90 days before that Subsequent 8% Maturity Date. <sup>(3)</sup>	\$25,000,000 <sup>(4)</sup>

(1) See below for the terms of the 10% Bonds.

(2) As July 1, 2016.

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

(4) Assuming Subscribers purchase an equal amount of 8% Bonds and 9% Bonds.

### 4.2.1 Terms of 10% Bonds

**Price:** The price of each 10% Bond is \$1,000.

**Interest:** At the time of purchase, the bondholders elected one of the following two options in respect of the 10% interest payable on the 10% Bonds:

- (a) each 10% Bond entitles the holder thereof to 10% simple interest per annum payable quarterly within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year during the term of the 10% Bond, commencing on the last business day of December, 2014; or
- (b) each 10% Bond entitles the holder thereof to 10% compound interest calculated annually and payable on the date the 10% Bonds are redeemed by the Corporation in accordance with their terms.

**Maturity and Redemption:** Subject to the early redemption rights of the Corporation and the bondholders as set out below, in the event that a bondholder provides the Corporation written notice (a "**Redemption Notice**") on or before August 31, 2018 of their intention to redeem their 10% Bonds in full or in part on November 30, 2018 (the "**First 10% Maturity Date**"), the Corporation shall redeem the bondholder's 10% Bonds on the First 10% Maturity Date by payment of the principal amount of the 10% Bonds being redeemed and all accrued and unpaid interest thereon.

**Reinvestment and Maturity:** In the absence of a Redemption Notice from a bondholder, that bondholder's investment in the 10% Bonds will be deemed to have been reinvested as of December 1, 2018 and the bondholder shall receive a new replacement 10% Bond certificate with a maturity date of November 30, 2023 (the "**Second 10% Maturity Date**"). On the Second 10% Maturity Date, the Corporation shall redeem all outstanding 10% Bonds on that date by payment of the principal amount of the 10% Bonds outstanding and all accrued and unpaid interest thereon.

**Corporation's Right of Early Redemption:** The Corporation may redeem some or all of a bondholder's 10% Bonds by payment of the principal sum of the 10% Bonds, plus any unpaid and outstanding accrued interest to the date of redemption, at any time during the term of the 10% Bonds by giving the bondholders 90 days prior written notice of its intention to redeem.

**The Corporation, in its sole discretion, may redeem 10% Bonds from individual bondholders without offering early redemption to other bondholders.**

**Bondholder's Right of Early Redemption:** Subject to (i) an annual maximum redemption limit of 10% of the Bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Corporation and of TPFM, any individual bondholder may redeem some or all of that bondholder's Bonds upon a minimum of 90 days' prior written notice (an "**Early Redemption Notice**") delivered to the registered office of the Corporation. A bondholder that redeems some or all of that bondholder's 10% Bonds prior to the First 10% Maturity Date or, if applicable, the Second 10% Maturity Date is subject to the following redemption fees:

- Early Redemption Notices received prior to November 30, 2014 - a redemption fee equal to 5% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2014 to November 30, 2015 – a redemption fee equal to 4% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2015 to November 30, 2016 – a redemption fee equal to 3% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2016 to November 30, 2017 – a redemption fee equal to 2% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2017 to November 30, 2018 – a redemption fee equal to 1% of the Principal Amount of the Bonds being redeemed by the Corporation, except where a bondholder's request is in accordance with a Redemption Notice specified above.
- Early Redemption Notices received between December 1, 2018 to November 30, 2019 – a redemption fee equal to 5% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2019 to November 30, 2020 – a redemption fee equal to 4% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2020 to November 30, 2021 – a redemption fee equal to 3% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2021 to November 30, 2022 – a redemption fee equal to 2% of the Principal Amount of the Bonds being redeemed by the Corporation.

- Early Redemption Notices received between December 1, 2022 to November 29, 2023 – a redemption fee equal to 1% of the Principal Amount of the Bonds being redeemed by the Corporation.

Any such fees shall be deducted by the Corporation from the redemption amount to be paid to the bondholder.

**Liquidation Entitlement:** On the liquidation, dissolution or winding-up of the Corporation, the bondholders shall, in priority any shareholders of the Corporation, but subject to any preferential rights attaching to any other bonds issued by the Corporation, be entitled to a return of the principal sum of the 10% Bonds held by them and all interest due and owing thereunder, after payments of all expenses, if any. It is possible that the Corporation may not have the financial ability to redeem all or any 10% Bonds upon maturity.

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

**Funding of Redemption:** Management of the Corporation has sole discretion on how the Corporation will fund or finance the redemption of the 10% Bonds. Management may decide to use its existing cash on hand if any, sell assets, or raise additional capital, by way of debt or equity in the Corporation (which may include the proceeds from the sale of the Bonds pursuant to this Offering) or use a combination of the above methods to accomplish the redemption of the 10% 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 10% Bonds.

### 4.3 Prior Sales

The Corporation has not issued any of the Bonds contemplated by this Offering. The only bonds issued by the Corporation have been the 10% Bonds, the amount of which issued during the previous 24 month is set out below:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
19-Jun-2014	10% Bonds	500	\$1,000 per Bond	\$500,000
30-Jul-2014	10% Bonds	74	\$1,000 per Bond	\$74,000
22-Aug-2014	10% Bonds	11	\$1,000 per Bond	\$11,000
13-Aug-2014	10% Bonds	15	\$1,000 per Bond	\$15,000
18-Aug-2014	10% Bonds	20	\$1,000 per Bond	\$20,000
25-Aug-2014	10% Bonds	500	\$1,000 per Bond	\$500,000
10-Sep-2014	10% Bonds	392	\$1,000 per Bond	\$392,000
5-Dec-2014	10% Bonds	1,060	\$1,000 per Bond	\$1,060,000
8-Jan-2015	10% Bonds	276	\$1,000 per Bond	\$276,000
12-Jan-2015	10% Bonds	10	\$1,000 per Bond	\$10,000

<b>Date of issuance</b>	<b>Type of security issued</b>	<b>Number of securities issued</b>	<b>Price per security</b>	<b>Total funds received</b>
6-Mar-2015	10% Bonds	638	\$1,000 per Bond	638,000
10-Jul-2015	10% Bonds	67	\$1,000 per Bond	\$67,000
24-Aug-2015	10% Bonds	26	\$1,000 per Bond	\$26,000
31-Aug-2015	10% Bonds	82	\$1,000 per Bond	\$82,000
12-Nov-2015	10% Bonds	5	\$1,000 per Bond	\$5,000
01-Dec-2015	10% Bonds	250	\$1,000 per Bond	\$250,000
Total		5,585		\$5,585,000

The Corporation has redeemed 10% Bonds prior to maturity as set out below using a combination of loan repayments and proceeds from the issuance of 10% Bonds.

<b>Date of redemption</b>	<b>Type of security issued</b>	<b>Number of securities redeemed</b>	<b>Price per security</b>	<b>Total principal repaid</b>
09-Mar-2015	10% Bonds	39	\$1,000 per Bond	\$39,000
20-Jul-2015	10% Bonds	100	\$1,000 per Bond	\$100,000
15-Sep-2015	10% Bonds	212	\$1,000 per Bond	\$212,000
10-Dec-2015	10% Bonds	65	\$1,000 per Bond	\$65,000
15-Dec-2015	10% Bonds	80	\$1,000 per Bond	\$80,000
08-Jan-2016	10% Bonds	187	\$1,000 per Bond	\$187,000
02-May-2015	10% Bonds	7	\$1,000 per Bond	\$7,000
02-Jun-2015	10% Bonds	150	\$1,000 per Bond	\$150,000
Total		840		\$840,000

## ITEM 5: SECURITIES OFFERED

### 5.1 Terms of Securities

**Securities:** The securities being offered pursuant to this Offering are 1-Year 8% unsecured bonds ("**8% Bonds**") and 3-Year 9% unsecured bonds ("**9% Bonds**", and together with the 8% Bonds, the "**Bonds**"). The price of each Bond is \$1,000. The minimum number of Bonds of either class that must be purchased by a Subscriber is five (5) Bonds, requiring a minimum investment of \$5,000. There is no maximum number of Bonds allocated to any Subscriber. At the time of purchase, the Subscribers must elect to purchase either 8% Bonds or 9% Bonds, or both, subject to purchasing at least five (5) of each class that the Subscriber elected to purchase.

**Interest:** At the time of purchase, the Bondholders may elect one of the following two options in respect of the interest rate payable on the Bonds (either 8% or 9%, depending on the Bonds purchased):

- (a) each Bond entitles the holder thereof to simple interest at the stated rate (8% or 9%, as applicable) per annum, calculated from the date of the Bond (Bonds will be dated the date issued to the Subscriber), and payable monthly within 15 days of the end of each month during the term of the Bond, commencing on the first month end at least 15 days after the date of the Bond; or
- (b) each Bond entitles the holder thereof to compound interest at the stated rate (8% or 9%, as applicable) per annum, calculated monthly and payable on the date the Bonds are redeemed by the Corporation in accordance with their terms.

**Maturity and Redemption:** Subject to the extension of the maturity dates, and the early redemption rights of the Corporation and the Bondholders, as set out below, in the event that a Subscriber provides the Corporation written notice (a "**Redemption Notice**") at least 90 days prior to the First 8% Maturity Date or the First 9% Maturity Date, as applicable, of their intention to redeem their Bonds on the applicable date set out below in full or in part, the Corporation shall redeem the Subscriber's Bonds as follows:

- a) each 8% Bond shall be redeemed on the first anniversary of the date issued to the Subscriber (the "**First 8% Maturity Date**"); and
- b) each 9% Bonds shall be redeemed on the third anniversary of the date issued to the Subscriber (the "**First 9% Maturity Date**")

**Extension of Maturity:** In the absence of a Redemption Notice from a Subscriber, the maturity date of the Bonds held by the Subscriber will be extended and the Bonds will mature on the following dates:

- a) in the case of the 8% Bonds, on the next occurring anniversary of the First 8% Maturity Date if at least 90 days prior to such anniversary a Redemption Notice has been delivered (a "**Subsequent 8% Maturity Date**"); and
- b) in the case of 9% Bonds, the third anniversary of the First 9% Maturity Date (the "**Second 9% Maturity Date**").

On each Subsequent 8% Maturity Date and the Second 9% Maturity Date, the Corporation shall redeem all 8% Bonds that have not been reinvested (that is, where the maturity date has not been extended) and all 9% Bonds, respectively, outstanding on that date by payment of the principal amount of the Bonds and all accrued and unpaid interest thereon.

**Corporation's Right of Early Redemption:** The Corporation may redeem some or all of a Bondholder's Bonds by payment of the principal sum of the Bonds, plus any unpaid and outstanding accrued interest to the date of redemption, at any time during the term of the Bonds by giving the Bondholders 90 days' prior written notice of its intention to redeem.

**The Corporation, in its sole discretion, may redeem Bonds from individual Bondholders without offering early redemption to other Bondholders.**

**Bondholder's Right of Early Redemption:** Any individual Bondholder may redeem some or all of that Bondholder's Bonds prior to their maturity date upon a minimum of 90 days' prior written notice (an "**Early Redemption Notice**") delivered to the registered office of the Corporation, subject to: (i) an annual maximum redemption limit of 10% of all the Bonds issued pursuant to this Offering Memorandum, together those previously issued 10% Bonds, outstanding as of the last day of the previous calendar year; (ii) sufficient available cash of the Corporation and of TPFM; and (iii) the Corporation being satisfied that, after the redemption of such Bonds and any other bonds then redeemable (A) the Corporation would be able to pay its liabilities as they become due, and (B) the realizable value of the Corporation's assets would be not less than all of its liabilities.

A Bondholder that redeems some or all of that Bondholder's 8% Bonds prior to the First 8% Maturity Date or, if applicable, a Subsequent 8% Maturity Date is subject to a redemption fee equal to 2.5% of the Principal Amount of the Bonds being redeemed by the Corporation.

A Bondholder that redeems some or all of that Bondholder's 9% Bonds prior to the First 9% Maturity Date or, if applicable, the Second 9% Maturity Date is subject to the following redemption fees:

- Early Redemption Notices received prior to the first anniversary of the date the Bond was issued – a redemption fee equal to 6% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received on or after the first anniversary, but prior to the second anniversary, of the date the Bond was issued – a redemption fee equal to 4% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received on or after the second anniversary, but prior to the third anniversary, of the date the Bond was issued – a redemption fee equal to 2% of the Principal Amount of the Bonds being redeemed by the Corporation, except where a Bondholder's request is in accordance with the Redemption Notice specified above (for redemption on the First 9% Maturity Date).
- Early Redemption Notices received on or after the third anniversary, but prior to the fourth anniversary, of the date the Bond was issued – a redemption fee equal to 6% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received on or after the fourth anniversary, but prior to the fifth anniversary, of the date the Bond was issued – a redemption fee equal to 4% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received on or after the fifth anniversary, but prior to the sixth anniversary, of the date the Bond was issued – a redemption fee equal to 2% of the Principal Amount of the Bonds being redeemed by the Corporation.

Any such fees shall be deducted by the Corporation from the redemption amount to be paid to the Bondholder.

**Liquidation Entitlement:** On the liquidation, dissolution or winding-up of the Corporation, the Bondholders shall, in priority any shareholders of the Corporation, but subject to any preferential rights attaching to any other bonds issued by the Corporation, to a return of the principal sum of the respective Bonds and all interest due and owing thereunder, after payments of all expenses, if any. It is possible that the Corporation may not have the financial ability to redeem all or any of the Bonds upon maturity.

**Obligations Unsecured:** The Corporation's debt obligations represented by the Bonds are unsecured obligations and will rank *pari passu* amongst themselves and the 10% Bonds with all other unsecured and unsubordinated obligations of the Corporation, except for such preferences as provided for under applicable law.

**Funding of Redemption:** Management of the Corporation shall have sole discretion on how the Corporation will fund or finance the redemption of the Bonds. Management may decide to use its existing cash on hand if any, sell assets, or raise additional capital by issuing additional equity or debt of the Corporation (which may include issuing additional bonds on similar or different terms to the Bonds) or use a combination of the foregoing 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.

**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**

### **5.2.1 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 as Schedule A 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: 1202 - 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3.

1. one (1) completed and signed copy of the Subscription Agreement (including any exhibits attached thereto);
2. a certified cheque, bank draft or money order (personal cheques will not be accepted) in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "**McMillan LLP In Trust**", or wire transfer of the Aggregate Subscription Amount to McMillan LLP's trust account, pursuant to wiring instructions set out in the Subscription Agreement;
3. completed and executed copies of the appropriate investor qualification forms. The appropriate forms to be completed depend on your place of residence and on the amount of your investment:
  - a) if you are purchasing Bonds as an "**accredited investor**" (as such term is defined in Appendix A to Exhibit 1 of the Subscription Agreement), one (1) completed and signed copy of the Accredited Investor Representation Letter attached to the Subscription Agreement as Exhibit 1 (initialled on Appendix A beside the applicable category) and, if applicable, the Form 45-106F9 Form for Individual Accredited Investors attached to the Subscription Agreement as Appendix B to Exhibit 1 and, if the Bonds are being sold to you by a person that is not registered in accordance with the applicable securities regulatory authority and you are an individual relying on paragraph (j), (j.1), (k) or (l) of the "accredited investor" definition in Appendix A to Exhibit 1, then you must also complete **Appendix C** to Exhibit 1;
  - b) if you are resident in **British Columbia, Alberta, Saskatchewan, Manitoba or Ontario** and you are not an "accredited investor", you must submit two (2) completed and signed copies of:
    - i. the Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 2-A or Exhibit 2-B, as applicable;
    - ii. if you are resident in **Alberta, Saskatchewan, or Ontario**, Schedules 1 and 2 to Exhibit 2-A or Exhibit 2-B, as applicable; and
    - iii. if you are resident in **Manitoba** and subscribing for more than \$10,000 in Bonds, one (1) completed and signed copy of the Representation Letter attached to the Subscription Agreement as Exhibit 3; and
  - c) if resident in Alberta, British Columbia, Manitoba or Saskatchewan and the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, you must submit two (2) properly completed and duly executed Risk Acknowledgements in the form attached to the Subscription Agreement as Exhibit 4; and
4. all Subscribers must execute the Target Release attached as Exhibit 5 to the Subscription Agreement.

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

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice, provided that the Corporation has provided its legal counsel with sufficient notice that the bonds have been validly issued. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The Corporation's initial minimum offering amount has already been reached. Additional closings will take place periodically at the Corporation's discretion. 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).

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. The Corporation will return all consideration to the Subscriber if it exercises the right to cancel the Subscription Agreement within the prescribed time.

### 5.2.2 Distribution

The Offering is being conducted in British Columbia, Alberta, Manitoba, Saskatchewan and Ontario pursuant to the exemptions from the prospectus requirement afforded by Sections 2.3 and 2.9 of NI 45-106.

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors purchasing as principal and who are "accredited investors" as defined in Exhibit 1 of the Subscription Agreement (the "**Accredited Investor Representation Letter**") and that sign the Accredited Investor Representation Letter and complete Appendix A thereto and, if applicable, the Form 45-106F9 Form for Individual Accredited Investors attached to the Subscription Agreement as Appendix B to Exhibit 1 and, if the Bonds are being sold to investors by a market participant that is not registered in accordance with the applicable securities regulatory authority and the investor is an individual relying on paragraph (j), (j.1), (k) or (l) of the "accredited investor" definition in Appendix A to Exhibit 1, then the investor must also complete and sign Appendix C to Exhibit 1;

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to investors in British Columbia, Alberta, Manitoba, Saskatchewan and Ontario 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 Exhibit 2-A or Exhibit 2-B, as well as Exhibit 3 and Exhibit 4, as applicable.

In addition, Alberta, Saskatchewan and Ontario investors relying on the exemption set out in Section 2.9 of NI 45-106 must also complete and initial Schedules 1 and 2 of Exhibit 2-A or 2-B, as applicable.

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of Alberta, British Columbia, Manitoba, Ontario or Saskatchewan which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective investors 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.

If applicable, the Corporation may rely on exemptions from the registration requirement contained in the applicable securities laws of each of Alberta, British Columbia, Manitoba or Saskatchewan in order to offer the Bonds for sale directly to the investors.

### 5.2.3 OM Marketing Material

All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber before termination of this Offering are hereby incorporated by reference into this Offering Memorandum.

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

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

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 is based on the current provisions of the Income Tax Act, the Regulations thereunder and published administrative practices of the CRA. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

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

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

Where allowed by applicable securities legislation, the Corporation may offer compensation of up to a maximum of 10% of the gross proceeds realized on the sale of Bonds under this Offering to registered dealers, exempt market dealers, or where permitted, non-registrants, including parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. Such compensation may be payable to such parties at the time of sale of the Bonds and/or as an annual trailer fee on the Bonds outstanding after the first year of subscription as determined by the Corporation in its discretion. The Corporation may offer additional compensation of up to a maximum of 10% of any principal amount of the Bonds reinvested (that is, where holder has elected not to redeem the Bonds on their maturity date) to such parties in an amount and on terms determined by the Corporation in its discretion.

The Corporation, TPFM and/or MLI have entered into agreements with certain registered exempt market dealers and other unregistered persons to pay the following commissions:

- 1) In respect of the 8% Bonds:
  - a) upon sale of any such bonds,
    - i) corporate finance advisory fees of 0.5% of the gross proceeds raised;
    - ii) selling commissions of 2.5% of the gross proceeds;
  - b) upon the reinvestment of any such bonds (that is, the extension of their maturity) at the First 8% Maturity Date or a Subsequent 8% Maturity Date, selling commissions of 2% of the gross proceeds;
- 2) In respect of the 9% Bonds:
  - a) upon sale of any such bonds,
    - i) corporate finance advisory fees of 1.0% of the gross proceeds raised;
    - ii) selling commissions of 6% of the gross proceeds;
  - b) upon the reinvestment of any such bonds (that is, the extension of their maturity) at the First 9% Maturity Date, selling commissions of 6% of the principal amount of the such bonds; and
- 3) In respect of all the Bonds, an additional corporate finance advisory fee of 0.25% of the gross proceeds raised (subject to certain excluded amounts).

All such compensation in respect of the sale of Bonds under this Offering payable to registered dealers, exempt market dealers, or where permitted, non-registrants, including parties related to, or employed or engaged by, the Corporation, will be paid by TPFM or MLI, which will not be reimbursed by 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, judgment, discretion, integrity and good faith of the management of the Corporation. This Offering is suitable for investors who are willing to rely solely upon the management of the Corporation and who could afford a total loss of their investment.

In addition to factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Bonds. An investment in Bonds involves various risks and uncertainties. The risks discussed in this Offering Memorandum can adversely affect the Corporation's operations, operating results, prospects and financial condition. This could cause investors to lose part or all of their investment. In addition to those set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Corporation is not presently aware may also harm the Corporation's investment activities. The following is a summary only of the material risk factors involved in an investment in the Bonds. Potential Subscribers should review these risks with their legal and financial advisors.

## Investment and Issuer Risk

1. **Not Reviewed by Regulator:** Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.
2. **No Trustee:** There is no trustee being used in connection with Bonds issued pursuant to this Offering. Bondholders must rely on the Corporation to make all payments to Bondholders pursuant to the terms of the Bonds.
3. **No Security Against Corporation's Assets:** Since the Bonds are unsecured, in the event that the Corporation defaults in its obligations thereunder, Bondholders will have no security against the assets of the Corporation and the assets of the Corporation may not have a sufficient value to satisfy any outstanding debt obligations to the Bondholders.
4. **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, the security granted by TPFM, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.
5. **Highly Speculative:** The purchase of the Bonds is highly speculative. A potential Subscriber should purchase Bonds only if he/she is able to bear the risk of the entire loss of his/her investment. An investment in the Bonds should not constitute a significant portion of a Subscriber's portfolio.
6. **Illiquidity of Investment:** An investment in the Bonds of the Corporation is an illiquid investment. **There is currently no market through which the Bonds of the Corporation may be sold.** The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Bonds. The Bonds are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation. You should only subscribe for the Bonds if you have no need for immediate liquidity. **See Item 10 Resale Restrictions.**
7. **Limited Working Capital:** The Corporation will have a limited amount of working capital as the available proceeds of this Offering will be loaned to TPFM.
8. **Use of Loans by TPFM:** The TPFM Loan provides, among other things, that TPFM will use the proceeds of loans from the Corporation to fund the TPFM's business of providing loans to individuals who meet TPFM's lending criteria. Accordingly, TPFM may use certain proceeds of loans from the Corporation to TPFM to fund its operational expenditures, including the payment of interest to the Corporation, as part of TPFM's business of providing loans as described herein.
9. **No Deposit Insurance:** The Bonds offered pursuant to this Offering Memorandum are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.
10. **Interest Liquidity and Bond Redemption:** While the Corporation expects to pay interest and redeem the Bonds at the dates referenced in Item 5.1 herein, there is no guarantee that this may occur and, therefore, an investment in the Bonds is unsuitable for those who require guaranteed repayment of principal or regular payments of interest prior to the applicable maturity date of the Bonds. Should the Corporation exercise its right to redeem some or all of the Bonds prior to the their applicable maturity date, no bonus or penalty will apply, and Bondholders will have no right to retain their Bonds following the redemption.
11. **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.
12. **Debt Securities:** The Bonds offered by the Corporation are not a direct investment in the Loans or the TPFM Loan but solely an investment in debt securities of the Corporation.
13. **TPFM Material Adverse Effect:** The success of the Corporation will solely depend upon the performance of TPFM and its ability to pay the principal and interest on the TPFM Loan. There is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on TPFM.
14. **Sufficiency of Security:** Although obligations of TPFM under the TPFM Loan will be secured by the GSA, there is risk that such security may prove insufficient to satisfy full repayment of all or any amounts of interest or principal owing under the

TPFM Loan. There may be interests of third parties that will 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 TPFM. There may be principles at law that may prevent the Corporation from enforcing some or all of its security against TPFM or its assets. The assets of TPFM may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation. Lenders with security interests in priority to the Corporation's security will take priority over the disposition of any of TPFM's assets, with the result that there may be insufficient assets to repay the indebtedness under the TPFM Loan or the Bonds.

15. **No Security Against Borrowers' Assets:** In the case of unsecured Loans, in the event that the Borrower defaults in its obligations under such unsecured Loan, TPFM will have no security against the assets of the Borrower. There will be interests of other third parties that may stand in priority to the TPFM's security. The existence of any intervening encumbrances may prevent TPFM from realizing on or enforcing some or all of its security against the assets of the Borrower. There may be principles at law that may prevent TPFM from enforcing some or all of its security against the Borrower or his/her assets. The assets of the Borrower may not have a sufficient value to satisfy any outstanding debt obligations to TPFM. Lenders with security interests in priority to TPFM's will take priority over the disposition of any of the Borrower's assets, with the result that there may be insufficient assets to repay the indebtedness under the unsecured Loan.
16. **Priority of Legislated Security:** In certain circumstances, applicable legislation provides for the granting of security over the assets of entities to secure repayment of liabilities owing by such entities to certain parties. Such legislated security sometimes is granted priority over security granted by the entity itself. An example is that certain taxation authorities (including the CRA) are provided with such legislated priority security over the assets of a taxpayer with respect to certain amounts owing by the taxpayer to the taxation authority. Such priority security would have priority over the security granted to the Corporation over the collateral under the GSA.
17. **Redemption Risk:** There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such financing will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
18. **Investment Risk in Respect of TPFM:** The Corporation's short and long term objectives are to raise funds to be loaned to TPFM to ultimately facilitate the administration and operation of the Program by TPFM. A return on investment for a purchaser of Bonds is dependent upon the ability of TPFM to meet its obligations of principal and interest pursuant to the TPFM Loan. As a result, there is no assurance or guarantee that the purchasers of Bonds pursuant to this Offering will earn a return of their investment in the Bonds offered hereunder. The TPFM's business may be, or may become, uneconomic due to the various factor referred to in this Offering Memorandum, as well as other unanticipated factors. This could adversely affect TPFM's ability to repay its TPFM Loan to the Corporation.

The business to be conducted by TPFM is not a "trust business", "deposit business", "mortgage business" or "insurance business" for the purposes of the *Financial Institutions Act* (British Columbia) and TPFM is not subject to the minimum capital requirements and other regulatory provisions imposed on such businesses by such Act. TPFM is registered as a "mortgage business" under the reporting requirements of the *Mortgage Brokers Act*. As such, TPFM is subject to the provisions and regulations of the *Mortgage Brokers Act* as administered by FICOM.

Although TPFM will have some Asset-backed Loans secured by a combination of real and personal property, all real and personal property assets are subject to elements of risk. Real property value and some personal property value are affected by general economic conditions, local real property markets and business markets, the attractiveness of a real property and personal property to purchasers or tenants, competition from other available real properties and other factors. While independent appraisals are generally required before TPFM makes any Asset-backed Loans, the appraised values provided therein, even where reported on an "as is" basis, will not necessarily be reflective of the market value of the underlying real property or personal property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including – for real property – the completion, rehabilitation or lease-up improvements on the real property providing security for the Asset-backed Loans. There can be no guarantee that these conditions will be satisfied and if, and to the extent, they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property or the personal property, at the time the conditions are satisfied, and there is no guarantee that there will be a buyer that will pay the appraised value for that property. To the extent that the appraised value cannot be obtained on a sale of the property, there is a risk of loss for TPFM should the Borrower fail to make their payments. This lending risk may then negatively impact TPFM's

ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.

The real value of the Loans may also depend on the creditworthiness and financial stability of the Borrowers identified by TPFM. Income and funds available for repayment to TPFM would be adversely affected if a significant number of mortgagees, borrowers and/or lessees were unable to pay their obligations to TPFM or if TPFM was unable to invest funds in Loans on economically favourable terms. On default by a Borrower, TPFM may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment. This lending risk may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.

Certain significant expenditures, including property taxes, capital repair, equipment repair, and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property and equipment regardless of whether the property or assets are producing income. TPFM may be required to incur such expenditures to protect its Loans, even if the Borrower is not making the debt service payments required of it under the mortgage, asset-backed financing or retail loan. This lending risk may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.

Mortgages tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of the mortgage. Such illiquidity may tend to limit TPFM's ability to vary its portfolio promptly in response to changing economic or investment conditions. If TPFM was required to liquidate its Asset-backed Loans, the proceeds to TPFM might be significantly less than the obligations due and owing under the TPFM Loan and by the Corporation to the Bondholders.

If there is a default on Loan, it may be necessary for TPFM, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to maintain prior encumbrances in good standing. In those cases, it is possible that the total amount recovered by TPFM may be less than the total investment, resulting in loss to TPFM.

19. **Change of Directors:** The issued Class A Preferred Shares (the "**Class A Shares**") of the Corporation are held collectively by Target and MLI. Pursuant to the BCA and the constating documents of the Corporation, the holders of the Corporation's Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation. Consequently, Target can change the directors of the Corporation and MLI does not have a mechanism to ensure that Ayaz Virani and Christopher Jimenez will remain the directors of the Corporation. There is no assurance that the directors of the Corporation will remain the same as disclosed in this Offering Memorandum.
20. **Directors' Interests:** The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. The directors and officers of the Corporation are engaged and will continue to be engaged in the search for business prospects on their own behalf and on behalf of others.
21. **Conflict of Interest:** Ayaz Virani and Christopher Jimenez, directors and officers of the Corporation, are also directors and officers of TPFM. As a result, there may be an inherent conflict of interest with respect to the officers and directors of the Corporation in the event of a default by TPFM under the TPFM Loan.

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

22. **No Voting Rights:** The directors and officers of the Corporation, and not Bondholders, will make decisions regarding the management of the Corporation's affairs. Subject to the BCA, Bondholders will have no rights to attend meetings of shareholders or vote in any manner. Subscribers must carefully evaluate the personal experience and business performance of the directors and officers of the Corporation. In very limited circumstances, such as an insolvency proceeding, Bondholders may have a right to vote on such proceeding, but such vote would be limited in scope and at that time, a return on the investment in Bonds would likely be compromised.
23. **Reliance on Management:** The success of the TPFM's business strategy depends to a certain extent, on the efforts and abilities of its management and on external factors such as, among other things, the general political and economic

conditions that may prevail from time to time, which factors are out of the control of TPFM. A return on investment for a purchaser of Bonds depends upon the revenues received by TPFM. As a result, there is no guarantee that Bondholders will earn a return on their investment in the Bonds.

24. **Lending Risk:** TPFM's business is to provide loans to Borrowers who may not qualify for financing from conventional lenders. Accordingly, the risk of non-repayment of these loans is higher than a major Canadian Chartered Bank would experience and could result in losses for TPFM. There is a risk that Borrowers may default in repayment of Loans made to them by TPFM. Although the Asset-backed Loans may be secured, may contain personal guarantees and may have other forms of collateral pledged, there is a risk that such guarantees and collateral may be inadequate or may be unenforceable by TPFM. In addition, there may be Loans that are not secured by any collateral. As such, there is a risk that if a sufficiently high number of Borrowers default on their Loans, the assets of TPFM may be insufficient to satisfy its interest and principal obligations under the TPFM Loan and the Corporation, in turn, may be unable to satisfy its interest and principal obligations to the Bondholders. Such loss could lead to reduction in anticipatory return on investments or would result in Subscriber losing his or her entire investment or failing to receive expected returns. Therefore, prospective Subscribers who are not financially able to bear the risk that the Corporation may fail to make timely principal and interest payments on the Bonds should not purchase Bonds. For this reason also, the Bonds may not be a suitable investment for a prospective subscriber's RRSP, RRIF, RESP or TFSA, or that of his or her spouse or child, unless such subscriber or his or her spouse or child, has the capacity to absorb the loss of some or all of his or her investment in Bonds.
25. **Under-Deployment of Funds:** The Corporation's ability to pay interest on the Bonds is dependent upon TPFM's ability to fully utilize amounts received under the TPFM Loan to advance Loans to Borrowers. In the event that funds are not fully loaned in any period there is a risk that TPFM's assets may not be sufficient to satisfy interest and/or principal payment obligations to the Corporation and, subsequently, the Corporation may be unable to satisfy interest and/or principal payment obligations to the Bondholders.
26. **Borrowers Other than Clients of 4 Pillars:** Although the Corporation and TPFM have partnered with 4 Pillars to be the provider of Loans to 4 Pillars' clients, in certain circumstances: (i) TPFM may be making Loans to Borrowers that are not clients of 4 Pillars, or (ii) 4 Pillars would no longer be providing a selection of potential Borrowers to TPFM. The agreement with 4 Pillars is effective until November 30, 2018 subject to an automatic renewal for a further period of 5 years until November 30, 2023, unless TPFM and 4 Pillars mutually agree otherwise. There is no certainty that TPFM would be able to secure Borrowers other than those that are clients of 4 Pillars.
27. **Availability of Suitable Borrowers:** The ability of TPFM to fund Loans in accordance with its objectives and lending policies depends upon the availability of suitable Borrowers and the amount of funds available. There can be no assurance that there will be enough suitable Borrowers or funds available for TPFM to fulfill its obligations under the TPFM Loan and, consequently, the Corporation may not be able to complete its obligations to Bondholders.
28. **Renewal of Loan Businesses:** There can be no assurances that any of the Loans comprising the TPFM's loan portfolios from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. The principal balance of all renewals of Loans, the interest rates and the other terms and conditions of such Loans will be subject to negotiations between the Borrowers and TPFM at the time of renewal. Any lack of renewals may negatively impact the Corporation's ability to satisfy its obligations to Bondholders.
29. **Composition of the Loan Portfolio:** The composition of the TPFM's loan portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the portfolios being less diversified than anticipated. A lack of diversification may result in TPFM being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography. This composition may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.
30. **Failure to Meet Commitments:** TPFM may commit to making future Loans in anticipation of repayment of principal outstanding under existing Loans. In the event that such repayments of principal are not made by the Borrowers, TPFM may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may face liability in connection with its failure to make such advances. This commitment failure may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.
31. **Tax Risk:** The tax consequences associated with an investment in Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the

income tax consequences to investors holding or disposing of Bonds. In the event that Target ceases to control the Corporation, ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a Subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds.

If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investments in the Bonds. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

- 32. **Changes to the Tax Act:** No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of Bonds with respect to acquiring, holding or disposing of Bonds. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Bonds purchased pursuant to the Offering.
- 33. **No Advance Tax Ruling:** No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**
- 34. **Historical Performance:** Historical performance is not an estimate or a forecast of future performance of the Corporation or the amount of interest that may be payable by TPFM to the Corporation or on the Bonds.
- 35. **GAAR Application:** 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 does not address GAAR.

## **ITEM 9: REPORTING OBLIGATIONS**

### **9.1 Reporting to Bondholders**

The Corporation is not, and has no intention of becoming, a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs. It is, however, required to file with certain securities regulatory authorities audited year-end financial statements, which will be available on [www.sedar.com](http://www.sedar.com). In addition, the Corporation will provide Bondholders, on request, with access to audited financial statements of the Corporation within 120 days of the Corporations fiscal year end (being December 31) each year that the Bonds are outstanding.

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.

Information about the Corporation's incorporation, amendments to its constating documents, directors, officers, annual corporate filings and other corporate information can be obtained from the British Columbia Registry Services, 2<sup>nd</sup> Floor – 940 Blanshard Street, (PO Box 9431 Stn. Prov. Govt.) Victoria, British Columbia V8W 9V3 (Telephone: 250.356.8626; Facsimile: 250.356.8923.)

## ITEM 10: RESALE RESTRICTIONS

These Bonds are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, 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 a lawyer.

### 10.1 General Statement

For trades in Alberta, British Columbia, Saskatchewan and Ontario:

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, as applicable, under applicable securities legislation.

### 10.2 Restricted Period

For trades in Alberta, British Columbia, Saskatchewan and Ontario:

*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 in any province or territory of Canada.

### 10.3 Manitoba Resale Restrictions

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

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

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

## ITEM 11: PURCHASERS' RIGHTS

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

### 11.1 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.

### 11.2 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.

### **11.3 Statutory Rights of Action for Subscribers in the Provinces of Alberta and British Columbia**

If you are a resident in Alberta or British Columbia and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue:

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

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

This statutory right to sue is 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation; or
- (ii) three (3) years after you signed the agreement to purchase the Bonds.

***You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.***

***You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.***

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

If you are a resident in Manitoba and there is a misrepresentation in this Offering Memorandum, together with any amendment to it, you have a statutory right to sue:

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

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

This statutory right to sue is 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation; or
- (ii) two (2) years after you signed the agreement to purchase the Bonds.

***You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.***

***You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.***

### 11.5 Statutory Rights of Action for Subscribers in the Province of Ontario

If you are a resident of Ontario and there is a misrepresentation in this Offering Memorandum, together with any amendment to it, you have a statutory right to sue:

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

This statutory right to sue is 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation; or
- (ii) three (3) years after you signed the agreement to purchase the Bonds.

***You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.***

***You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.***

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

If you are resident in Saskatchewan and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, subject to certain limitations, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Bonds; or
- (b) for damages against:
  - (i) the Corporation, every person who was a director or the promoter of the Corporation at the date of the Offering Memorandum,
  - (ii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them,
  - (iii) every person who, or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed the Offering Memorandum, and
  - (iv) every person who, or company that, sells the Bonds on behalf of the Corporation under the Offering Memorandum.

This statutory right to sue is 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) one year after learning of the misrepresentation; or
- (ii) six (6) years after you signed the agreement to purchase the Bonds.

In addition, subject to certain limitations, where any advertising or sales literature (as such terms are defined in the Saskatchewan securities legislation) disseminated in connection with the offering contains a misrepresentation, a purchaser who purchases Bonds referred to in that advertising or sales literature has a right of action against the Corporation, every promoter and director of the issuer, as the case may be, and every person who or company that sells Bonds under the offering with respect to which the advertising or sales literature was disseminated. In addition, subject to certain limitations, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the Bonds and the verbal statement is made

either before or contemporaneously with the purchase of Bonds, the purchaser has a right of action for damages against the individual who made the verbal statement.

***You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.***

***You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.***

THE SECURITIES LAWS OF ALBERTA, BRITISH COLUMBIA, MANITOBA, SASKATCHEWAN AND ONTARIO ARE COMPLEX. 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.

THE RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO, AND WITHOUT DEROGATION FROM, ANY OTHER RIGHTS OR REMEDIES WHICH THE SUBSCRIBERS MAY HAVE AT LAW. SUBSCRIBERS SHOULD CONSULT THEIR OWN LEGAL ADVISORS WITH RESPECT TO THEIR RIGHTS AND THE REMEDIES AVAILABLE TO THEM.

**ITEM 12: FINANCIAL STATEMENTS**

**12.1 Audited Financial Statements of the Corporation for the fiscal year ended December 31, 2015**

*See attached.*

TPF The Phoenix Fund Inc.

Financial Statements

December 31, 2015

# TPF The Phoenix Fund Inc.

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## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of TPF The Phoenix Fund Inc.

We have audited the accompanying financial statements of TPF The Phoenix Fund Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

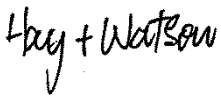
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TPF The Phoenix Fund Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.



Chartered Accountants  
Vancouver, British Columbia  
March 31, 2016

# TPF The Phoenix Fund Inc.

(Incorporated under the laws of British Columbia)

## Statements of Financial Position

December 31, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 4,555	\$ 16,932
Interest receivable from related party (note 5)	92,202	68,908
	96,757	85,840
<b>Compounding interest receivable from related party</b> (note 5)	99,618	23,113
<b>Loans receivable from a related party</b> (notes 6 & 7)	4,998,469	4,231,000
	\$ 5,194,844	\$ 4,339,953
<b>LIABILITIES</b>		
<b>Current</b>		
Accrued interest payable	\$ 18,203	\$ 84,740
<b>Bonds</b> (note 8)	5,175,541	4,254,113
	5,193,744	4,338,853
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (note 9)	1,100	1,100
<b>Retained earnings</b>	-	-
	1,100	1,100
	\$ 5,194,844	\$ 4,339,953

General business description (note 1)

Commitments (note 10)

Subsequent events (note 12)

The financial statements were authorized for issue by the Board of Directors on March 31, 2016

They are signed on the Corporation's behalf by:

"Ayaz Virani"

**Director**

"Christopher Jimenez"

**Director**

**TPF The Phoenix Fund Inc.****Statements of Income and Comprehensive Income**

Years ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

	<b>2015</b>		<b>2014</b>	
<b>Revenue</b>				
Interest income	\$	487,214	\$	224,183
<b>Expenses</b>				
Interest expense		487,214		224,183
<b>NET INCOME AND COMPREHENSIVE INCOME</b>	\$	-	\$	-
<b>BASIC AND DILUTED INCOME PER SHARE</b>	\$	-	\$	-
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted</b>		1,100		1,100

## Statements of Changes in Shareholders' Equity

Years ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

	<b>2015</b>		<b>2014</b>	
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	\$	-	\$	-
Net income and comprehensive income		-		-
<b>RETAINED EARNINGS, END OF YEAR</b>	\$	-	\$	-
<b>SHARE CAPITAL, BEGINNING OF YEAR</b> (note 9)	\$	1,100	\$	1,100
Common shares issued during the period		-		-
<b>SHARE CAPITAL, END OF YEAR</b>	\$	1,100	\$	1,100

## Statements of Cash Flows

Years ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income	\$ -	\$ -
Changes in non-cash working capital balances		
Interest receivable from related party	(23,294)	(47,458)
Compounding interest receivable from related party	(76,506)	(23,113)
Accrued interest payable	(66,537)	86,931
	(166,337)	16,361
<b>Investing activities</b>		
Loans to a related party	(767,469)	(3,494,000)
<b>Financing activities</b>		
Proceeds from issue of bonds	921,429	3,494,000
<b>(DECREASE) INCREASE IN CASH</b>	(12,377)	16,361
<b>CASH, BEGINNING OF YEAR</b>	16,932	571
<b>CASH, END OF YEAR</b>	\$ 4,555	\$ 16,932

See the accompanying notes to the financial statements

# **TPF The Phoenix Fund Inc.**

## **Notes to the Financial Statements**

December 31, 2015

(Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS**

TPF The Phoenix Fund Inc. (the “Corporation”) was incorporated under the Business Corporations Act (British Columbia) on October 4, 2012. The Corporation was formed to raise funds pursuant to an offering (note 8), for the purposes of lending funds to TPFM The Phoenix Fund Management Ltd. (“TPFM”) for the operation and administration of a loan portfolio.

On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars Consulting Group Inc. (“4 Pillars”), enabling the Corporation to provide loans to individual clients of 4 Pillars (note 10). On August 23, 2013 the Corporation assigned the loan program agreement to TPFM.

On April 15, 2014, the Corporation issued an amended and restated continuous offering memorandum (note 8) for the issue of 150 (minimum) to 15,000 (maximum) unsecured bonds, at a price of \$1,000 per bond with simple interest of 10% per annum. Simple interest is payable to bondholders who opted for quarterly payments on March 15, June 15, September 15, and December 15 of each year that the bond is outstanding. Bondholders who defer the receipt of interest until the bonds mature will receive compound interest of 10% per annum at maturity. The proceeds from the bonds are to be lent to TPFM under the April 14, 2014 amended and restated loan agreement between the Corporation and TPFM (note 7). The Corporation also issued amended and restated continuous offering memoranda, the terms of which were not materially different from the April 15, 2014 offering memorandum, on December 8, 2014 and June 18, 2015 (note 12).

The Corporation’s registered office is at 203 – 14439 104th Avenue, Surrey, British Columbia, V3R 1M1.

The business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the necessary funds to conduct profitable future operations.

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 1 *Presentation of Financial Statements*, using accounting policies which are consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Board of Directors and authorized for issue on March 31, 2016.

#### **Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities which are measured at fair value. The methods used to measure fair values are discussed in note 4.

#### **Functional and presentation currency**

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Critical accounting judgments and estimates**

The preparation of financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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.

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 include the valuation of financial instruments (note 4). In addition, the amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is also subject to audit and interpretation by taxation authorities.

#### **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.

##### *Financial assets*

Financial assets include any outstanding interest receivable, loans receivable and cash. 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:

##### *Fair value through profit or loss financial assets*

##### Classification

Financial assets recorded 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.

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments (continued)**

##### *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 date of the statement of financial position, which are classified as non-current assets. Assets in this category include interest receivable from the related party and loans receivable from the related party.

The Corporation has designated \$4,998,469 as long-term loans receivable. These loans have maturity dates which are more than twelve months after the date of the statement of financial position.

##### 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 date of the statement of financial position. Changes in fair values of 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.

##### *Financial liabilities*

Financial liabilities primarily consist of bank indebtedness (if any), interest payable and accrued and bonds. 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.

##### *Equity instruments*

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity.

#### **Impairment**

The Corporation addresses impairment of assets at each statement of financial position date, based on objective evidence which would reduce the carrying value of a financial asset or a group of financial assets, other than those at fair value through profit and loss. When it is determined that an impairment has occurred, the 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.

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Impairment (continued)**

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the 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 amounts of amounts receivable is reduced through the use of an allowance account. When an amount 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.

#### **Interest income**

Interest income is recognized using the effective interest method. When loans receivable are impaired, the Corporation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans receivable is recognized using the original effective interest rate.

#### **Income taxes**

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery is recorded 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 asset and 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.

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income taxes (continued)

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.

#### 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.

#### New accounting standards and interpretations

The following new standards were adopted by the Corporation during the current year:

- i. IFRS 7, Financial Instruments: Disclosures, effective for annual periods beginning on or after January 1, 2015 which did not affect the disclosure required in these financial statements.
- ii. IFRS 13, Fair Value Measurement, effective for annual periods beginning on or after July 1, 2014, which did not affect the disclosure in these financial statements
- iii. IAS 24, Related Party Disclosures, effective for annual periods beginning on or after July 1, 2014, which did not affect the disclosure in these financial statements.

In addition, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2015 and which have not yet been adopted by the Corporation. New standards, interpretations and amendments which may be relevant to the Corporation's financial statements include:

- i. IAS 1, Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2016. The amendment to IAS 1 deals with the disclosure initiatives
- ii. IFRS 9, Financial Instruments, effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39.

Management is currently assessing the new requirements. However, it is anticipated that the adoption of these new standards, interpretations and amendments are unlikely to have a significant impact on the Corporation's financial statements.

# **TPF The Phoenix Fund Inc.**

## **Notes to the Financial Statements**

December 31, 2015

(Expressed in Canadian dollars)

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### **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 carrying values of cash, short term interest receivable from related party and accrued interest payable approximate their fair values due to their short term to maturity. The carrying values of compound interest receivable, loans receivable from a related party and bonds payable approximates their fair values, as the interest rates of the debt approximate market rates.

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.

### **5. RECEIVABLES FROM A RELATED PARTY**

The amounts are receivable from TPFM and consist of interest receivable of \$92,202 (2014 - \$68,908) and interest accrued on compounding bonds of \$99,618 (2014 - \$23,113). These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

### **6. LOANS RECEIVABLE FROM A RELATED PARTY**

The loans receivable from a related party represent advances made during the year to TPFM under the TPFM Loan Agreement (note 7).

TPFM uses the funds loaned to it by the Corporation for the operation and administration of the loan program agreement with 4 Pillars (note 10) as a provider of loans to consumer debtors who meet TPFM's criteria and who use the borrowed funds to settle debt under a formal or informal debt restructuring plan agreed upon by creditors.

Pursuant to the TPFM Loan Agreement, obligations of TPFM are secured by way of an amended and restated General Security Agreement dated April 14, 2014 in favor of the Corporation for the payment and discharge of TPFM's obligations under the TPFM Loan Agreement.

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

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 7. TPFM LOAN AGREEMENT (the “TPFM Loan”)

The Corporation, as the lender, entered into the amended and restated TPFM Loan with TPFM, as the borrower, on April 14, 2014. A summary of the material terms of the TPFM Loan are as follows:

- *Loan Amount:* Up to a maximum amount of \$15,000,000. The total amount is contingent upon the proceeds raised by the Corporation through the issue of bonds (note 8).
- *Maturity date:* November 30, 2018, subject to extension, at the sole discretion of the Corporation, for all or part of the loan to November 30, 2023.
- *Prepayment:* TPFM may prepay all or portion of the aggregate principal amount outstanding at any time prior to the maturity date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- *Use of Proceeds:* TPFM will use the proceeds to administer the loan program agreement (note 10).
- *Interest:* Except as expressly stated otherwise herein, the total loan amount outstanding from time to time will bear interest, after as well as before maturity, default and judgment, with interest on overdue interest, at a rate of 10% per annum. With regard to the portion of the loan made in relation to the bonds issued by the Corporation with interest payments payable quarterly, the interest will be calculated quarterly, not in advance, and shall be payable quarterly within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year. With regard to the TPFM Loan made in relation to the bonds issued with interest payable upon redemption or maturity, the interest will be calculated annually and compound annually, until the TPFM Loan has been fully repaid by the Borrower.
- *Fees:* All the upfront and ongoing costs and fees associated with the offering of the bonds by the Corporation will be paid by TPFM on the Corporation's behalf.

### 8. BONDS

The Corporation has issued offering memoranda (the “Offering”) for unsecured bonds of up to a maximum of 15,000 bonds at a price of \$1,000 per bond, for expected total gross proceeds of \$15,000,000. The minimum Offering of 150 bonds at a price of \$1,000 per bond, for total gross proceeds of \$150,000 has been reached.

At the time of purchase, the Subscribers elect one of the following two options with respect to the 10% interest payable on the bonds:

- (i) the bond will entitle the holder to 10% simple interest per annum, payable quarterly at the equivalent quarterly rate of 2.4115% within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year during the term of the bond, commencing on the last business day of December, 2014; or
- (ii) the bond will entitle the holder thereof to 10% compound interest calculated annually and payable on the date the bonds are redeemed by the Corporation in accordance with the terms of this Offering Memorandum.

The Corporation or the bondholder may provide written notice on or before August 31, 2018 (the “First Redemption”), of their intention to redeem some or all of the bonds, which will then be redeemed on November 30, 2018 (the “First Maturity Date”). In the absence of written notice from the bondholder on or before August 31, 2018, the bonds shall mature on November 30, 2023 (the “Second Maturity Date”).

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 8. BONDS (continued)

Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Corporation and of TPFM, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice"). Bondholders who redeem some or all of their bonds prior to the First and/or Second Maturity Date are subject to the following redemption fees:

- Early Redemption Notice received prior to November 30, 2014 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2014 and November 30, 2015 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2015 and November 30, 2016 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2016 and November 30, 2017 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2017 and November 30, 2018 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Corporation, except where a Bondholder's request is in accordance with the Redemption Notice specified above.
- Early Redemption Notice received between December 1, 2018 and November 30, 2019 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2019 and November 30, 2020 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2020 and November 30, 2021 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2021 and November 30, 2022 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2022 and November 29, 2023 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Corporation.

Redemption fees are deducted by the Corporation from the redemption amount to be paid to the bondholder.

### 9. SHARE CAPITAL

#### Authorized

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)

#### Issued and outstanding

	Number	2015 Amount	2014 Amount
Class A preferred shares	100,000	\$ 1,000	\$ 1,000
Class B common shares	100	100	100

The Corporation was formed on October 4, 2012 and issued 100,000 Class A preferred shares issued at \$0.01 per share during the period ended December 31, 2012.

On February 1, 2013, 100 Class B common shares were issued at \$1 per share.

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 10. COMMITMENTS

#### *Related party transactions*

On October 5, 2012, 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 ½ of 1% of the amount of capital raised from the Offering (note 8) 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). The agreement is expected to continue until the Bonds issued as a result of the Offering (note 8) either mature or are redeemed by the Corporation. The fees will be paid to Target by TPFM.

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

#### *Loan program agreement*

On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars (the "Program") whereby the Corporation will provide loans to clients of 4 Pillars (the "Borrowers") from the proceeds of the Offering. The Corporation will provide all funds required to operate the Program and will have full discretion as to whom to lend funds to, including the discretion on fees, expenses, interest and term of the loans to Borrowers. The Program will expire on November 30, 2018, with an automatic renewal until November 30, 2023, unless the Corporation and 4 Pillars mutually agree to terminate the Program. Either party may terminate the Program with 15 days' notice if either party is in material breach of the terms of the Program. On August 23, 2013, the Corporation assigned the right, title, interest and estate in and to the Program to TPFM.

### 11. FINANCIAL RISK MANAGEMENT

#### *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. These risks include:

- 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 Directors have 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.

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

### 11. FINANCIAL RISK MANAGEMENT (continued)

#### *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 is:

	<b>Carrying amount</b>	
	<b>2015</b>	<b>2014</b>
Cash	\$ 4,555	\$ 16,932
Interest receivable from a related party (note 5)	92,202	68,908
Compounding interest receivable from a related party (note 5)	99,618	23,113
Loans receivable from a related party (notes 6 & 7)	4,998,469	4,231,000

Cash consists of cash bank balances. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. The Corporation considers credit risk from cash to be minimal. Management does not expect any counterparty to fail to meet its obligations.

#### *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, 2015 consist of interest payable and accrued and bonds. 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 the issuance of future debt securities (note 8).

Contractual maturities, excluding interest payments, for the next 5 years are:

<b>At December 31, 2015</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accrued interest payable	\$ 18,203	\$ -	\$ -	\$ -	\$ -	\$ 18,203
Bonds	-	-	-	5,175,541	-	5,175,541
	\$ 18,203	\$ -	\$ -	\$ 5,175,541	\$ -	\$ 5,193,744

<b>At December 31, 2014</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accrued interest payable	\$ 84,740	\$ -	\$ -	\$ -	\$ -	\$ 84,740
Bonds	-	-	-	4,254,113	-	4,254,113
	\$ 84,740	\$ -	\$ -	\$ 4,254,113	\$ -	\$ 4,338,853

# TPF The Phoenix Fund Inc.

## Notes to the Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

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### 11. FINANCIAL RISK MANAGEMENT (continued)

#### *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. The interest rate return for the bonds is fixed for the term of the bonds and not subject to increase in the event of a general rise in domestic interest rates for other investments.

#### *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 monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

**12.2 Unaudited Condensed Interim Financial Statements of the Corporation for the three month period ended March 31, 2016.**

*See attached.*

TPF The Phoenix Fund Inc.

Financial Statements

March 31, 2016

# TPF The Phoenix Fund Inc.

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# TPF The Phoenix Fund Inc.

(Incorporated under the laws of British Columbia)

## Statements of Financial Position

March 31, 2016 and 2015

(Expressed in Canadian dollars)

	<b>31-Mar</b>		
	<b>2016</b>		<b>2015</b>
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 106,400	\$	4,555
Interest receivable from related party (note 5)	-		92,202
	106,400		96,757
<b>Compounding interest receivable from related party (note 5)</b>	95,602		99,618
<b>Loans receivable from a related party (notes 6 &amp; 7)</b>	4,905,418		4,998,469
	\$ 5,107,420	\$	5,194,844
<b>LIABILITIES</b>			
<b>Current</b>			
Accrued interest payable	\$ 121,796	\$	18,203
<b>Bonds (note 8)</b>	4,984,525		5,175,541
	\$ 5,106,321	\$	5,193,744
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital (note 9)</b>	1,100.00		1,100.00
<b>Retained earnings</b>	-		-
	1,100.00		1,100.00
	\$ 5,107,420	\$	5,194,844

"Ayaz Virani"

Director

"Christopher Jimenez"

Director

**TPF The Phoenix Fund Inc.****Statements of Income and Comprehensive Income****March 31, 2016 and 2015**

(Expressed in Canadian dollars)

		<b>31-Mar</b>		<b>2015</b>
		<b>2016</b>		
<b>Revenue</b>				
Interest earned	\$	116,556	\$	487,214
<b>Expense</b>				
Interest expenses		116,556		487,214
<b>NET INCOME AND COMPREHENSIVE INCOME</b>	\$	-	\$	-
<b>BASIC AND DILUTED INCOME PER SHARE</b>	\$	-	\$	-
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - basic and diluted</b>		1,100		1,100

See the accompanying notes to the financial statements

## Statements of Changes in Shareholders' Equity

March 31, 2016 and 2015

(Expressed in Canadian dollars)

		31-Mar 2016		2015
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	\$	-	\$	-
Net income and comprehensive income		-		-
<b>RETAINED EARNINGS, END OF YEAR</b>	\$	-	\$	-
 <b>SHARE CAPITAL, BEGINNING OF YEAR (note 9)</b>	\$	1,100.00	\$	1,100.00
Common shares issued during the period		-		-
<b>SHARE CAPITAL, END OF YEAR</b>	\$	1,100.00	\$	1,100.00

## Statements of Cash Flows

March 31, 2016 and 2015

(Expressed in Canadian dollars)

	31-Mar 2016	2015
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income	\$ -	\$ -
Changes in non-cash working capital balances		
Interest receivable from related party	92,202	(23,294)
Compounding interest receivable from related party	4,016	(76,506)
Accrued interest payable	103,593	(66,537)
	199,811	(166,337)
<b>Investing activities</b>		
Loans to a related party	93,050	(767,469)
<b>Financing activities</b>		
Proceeds from issue/redemption of bonds	(191,016)	921,429
<b>(DECREASE) INCREASE IN CASH</b>	101,845	(12,377)
<b>CASH, BEGINNING OF YEAR</b>	4,555	16,932
<b>CASH, END OF YEAR</b>	\$ 106,400	\$ 4,555

See the accompanying notes to the financial statements

**TPF The Phoenix Fund Inc.**  
**Notes to the Interim Financial Statements**  
March 31, 2016 and December 31, 2015  
(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS**

TPF The Phoenix Fund Inc. (the “Corporation”) was incorporated under the Business Corporations Act (British Columbia) on October 4, 2012. The Corporation was formed to raise funds pursuant to an offering (note 8), for the purposes of lending funds to TPFM The Phoenix Fund Management Ltd. (“TPFM”) for the operation and administration of a loan portfolio.

On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars Consulting Group Inc. (“4 Pillars”), enabling the Corporation to provide loans to individual clients of 4 Pillars (note 10). On August 23, 2013 the Corporation assigned the loan program agreement to TPFM.

On April 15, 2014, the Corporation issued an amended and restated continuous offering memorandum (note 8) for the issue of 150 (minimum) to 15,000 (maximum) unsecured bonds, at a price of \$1,000 per bond with simple interest of 10% per annum. Simple interest is payable to bondholders who opted for quarterly payments on March 15, June 15, September 15, and December 15 of each year that the bond is outstanding. Bondholders who defer the receipt of interest until the bonds mature will receive compound interest of 10% per annum at maturity. The proceeds from the bonds are to be lent to TPFM under the April 14, 2014 amended and restated loan agreement between the Corporation and TPFM (note 7). The Corporation also issued amended and restated continuous offering memoranda, the terms of which were not materially different from the April 15, 2014 offering memorandum, on December 8, 2014 and June 18, 2015 (note 12).

The Corporation’s registered office is at 203 – 14439 104th Avenue, Surrey, British Columbia, V3R 1M1.

The business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the necessary funds to conduct profitable future operations.

**2. BASIS OF PREPARATION**

**Statement of compliance**

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 1 *Presentation of Financial Statements*, using accounting policies which are consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Board of Directors and authorized for issue on May 31, 2016.

**Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities which are measured at fair value. The methods used to measure fair values are discussed in note 4.

**Functional and presentation currency**

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

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Critical accounting judgments and estimates**

The preparation of financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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.

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 include the valuation of financial instruments (note 4). In addition, the amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is also subject to audit and interpretation by taxation authorities.

#### **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.

##### *Financial assets*

Financial assets include any outstanding interest receivable, loans receivable and cash. 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:

##### *Fair value through profit or loss financial assets*

##### Classification

Financial assets recorded 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.

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments (continued)**

##### *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 date of the statement of financial position, which are classified as non-current assets. Assets in this category include interest receivable from the related party and loans receivable from the related party.

The Corporation has designated \$4,905,418 as long-term loans receivable. These loans have maturity dates which are more than twelve months after the date of the statement of financial position.

##### 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 date of the statement of financial position. Changes in fair values of 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.

##### *Financial liabilities*

Financial liabilities primarily consist of bank indebtedness (if any), interest payable and accrued and bonds. 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.

##### *Equity instruments*

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity.

#### **Impairment**

The Corporation addresses impairment of assets at each statement of financial position date, based on objective evidence which would reduce the carrying value of a financial asset or a group of financial assets, other than those at fair value through profit and loss. When it is determined that an impairment has occurred, the 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.

# **TPF The Phoenix Fund Inc.**

## **Notes to the Interim Financial Statements**

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Impairment (continued)**

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the 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 amounts of amounts receivable is reduced through the use of an allowance account. When an amount 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.

#### **Interest income**

Interest income is recognized using the effective interest method. When loans receivable are impaired, the Corporation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans receivable is recognized using the original effective interest rate.

#### **Income taxes**

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery is recorded 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 asset and 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.

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income taxes (continued)

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.

#### 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.

#### New accounting standards and interpretations

The following new standards were adopted by the Corporation during the current year:

- i. IFRS 7, Financial Instruments: Disclosures, effective for annual periods beginning on or after January 1, 2015 which did not affect the disclosure required in these financial statements.
- ii. IFRS 13, Fair Value Measurement, effective for annual periods beginning on or after July 1, 2014, which did not affect the disclosure in these financial statements
- iii. IAS 24, Related Party Disclosures, effective for annual periods beginning on or after July 1, 2014, which did not affect the disclosure in these financial statements.

In addition, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2015 and which have not yet been adopted by the Corporation. New standards, interpretations and amendments which may be relevant to the Corporation's financial statements include:

- i. IAS 1, Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2016. The amendment to IAS 1 deals with the disclosure initiatives
- ii. IFRS 9, Financial Instruments, effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39.

Management is currently assessing the new requirements. However, it is anticipated that the adoption of these new standards, interpretations and amendments are unlikely to have a significant impact on the Corporation's financial statements.

# **TPF The Phoenix Fund Inc.**

## **Notes to the Interim Financial Statements**

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### **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 carrying values of cash, short term interest receivable from related party and accrued interest payable approximate their fair values due to their short term to maturity. The carrying values of compound interest receivable, loans receivable from a related party and bonds payable approximate their fair values, as the interest rates of the debt approximate market rates.

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.

### **5. RECEIVABLES FROM A RELATED PARTY**

The amounts are receivable from TPFM and consist of interest receivable of \$92,202 in 2015 and interest accrued on compounding bonds of \$95,602 (2015 – \$99,618). These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

### **6. LOANS RECEIVABLE FROM A RELATED PARTY**

The loans receivable from a related party represent advances made during the year to TPFM under the TPFM Loan Agreement (note 7).

TPFM uses the funds loaned to it by the Corporation for the operation and administration of the loan program agreement with 4 Pillars (note 10) as a provider of loans to consumer debtors who meet TPFM's criteria and who use the borrowed funds to settle debt under a formal or informal debt restructuring plan agreed upon by creditors.

Pursuant to the TPFM Loan Agreement, obligations of TPFM are secured by way of an amended and restated General Security Agreement dated April 14, 2014 in favor of the Corporation for the payment and discharge of TPFM's obligations under the TPFM Loan Agreement.

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

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### 7. TPFM LOAN AGREEMENT (the “TPFM Loan”)

The Corporation, as the lender, entered into the amended and restated TPFM Loan with TPFM, as the borrower, on April 14, 2014. A summary of the material terms of the TPFM Loan are as follows:

- *Loan Amount:* Up to a maximum amount of \$15,000,000. The total amount is contingent upon the proceeds raised by the Corporation through the issue of bonds (note 8).
- *Maturity date:* November 30, 2018, subject to extension, at the sole discretion of the Corporation, for all or part of the loan to November 30, 2023.
- *Prepayment:* TPFM may prepay all or portion of the aggregate principal amount outstanding at any time prior to the maturity date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- *Use of Proceeds:* TPFM will use the proceeds to administer the loan program agreement (note 10).
- *Interest:* Except as expressly stated otherwise herein, the total loan amount outstanding from time to time will bear interest, after as well as before maturity, default and judgment, with interest on overdue interest, at a rate of 10% per annum. With regard to the portion of the loan made in relation to the bonds issued by the Corporation with interest payments payable quarterly, the interest will be calculated quarterly, not in advance, and shall be payable quarterly within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year. With regard to the TPFM Loan made in relation to the bonds issued with interest payable upon redemption or maturity, the interest will be calculated annually and compound annually, until the TPFM Loan has been fully repaid by the Borrower.
- *Fees:* All the upfront and ongoing costs and fees associated with the offering of the bonds by the Corporation will be paid by TPFM on the Corporation's behalf.

### 8. BONDS

The Corporation has issued offering memoranda (the “Offering”) for unsecured bonds of up to a maximum of 15,000 bonds at a price of \$1,000 per bond, for expected total gross proceeds of \$15,000,000. The minimum Offering of 150 bonds at a price of \$1,000 per bond, for total gross proceeds of \$150,000 has been reached.

At the time of purchase, the Subscribers elect one of the following two options with respect to the 10% interest payable on the bonds:

- (i) the bond will entitle the holder to 10% simple interest per annum, payable quarterly at the equivalent quarterly rate of 2.4115% within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year during the term of the bond, commencing on the last business day of December, 2014; or
- (ii) the bond will entitle the holder thereof to 10% compound interest calculated annually and payable on the date the bonds are redeemed by the Corporation in accordance with the terms of this Offering Memorandum.

The Corporation or the bondholder may provide written notice on or before August 31, 2018 (the “First Redemption”), of their intention to redeem some or all of the bonds, which will then be redeemed on November 30, 2018 (the “First Maturity Date”). In the absence of written notice from the bondholder on or before August 31, 2018, the bonds shall mature on November 30, 2023 (the “Second Maturity Date”).

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

### 8. BONDS (continued)

Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Corporation and of TPFM, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice"). Bondholders who redeem some or all of their bonds prior to the First and/or Second Maturity Date are subject to the following redemption fees:

- Early Redemption Notice received prior to November 30, 2014 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2014 and November 30, 2015 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2015 and November 30, 2016 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2016 and November 30, 2017 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2017 and November 30, 2018 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Corporation, except where a Bondholder's request is in accordance with the Redemption Notice specified above.
- Early Redemption Notice received between December 1, 2018 and November 30, 2019 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2019 and November 30, 2020 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2020 and November 30, 2021 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2021 and November 30, 2022 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2022 and November 29, 2023 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Corporation.

Redemption fees are deducted by the Corporation from the redemption amount to be paid to the bondholder.

### 9. SHARE CAPITAL

#### Authorized

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)

#### Issued and outstanding

	March 2016		2015
	Number	Amount	Amount
Class A preferred shares	100,000	\$ 1,000	\$ 1,000
Class B common shares	100	100	100

The Corporation was formed on October 4, 2012 and issued 100,000 Class A preferred shares issued at \$0.01 per share during the period ended December 31, 2012.

On February 1, 2013, 100 Class B common shares were issued at \$1 per share.

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### 10. COMMITMENTS

#### *Related party transactions*

On October 5, 2012, 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 ½ of 1% of the amount of capital raised from the Offering (note 8) 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). The agreement is expected to continue until the Bonds issued as a result of the Offering (note 8) either mature or are redeemed by the Corporation. The fees will be paid to Target by TPFM.

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

#### *Loan program agreement*

On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars (the "Program") whereby the Corporation will provide loans to clients of 4 Pillars (the "Borrowers") from the proceeds of the Offering. The Corporation will provide all funds required to operate the Program and will have full discretion as to whom to lend funds to, including the discretion on fees, expenses, interest and term of the loans to Borrowers. The Program will expire on November 30, 2018, with an automatic renewal until November 30, 2023, unless the Corporation and 4 Pillars mutually agree to terminate the Program. Either party may terminate the Program with 15 days' notice if either party is in material breach of the terms of the Program. On August 23, 2013, the Corporation assigned the right, title, interest and estate in and to the Program to TPFM.

### 11. FINANCIAL RISK MANAGEMENT

#### *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. These risks include:

- 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 Directors have 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.

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

### 11. FINANCIAL RISK MANAGEMENT (continued)

#### *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 is:

	<b>Carrying amount</b>	
	<b>March 2016</b>	<b>2015</b>
Cash	\$ 106,400	\$ 4,555
Interest receivable from a related party (note 5)	-	92,202
Compounding interest receivable from a related party (note 5)	95,602	99,618
Loans receivable from a related party (notes 6 & 7)	4,905,418	4,998,469

Cash consists of cash bank balances. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. The Corporation considers credit risk from cash to be minimal. Management does not expect any counterparty to fail to meet its obligations.

#### *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 March 31, 2016 consist of interest payable and accrued and bonds. 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 the issuance of future debt securities (note 8).

Contractual maturities, excluding interest payments, for the next 5 years are:

<b>At March 31, 2016</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accrued interest payable	\$ 121,796	\$ -	\$ -	\$ -	\$ -	\$ 121,796
Bonds	-	-	-	4,984,525	-	4,984,525
	\$ 121,796	\$ -	\$ -	\$ 4,984,525	\$ -	\$ 5,106,321

<b>At December 31, 2015</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accrued interest payable	\$ 18,203	\$ -	\$ -	\$ -	\$ -	\$ 18,203
Bonds	-	-	-	5,175,541	-	5,175,541
	\$ 18,203	\$ -	\$ -	\$ 5,175,541	\$ -	\$ 5,193,744

# TPF The Phoenix Fund Inc.

## Notes to the Interim Financial Statements

March 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

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### 11. FINANCIAL RISK MANAGEMENT (continued)

#### *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. The interest rate return for the bonds is fixed for the term of the bonds and not subject to increase in the event of a general rise in domestic interest rates for other investments.

#### *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 monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

**12.3      Unaudited Condensed Financial Statements of TPFM The Phoenix Fund Management Ltd. for the fiscal year ended December 31, 2015 and the 3-month period ended March 31, 2016.**

*See attached.*

TPFM The Phoenix Fund Management Ltd.  
Interim Financial Statements

March 31, 2016  
(Unaudited)

## Financial Statements

(Unaudited)  
Interim March 31, 2016

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TPFM The Phoenix Fund Management Ltd.

Notice to Shareholders

March 31, 2016

Management's Responsibility for Financial Reporting

The accompanying unaudited interim financial statements of TPFM The Phoenix Fund Management Ltd. were prepared by management in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An audit committee assists the Board of Directors in fulfilling this responsibility. The audit committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Corporation. The audit committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Corporation discloses that its external accountants have not reviewed the unaudited interim financial statements for the quarter ended March 31, 2016.

Interim Statement of Financial Position  
(Unaudited)

As at	March 31, 2016	December 31, 2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 495,759	\$ 456,569
Interest receivable	49,600	49,600
Current portion of loans receivable (note 5)	700,000	700,000
	<u>1,245,359</u>	<u>1,206,169</u>
<b>Long Term</b>		
Loans receivable (note 5)	3,768,107	3,931,191
Office furniture and equipment (note 9)	14,182	15,376
Deferred financing costs	54,320	57,125
	<u>3,836,609</u>	<u>4,003,692</u>
	<u>\$ 5,081,968</u>	<u>\$ 5,209,861</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 146,887	\$ 145,717
Deferred income (note 7)	122,038	145,762
Escrow contingency (note 6)	46,696	5,045
Payable to related party (note 11)	3,800	95,867
	<u>319,421</u>	<u>392,391</u>
<b>Long Term</b>		
Loan payable to related party (note 12)	4,905,418	4,998,469
Promissory notes (note 10)	180,000	180,000
	<u>5,085,418</u>	<u>5,178,469</u>
	<u>5,404,839</u>	<u>5,570,860</u>
<b>Shareholder's Equity</b>		
Share capital (note 14)	20	20
Deficit	(322,891)	(361,019)
	<u>(322,871)</u>	<u>(360,999)</u>
	<u>\$ 5,081,968</u>	<u>\$ 5,209,861</u>

General business description (note 1)  
Commitment (note 17)

These unaudited interim financial statements are authorized for issue by the Board of Directors on May 31, 2016. They are signed on the Corporation's behalf by:

\_\_\_\_\_  
"Ayaz Virani" Director

\_\_\_\_\_  
"Christopher Jimenez" Director

**Interim Statement of Profit and Loss**  
For the quarter ended March 31, 2016  
(Unaudited)

	<b>Jan-March 2016</b>	<b>2015</b>
<b>Revenue</b>		
Interest income	\$ 267,778	\$1,042,085
Lender fees income	52,839	283,374
	<u>320,617</u>	<u>1,325,459</u>
<b>Expenses</b>		
Administration cost	64,235	234,044
Amortization	1,669	7,560
Consulting fees	82,451	344,991
Interest to TPF (notes 1 and 11)	116,556	487,214
Interest – other (note 10)	4,500	25,086
Loan costs	10,293	74,911
Marketing	2,785	28,995
	<u>282,489</u>	<u>1,202,801</u>
<b>NET PROFIT (LOSS)</b>	<u>\$ 38,128</u>	<u>\$ 122,658</u>
 <b>BASIC AND DILUTED PROFIT (LOSS) PER SHARE</b>	 <u>\$ 191</u>	 <u>\$ 615</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - basic and diluted</b>	<u>200</u>	<u>200</u>

Interim Statement of Changes in Shareholder's Equity  
 For the quarter ended March 31, 2016  
 (Unaudited)

	Jan-Mar 2016		2015	
<b>DEFICIT, BEGINNING OF PERIOD</b>	\$	(361,019)	\$	(483,677)
Net loss and comprehensive loss		38,128		122,658
<b>DEFICIT, END OF PERIOD</b>	\$	(322,891)	\$	(361,019)
<b>SHARE CAPITAL, BEGINNING OF PERIOD (Note 14)</b>	\$	200	\$	200
Preferred shares issued during the period		-		-
Common shares issued during the period		-		-
<b>SHARE CAPITAL, END OF PERIOD</b>	\$	200	\$	200

**Statement of Cash Flows**  
(unaudited)  
Interim period Jan to March 2016

	March	
	2016	2015
<b>Cash provided by (used in)</b>		
<b>Cash flow from operating activities</b>		
Net profit (loss)	38,128	123,025
Amortization	1,669	7,560
	39,797	130,585
<b>Changes in non-cash working capital balances</b>		
Interest receivable	-	4,000
Accounts payable and accrued liabilities	1,171	19,393
Deferred income	(23,724)	(48,736)
Payable to related party	(185,118)	26,959
<b>Net cash provided by operating activities</b>	<b>(207,671)</b>	<b>1,616</b>
<b>Cash flows from financing activities</b>		
Loan from related party	-	767,469
Proceeds (repayment) of promissory notes	-	(400,000)
(Repayment to) Advances from shareholders	-	(131,993)
Proceeds from issuance of share capital		
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>235,476</b>
<b>Cash flow from investing activities</b>		
Loan receivable	163,084	(815,029)
Proceeds from collection of forbearance fees	41,651	152,769
Increase (decrease) in deferred financing costs	2,805	14,281
Purchase of office furniture and equipment	(1,194)	1,750
<b>Net cash used for investing activities</b>	<b>206,346</b>	<b>(646,229)</b>
<b>Increase (decrease) in Cash</b>	<b>38,472</b>	<b>(278,552)</b>
<b>Cash, beginning of period</b>	<b>456,569</b>	<b>738,989</b>
<b>Cash, end of period</b>	<b>495,759</b>	<b>456,569</b>

## 1. Nature of operations

TPFM The Phoenix Fund Management Ltd. (the "Corporation") was incorporated under the Business Corporations Act (British Columbia) on October 3, 2012. The Corporation was formed for the purpose of providing asset backed and unsecured loans using funds advanced to it by TPF The Phoenix Fund Inc. ("TPF"). The Corporation commenced operations on January 1, 2013.

On April 15, 2014 the Corporation amended and restated its loan agreement with TPF The Phoenix Fund Inc. ("TPFM Loan") (note 13). Under the loan agreement TPF lends funds to TPFM for the purpose of administering the Loan Program (the "Program") (note 8).

The Corporation's registered office is at 1450 – 13401 108th Avenue, Surrey, British Columbia V3T 5T3.

The business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to collect amounts previously lent to its clients or raise the necessary funds to fully finance its intended activities.

## 2. Basis of presentation

### Statement of compliance

These financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34"), using accounting policies which are consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Directors of the Company on May 31, 2016.

### Basis of measurement

These financial statements have been prepared on a historical cost basis, except for held for trading financial assets which are measured at fair value and with changes in fair value recorded to earnings. The methods used to measure fair values are discussed in note 3.

### Functional and presentation currency

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

## 3. Significant accounting policies

### Critical accounting judgments and estimates

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). In addition, the amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted.

### 3. Significant accounting policies (continued)

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

They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is also subject to audit and interpretation by taxation authorities.

#### **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.

##### *Financial assets*

Financial assets include any outstanding interest receivable, cash and loans receivable. Purchases and sales 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 in 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 fair value through profit or loss.

##### 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 date of the statement of financial position, which are classified as non-current assets. Assets in this category include interest receivable and loans receivable.

##### 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.

### 3. Significant accounting policies (continued)

#### **Financial instruments (continued)**

##### Recognition and measurement (continued)

##### *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 twelve months of the date of the statement of financial position. 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 is limited to debt instruments. Reclassifications are accounted for at fair value of the financial asset at the date of reclassification.

##### *Financial Liabilities*

Financial liabilities primarily consist of bank indebtedness (if any), accounts payable and accrued liabilities, payable to related party, loan payable to related party, promissory notes and due to a shareholder. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged and fair values 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.

##### *Equity instruments*

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity.

#### **Office furniture and equipment**

Office furniture and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Amortization is recorded annually as:

Office furniture:	20%, using the declining balance method and with the half-year rule applied to net additions and disposals.
Equipment:	30%, using the declining balance method and with the half-year rule applied to net additions and disposals.
Software licenses:	50%, using the straight line method
Leasehold Improvements:	straight line over a 3 year period.

### 3. Significant accounting policies (continued)

#### **Impairment**

The Corporation addresses impairment of assets at each statement of financial position date, based on objective evidence which would reduce the carrying value of a financial asset or a group of financial assets, other than those at fair value through profit and loss. When it is determined that an impairment has occurred, the loss is recognized in profit and 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 For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the 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 accounts receivable and loans receivable are reduced through the use of an allowance account. When an account receivable and loans receivable are 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 the amount of the impairment loss decreases in a subsequent period 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.

#### **Revenue recognition**

##### *Lender fees*

Lender fees which have been collected on loans are deferred and recorded in income over the term of the loan.

##### *Interest income*

Interest income is recognized using the effective interest method. When loans receivable are impaired, the Corporation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans receivable are recognized using the original effective interest rate.

### 3. Significant accounting policies (continued)

#### Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery is recorded 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 payable on 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.

#### 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 obligation 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.

#### New accounting standards and interpretations

Several new standards and amendments apply for the first time in 2014. However, they do not affect these interim financial statements of the Corporation.

The nature and the effect of each new standard or amendment is expected to be:

- i. IAS 32, Financial Instruments: Presentation, effective for annual periods beginning on or after January 1, 2014. These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no effect on the Corporation.

### 3. Significant accounting policies (continued)

#### New accounting standards and interpretations (continued)

In addition to this accounting policy, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2014 and which have not yet been adopted by the Corporation. These include:

- i. IFRS 7, Financial Instruments: Disclosures, effective for annual periods beginning on or after January 1, 2015. In December 2011, the IASB issued new disclosure requirements for financial assets and liabilities that (1) are offset in the statement of financial position; or (2) subject to master netting agreements or similar arrangements.
- ii. IFRS 9, Financial Instruments, effective for annual periods beginning on or after January 1, 2015. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39.

Management is currently assessing the new requirements. However, it is anticipated that the adoption of these new standards, interpretations and amendments are unlikely to have a significant impact on the Corporation's financial statements.

### 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 carrying values of cash, interest receivable, accounts payable and accrued liabilities and payable to related party approximate their fair values due to their short terms to maturity. The carrying values of loans receivable, promissory notes, and loans payable to related parties approximate their fair values due to small changes in market interest rate from the interest rates agreed upon for these loans.

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.

The Corporation's cash is measured at fair value based on a Level 1 designation.

### 5. Loans receivable

The Corporation uses the funds loaned to it by TPF for the operation and administration of the Program (note 8), as a provider of loans to consumer debtors who meet the Corporation's criteria and who use the borrowed funds to settle debt under a formal or informal debt restructuring plans agreed upon by creditors of the consumer debtors.

## 6. Escrow contingency

Uncollectible debts are written off against Escrow contingency account. When the Escrow contingency account balance is depleted, then the Provision for Bad Debts will be debited. In 2015 \$212,696.11 of bad debts were written off against Escrow contingency account.

## 7. Deferred income

### *Lender fees*

Lender fees which have been collected on loans are deferred and recorded in income over the term of the loan.

## 8. Loan program

On November 1, 2012, and amended February 4, 2013, TPF entered into an exclusive loan program agreement with 4 Pillars (the "Program") whereby TPF agreed to provide loans to clients of 4 Pillars (the "Borrowers") from the proceeds, from time to time, of its bond offerings. The term of the Program shall expire November 30, 2018, with an automatic renewal until November 30, 2023, unless TPF and 4 Pillars mutually agree to terminate the Program. Either party may terminate the Program within 15 days' notice if either party is in material breach of the terms of the Program.

On August 23, 2013 TPF assigned the right, title, interest and estate in and to the Program to the Corporation. TPF will provide all funds required to operate the Program to the Corporation, who will have full discretion as to whom to lend funds, including the discretion on fees, expenses, interest and term of the loans to Borrowers (note 13).

## 9. Office furniture and equipment

	Lease Improvements	Furniture	Software	Computer	Total
Balance, December 31, 2014	5,404.00	12,432.17	4,088.57	7,530.95	29,455.69
Addition	-	328.16	-	2,066.85	2,395.01
<b>Subtotal</b>	<b>5,404.00</b>	<b>12,760.33</b>	<b>4,088.57</b>	<b>9,597.80</b>	<b>31,850.70</b>
<b>Accumulated amortization</b>					
Accumulated amortization	-	1,801.00	- 1,805.00	- 2,898.00	- 1,766.00
Amortization Expenses	-	1,801.00	- 2,189.00	- 1,190.57	- 3,024.00
<b>Balance, December 31, 2015</b>	<b>-</b>	<b>3,602.00</b>	<b>- 3,994.00</b>	<b>- 4,088.57</b>	<b>- 16,474.57</b>
<b>Carrying balance</b>					
<b>Balance, December 31, 2015</b>	<b>1,802.00</b>	<b>8,766.33</b>	<b>-</b>	<b>4,807.80</b>	<b>15,376.13</b>
Amortization Expenses	-	450.51	- 438.33	- 661.08	- 1,549.92
<b>Balance, March 31, 2016</b>	<b>1,351.49</b>	<b>8,328.00</b>	<b>-</b>	<b>4,146.72</b>	<b>13,826.21</b>

**10. Promissory note – long term**

	<b>March 31, 2016</b>	<b>2015</b>
Promissory note to an unrelated party	<b>180,000</b>	<b>180,000</b>
Total	<b>180,000</b>	<b>180,000</b>

The long-term promissory note issued to a non-related party carries interest at 10% per annum payable monthly. The note matures on January 17, 2018. This note is redeemable without penalty at the Corporation's discretion subject to early redemption fee of 2% of the principal amount.

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

**11. Payable to a related party**

The amount is payable to TPF and consists of interest payable of (2015 - \$95,867) and expenses paid on behalf of the Corporation of \$1,240 in 2015. These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

**12. Loans payable to a related party**

The loans payable to a related party represent advances made by TPF under the amended and restated TPFM Loan Agreement (note 13). These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

**13. TPFM Loan agreement (the "TPFM Loan")**

The Corporation entered into the amended and restated TPFM Loan, as the borrower, with TPF, as the lender, on April 14, 2014. A summary of the material terms of the TPFM Loan are as follows:

- Loan Amount: Up to a maximum amount of \$15,000,000. The total amount is contingent upon the amount of proceeds raised through bond issuances.
- Maturity date: November 30, 2018 subject to extension at the sole discretion of the Corporation for all or part of the loan to November 30, 2023.
- Prepayment: TPFM may prepay all or portion of the aggregate principal amount then outstanding at any time prior to the maturity date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- Use of Proceeds: TPFM will use the proceeds to administer the Program.

**13.TPFM Loan agreement (the "TPFM Loan") (continued)**

- Interest: Except as expressly stated otherwise herein, the loan outstanding from time to time will bear compound interest, before and after maturity, default or judgment, at the rate of 10% per annum. Interest on the loan received from bonds issued by TPF with interest payable quarterly, the interest will be calculated quarterly, not in advance, and be payable quarterly within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year. Interest on the loan received from bonds issued by TPF with interest payable upon redemption and maturity, will be compounded annually until the Loan has been fully repaid by the Corporation.

- Fees: All the upfront and ongoing costs and fees associated with the offerings of the bonds by TPF will be paid by the Corporation.

Pursuant to the TPFM Loan, the obligations of the Corporation are secured by way of an updated and restated General Security Agreement dated April 14, 2014 in favor of TPF for payment and discharge of the Corporation's obligations under the TPFM Loan Agreement.

**14.Share capital**

## Authorized

Unlimited number of Class A voting common shares without par value

Unlimited number of Class B voting common shares without par value and restriction on dividends

Unlimited number of Class C non-voting common shares without par value

Unlimited number of Class D shares non-voting common shares par value of \$0.01 with special rights and restrictions

Unlimited number of Class E non-voting preferred shares with special rights and restrictions

## Issued and outstanding:

	Number of shares	Class A voting common shares
At January 1, 2015	-	\$ -
Class A voting common shares issued in 2013	200	200
<b>At March 31, 2016 and December 31, 2015</b>	<b>200</b>	<b>\$ 200</b>

## 15. Financial risk management

### *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 Directors have 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.

### *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 is as follows:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Cash	<b>495,759</b>	<b>456,569</b>
Loans receivable	<b>4,468,107</b>	<b>4,631,191</b>

### *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.

### *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 March 31, 2016 consist of accounts payable and accrued liabilities, payable to related party, loan payable to related party, promissory note and due to a shareholder.

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 9).

**15. Financial risk management** (continued)

Contractual maturities, excluding interest payments, for the next 5 years are:

<b>At March 31, 2016</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 146,887	\$ -	\$ -	\$ -	\$ -	\$ 146,887
Payable to related party	3,800	-	-	-	-	3,800
Loan payable to related party	-	-	-	4,905,418	-	4,905,418
Promissory note				180,000		180,000
	\$ 150,687	\$ -	\$ -	\$5,085,418	-	\$5,236,105

<b>At December 31, 2015</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$145,717	\$ -	\$ -	\$ -	\$ -	\$ 145,717
Payable to related party	95,867	-	-	-	-	95,867
Loan payable to related party	-	-	-	4,998,469	-	4,998,469
Promissory note				180,000	-	180,000
	\$ 241,584	\$ -	\$ -	\$ 5,178,469	\$ -	\$5,420,053

## 15. Financial risk management (continued)

### *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. The interest rate return for the bonds is fixed for the term of the bonds and not subject to increase in the event of a general rise in domestic interest rates for other investments. At December 31, 2015 and March 31, 2016, there were no investment or debt holdings with variable interest rates.

### *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 shareholder's 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 payable to a related party and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

## 16. Related party transactions

In the first quarter of 2016, \$81,900 in consulting fees were paid to the Corporation's directors. (2015 - \$348,000) and was included in accounts payable and accrued liabilities.

## 17. Commitment

The Corporation entered into a 3 year lease agreement commencing January 1, 2014 for office space at \$2,654 per month. The lease require estimated minimum future annual payments of:

2014	\$15,924
2015	31,848
2016	31,848



**ITEM 13:           DATE AND CERTIFICATE**

Dated: July 15, 2016

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

**ON BEHALF OF THE DIRECTORS AND OFFICERS OF TPF THE PHOENIX FUND INC.**

"Ayaz Virani"  
AYAZ VIRANI, Director and Chairman

"Christopher Jimenez"  
CHRISTOPHER JIMENEZ, President, CEO and Director

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## SUBSCRIPTION AGREEMENT

---

### PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:

1. A signed copy of this Subscription Agreement;
2. A certified cheque, bank draft or money order (personal cheques will not be accepted) in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "**McMillan LLP In Trust**", or wire transfer of the Aggregate Subscription Amount to McMillan LLP's trust account, pursuant to wiring instructions set out in the Subscription Agreement;
3. All Subscribers must complete the following table pursuant to the instructions below:

The Subscriber elects to receive [check appropriate box under each heading]:

**Bond Term**

- ☐ 8% 1-Year Unsecured Bonds; or
- ☐ 9% 3-Year Unsecured Bonds

**Interest Payment**

- ☐ Monthly Interest Payments; or
- ☐ Deferred Compound Interest, Payable Upon Maturity

4. A properly completed and duly executed copy of the appropriate investor qualification form(s):
  - If the Subscriber is an "accredited investor" (as such term is defined in Appendix A to Exhibit 1 of the Subscription Agreement), one completed copy of the **Accredited Investor Representation Letter** in the form attached to this Subscription Agreement as **Exhibit 1** (please initial the Appendix as indicated) and, if applicable, the **Form 45-106F9 Form for Individual Accredited Investors** in the form attached to this Subscription Agreement as Appendix B to Exhibit 1 (please initial the form as indicated) and, if the Bonds are being sold to the Subscriber by a market participant not registered in accordance with the applicable securities regulatory authority and the Subscriber is an individual relying on paragraph (j), (j.1), (k) or (l) of the "accredited investor" definition in Appendix A to Exhibit 1, the Subscriber must also complete the **Accredited Investor Questionnaire** in the form attached to this Subscription Agreement as **Appendix C** to Exhibit 1;
  - If the Subscriber is a resident in the province of **Alberta, British Columbia, Saskatchewan, Manitoba or Ontario**, two (2) copies of the **Risk Acknowledgement** in the form attached to this Subscription Agreement as **Exhibit 2-A or Exhibit 2-B**, as applicable (one copy may be retained for your records). If from Manitoba, there is no need to complete Schedules 1 and 2 to Exhibit 2-A or Exhibit 2-B, as applicable, however, please complete Exhibit 3;
  - If the Subscriber is a resident in the province of **Manitoba** and is subscribing for more than \$10,000 in Bonds, one (1) completed and signed copy of the **Representation Letter** attached to this Subscription Agreement as **Exhibit 3**; and
  - If the Subscriber is a resident in the province of **Alberta, British Columbia, Manitoba or Saskatchewan** and the Bonds are being sold by a market participant not registered in accordance with the applicable securities regulatory authority, two (2) properly completed and duly executed **Risk Acknowledgements** in the form attached to this Subscription Agreement as **Exhibit 4**; and
  - One (1) properly completed and signed copy of the **Release of Any Claims by Subscriber Against Controlling Shareholder** in the form attached to the Subscription Agreement as **Exhibit 5**.

### **PLEASE DELIVER YOUR SUBSCRIPTION TO:**

**TPF The Phoenix Fund Inc.**  
1202 - 1166 Alberni Street  
Vancouver, British Columbia, V6E 3Z3

## SUBSCRIPTION AGREEMENT

**TO: TPF The Phoenix Fund Inc. (the "Corporation")**

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number and type of bonds of the Corporation ("**Bonds**") set forth below for the subscription amount set forth below, representing a subscription price of \$1,000 per Bond, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Bonds of TPF The Phoenix Fund Inc." attached hereto (the "**Subscription Agreement**"). **In addition to this page, the Subscriber must also complete all applicable exhibits 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 (including postal code)
_____
Telephone Number (including area code)
_____
E-mail Address
_____

Subscription Amount: \$ _____
Number of Bonds: _____
<b>Bond Term:</b> <input type="checkbox"/> 8% Bonds <input type="checkbox"/> 9% Bonds
<b>Interest Payments:</b> <input type="checkbox"/> Monthly Interest Payments <input type="checkbox"/> Deferred Compound Interest, Payable Upon Maturity
<b>[check appropriate box under each heading]</b>
If the Subscriber is signing as agent for a principal and is not a trust corporation or, in Alberta or British Columbia, a portfolio manager in any case, purchasing as a trustee or an agent for accounts fully managed by it, complete the following and ensure that the applicable schedules attached hereto are completed in respect of such principal:
_____
Name of Principal
_____
Principal's address (including postal code)
_____
Telephone Number (including area code)
_____
E-mail Address
_____

<b>Register the Bonds (if different from above) as follows:</b>
_____
Name
_____
Account reference, if applicable
_____
Address (including postal code)
_____
_____

<b>Deliver the Bonds (if different from address given) as follows:</b>
_____
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.

**TPF THE PHOENIX FUND INC.**

Certificate No. Issued:

Per:

Date:

*(This is the first page of an agreement comprised of 9 pages (excluding Exhibits 1-6 hereto))*

**1. TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
BONDS OF TPF THE PHOENIX FUND INC.**

**Definitions.** In this Subscription Agreement:

- (a) **"Aggregate Subscription Amount"** means the aggregate dollar amount of the subscription under this Subscription Agreement;
- (b) **"Bonds"** means the 8% 1-Year Unsecured Bonds and 9% 3-Year Unsecured Bonds of the Corporation offered pursuant to the Offering Memorandum or only the class of the Bonds the Subscriber elects to purchase, as the case may be;
- (c) **"Closing Date"** means the date(s) on which Bonds are issued by the Corporation to the Subscriber pursuant to the Offering Memorandum;
- (d) **"Corporation"** means TPF The Phoenix Fund Inc., a corporation incorporated under the *Business Corporations Act* (British Columbia);
- (e) **"Offering"** means the offering of the Bonds of the Corporation pursuant to the Offering Memorandum; and
- (f) **"Offering Memorandum"** means the offering memorandum of the Corporation dated July 15, 2016, as amended by an offering memorandum amendment dated September 13, 2016.

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

- (a) this subscription is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;
- (b) where allowed by applicable securities legislation, the Corporation may offer compensation of up to a maximum of 10% of the gross proceeds realized on the sale of Bonds under this Offering to registered dealers, exempt market dealers, or where permitted, non-registrants, including parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. Such compensation may be payable to such parties at the time of sale of the Bonds and/or as an annual trailer fee on the Bonds outstanding after the first year of subscription as determined by the Corporation in its discretion. The Corporation may offer additional compensation of up to a maximum of 10% of any principal amount of the Bonds reinvested in Bonds to such parties in an amount and on terms determined by the Corporation in its discretion;
- (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 (the **"Offering"**);
- (d) other than as may arise with respect to applicable securities laws no director, officer, employee, partner, contractor, incorporator or shareholder of the Corporation or any corporate successor thereto will have any liability for any obligations with respect to the payment of principal or interest under the Bonds to a Bondholder for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Bondholder by accepting Bond waives and releases all such liability and this waiver and release are part of the consideration for the issuance of the Bonds;
- (e) **the following capitalized terms shall have the same meaning as provided for within the Offering Memorandum:**

**The Subscriber consents to the TPFM Loan and agrees that the TPFM Loan will not constitute a breach of any fiduciary or other duty of the directors and officers of the Corporation and will not give rise to any obligation by TPFM, or its respective officers, directors or shareholders to account to the Corporation or its Bondholders for any profit made by TPFM from the use of the TPFM Loan proceeds by TPFM; and**

- (f) **the Subscriber is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.**

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

- (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;
- (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;
- (c) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;
- (d) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
- (e) if the Subscriber is acting as agent or trustee for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;
- (f) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (g) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting) is purchasing the Bonds as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Bonds, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" or "Principal's Address", as the case may be, on the face page hereof and it fully complies with one or more of the criteria set forth below:
  - (i) if the Subscriber is an "accredited investor" (as such term is defined in Exhibit 1 to this Subscription Agreement) and has concurrently executed and delivered: (i) a Representation Letter in the form attached as Exhibit 1 to this Subscription Agreement and has initialed in Appendix A thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition, and (ii) if applicable, a Form 45-106F9 Form for Individual Accredited Investors in the form attached as Appendix B to Exhibit 1 to this Subscription Agreement and has initialed in the form thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such form, and (iii) if the Bonds are being sold to the Subscriber by a market participant not registered in accordance with the applicable securities regulatory authority and the Subscriber is an individual relying on paragraph (j), (j.1), (k) or (l) of the "accredited investor" definition in Appendix A to Exhibit 1, the Subscriber must also complete and sign the Accredited Investor Questionnaire in the form attached to this Subscription Agreement as Appendix C to Exhibit 1 ; or
  - (ii) if the Subscriber is a resident in the province of **British Columbia**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Exhibit 2-A or Exhibit 2-B, as applicable (one copy may be retained for your records) and if the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, two (2) properly completed and duly executed Risk Acknowledgements in the form attached to this Subscription Agreement as Exhibit 4 (one copy may be retained for your records); or
  - (iii) if the Subscriber is a resident in the province of **Alberta, Saskatchewan, Manitoba or Ontario**, (i) two (2) copies of the **Risk Acknowledgement** in the form attached to this Subscription Agreement as **Exhibit 2-A or Exhibit 2-B**,

as applicable (one copy may be retained for your records), (ii) for those Subscribers resident in **Alberta, Saskatchewan or Ontario**, two (2) copies of **Schedules 1 and 2** to Exhibit 2-A or 2-B, or if the Subscriber is resident in **Manitoba** and subscribing for more than \$10,000 in Bonds, one (1) copy of the Eligible Investor Representation Letter in the form attached to this Subscription Agreement as **Exhibit 3**, and (iii) if the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, two (2) properly completed and duly executed **Risk Acknowledgements** in the form attached to this Subscription Agreement as **Exhibit 4** (one copy may be retained for your records) for those Subscribers resident in **Alberta, Saskatchewan or Manitoba**; or

- (iv) if the Subscriber is a resident of or otherwise subject to applicable securities of any jurisdiction not referred to herein, it complies with the requirements of all applicable securities legislation in the jurisdiction of its residence and will provide such evidence of compliance with all such matters as the Corporation or its counsel may request and the purchase of the Bonds does not contravene any of the applicable securities laws in the Subscriber's jurisdiction of residence and does not trigger (i) any obligation to prepare and file a prospectus or any other ongoing reporting requirements with respect to such purchase or otherwise in the Subscriber's jurisdiction of residence, or (ii) any registration or other obligation on the part of the Corporation;
- (h) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Bonds;
  - (i) is capable of assessing the proposed investment in the Bonds as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation; and
  - (ii) is able to bear the economic risk of loss of its investment in the Bonds;
- (i) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Bonds;
- (j) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Bonds and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:
  - (i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;
  - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and
  - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (k) the Subscriber confirms that neither the Corporation or any of its representative directors, employees, officers or affiliates, have made any representations (written or oral) to the Subscriber:
  - (i) regarding the future value of the Bonds;
  - (ii) that any person will resell or repurchase the Bonds;
  - (iii) that the Bonds will be listed on any stock exchange or traded on any market; or
  - (iv) that any person will refund the purchase price of the Bonds other than as provided in this Subscription Agreement;
- (l) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Bonds as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Bonds, and the resale restrictions and "hold periods" to which the Bonds are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation with respect to such suitability, tax consequences, and resale restrictions;

- (m) except for the Subscriber's knowledge regarding its subscription for Bonds hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (British Columbia)) in the affairs of the Corporation that has not been generally disclosed;
- (n) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Bonds, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
- (o) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Bonds and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Bonds as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;
- (p) the Subscriber understands that it will not resell the Bonds except in accordance with limited exemptions available under applicable securities legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber's compliance with applicable resale restrictions;
- (q) the Subscriber acknowledges that it is aware that there is no market upon which the Bonds trade and there is no assurance that any of the Bonds will be listed and posted for trading on a stock exchange or dealer network in the future;
- (r) the Subscriber understands that the sale of the Bonds is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, and the requirement to sell securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Bonds pursuant to such exemptions, certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages in the event of a misrepresentation may not be available to the Subscriber in connection with the purchase and sale of the Bonds;
- (s) the Subscriber understands that any certificates representing the Bonds will bear a legend indicating that the resale of such securities is restricted;
- (t) the Subscriber is not a "US Person" (as that term is defined by Regulation S under the US 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 US 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 US Person or a person in the United States;
- (u) the Bonds have not been Offered to the Subscriber in the United States, and the individuals making the order to purchase the Bonds and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;
- (v) the Subscriber undertakes and agrees that it will not offer or sell any of the Bonds in the United States unless such Securities are registered under the US Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;
- (w) the Subscriber acknowledges that, in addition to any other requirements under applicable securities legislation to which a disposition of any of the Bonds by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Bonds;
- (x) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Bonds;

- (y) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;
- (z) the Subscriber is not a non-resident for the purposes of the *Income Tax Act* (Canada);
- (aa) the Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (British Columbia), will not become a "control person" of the Corporation by purchasing the number of Bonds subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;
- (bb) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation except as expressly set forth herein or in the Offering Memorandum;
- (cc) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) Act (Canada) (the "PCMLA") 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 PCMLA. To the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;
- (dd) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders or security holders, including the Subscriber; and
- (ee) **the Subscriber acknowledges that an investment in the Bonds is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Bonds and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Bonds. Resale of such Bonds will require the availability of exemptions from the prospectus requirements of applicable securities legislation, or the application for a discretionary order of the securities commission or similar regulatory authority in the Subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with relevant securities legislation, orders or policies concerning the purchase, holding of, and resale of the Bonds.**

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

**Indemnity.** The Subscriber acknowledges that the Corporation and its counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Bonds) to purchase Bonds under the Offering, and hereby agrees to indemnify the Corporation and its directors, officers, employees, advisers, affiliates, shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at 1202 - 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3 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. (Pacific Time) on the day that is two business days before any Closing Date of which the Subscriber receives notice:

- (a) this duly completed and executed Subscription Agreement;
- (b) A certified cheque, bank draft or money order (personal cheques will not be accepted) in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "**McMillan LLP In Trust**", or wire transfer of

- the Aggregate Subscription Amount to McMillan LLP's trust account, pursuant to wiring instructions set out in the Subscription Agreement, or payment of the same amount in such other manner as is acceptable to the Corporation; and
- (c) such other documents as indicated in the instruction cover page to the Subscription Agreement and any other documents as may be requested by the Corporation in connection with 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 security holder of the Corporation, to be disclosed to other third parties held to an obligation of confidentiality to the Corporation such as its legal counsel, its accountants, transfer agent, securities depository, or any other entity for: (i) the purpose of sending financial statements and other disclosure documentation required to be sent by law to the Shareholders of the Corporation, and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Corporation and such other third party; and
- (e) to enforce the obligations contemplated by this Subscription Agreement.

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

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

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.

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

**Time and Place of Closing.** The sale of the Bonds will be completed at the office of TPF The Phoenix Fund Inc., 1202 - 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3 at 11:00 a.m. (Pacific Standard Time) or such other time or place as the Corporation may determine (the "Closing Time") on the Closing Date. The Corporation reserves the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.

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

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

- (a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Bonds to the Subscriber;
- (b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;
- (c) the Corporation has complied or will comply with all applicable corporate and securities laws in connection with the Offer and sale of the Bonds;
- (d) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court;
- (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; and
- (f) it makes no representation or warranty as to whether the Bonds are qualified investments for a trust governed by a Deferred Plan.

**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 British Columbia and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

**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.

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

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

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

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

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

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

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

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

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

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

**EXHIBIT 1**  
**ACCREDITED INVESTOR REPRESENTATION LETTER**

**TO: TPF The Phoenix Fund Inc. (the "Corporation")**

In connection with the purchase of bonds (the "Bonds") of the Corporation by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "Subscriber" for the purposes of this Exhibit 1), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. the Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;
2. the Subscriber is purchasing the Bonds as principal for its own account or is deemed under National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators ("**NI 45-106**") to be purchasing the Bonds as principal;
3. the Subscriber is an "accredited investor" within the meaning set out in Appendix A to this Exhibit 1, by virtue of satisfying the indicated criterion therein (**SUBSCRIBER MUST ALSO INITIAL THE APPROPRIATE LINE IN APPENDIX A TO THIS REPRESENTATION LETTER AND, IF APPLICABLE, COMPLETE EACH QUESTION THAT FOLLOWS THAT PARTICULAR PORTION OF THE DEFINITION**). If the Subscriber is an individual relying on paragraph (j), (k) or (l) of the "accredited investor" definition in Appendix A to this Representation Letter, please duly complete and sign two copies of Form 45-106F9 – "Form for Individual Accredited Investors" in the form attached hereto as Appendix B to this Representation Letter. In addition, if the Subscriber is an individual relying on paragraph (j), (j.1), (k) or (l) of the "accredited investor" definition in Appendix A to this Representation Letter, please duly complete and sign the Accredited Investor Questionnaire attached hereto as Appendix C to this Representation Letter;
4. the Subscriber was not created or used solely to purchase or hold securities as an "accredited investor" as described in paragraph (m) of the attached Appendix A of this Exhibit 1;
5. if the Subscriber is an individual, the Subscriber satisfies the indicated criterion as set out in Appendix B to this Representation Letter; and
6. upon execution of this Exhibit 1 by the Subscriber, this Exhibit 1, including the appendices attached hereto, shall be incorporated into and form a part of the Subscription Agreement and the Subscriber acknowledges that the foregoing representation, warranties and covenants are made by the Subscriber with the intent that they will be relied upon in determining the suitability of the Subscriber as a purchaser of the Bonds and the Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber set forth herein that takes place prior to the closing time of the purchase and sale of the Bonds.

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

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

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Title

**IMPORTANT: PLEASE MARK THE CATEGORY OR CATEGORIES  
IN APPENDIX A AND, IF APPLICABLE, APPENDIX B AND APPENDIX C TO THIS EXHIBIT 1 THAT DESCRIBES YOU**

**APPENDIX A - TO EXHIBIT 1**

**CERTIFICATE OF ACCREDITED INVESTOR**

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

**Accredited Investor** - means:

_____	(a)	except in Ontario, a Canadian financial institution, or a Schedule III bank,
_____	(a.1)	in Ontario, a financial institution described in paragraph 1, 2 or 3 of subsection 73.1 (1) of the Securities Act (Ontario),
_____	(b)	except in Ontario, the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada),
_____	(b.1)	in Ontario, the Business Development Bank of Canada,
_____	(c)	except in Ontario, a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
_____	(c.1)	in Ontario, a subsidiary of any person or corporation referred to in clause (a.1) or (b.1), if the person or corporation owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
_____	(d)	except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer,
_____	(d.1)	in Ontario, a person or corporation registered under the securities legislation of a province or territory of Canada as an adviser or dealer, except as otherwise prescribed by the regulations,  <b>Jurisdiction(s) registered:</b> _____ <b>Registration number(s):</b> _____
_____	(e)	an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),
_____	(e.1)	an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the Securities Act (Ontario) or the Securities Act (Newfoundland and Labrador),  <b>Name of person with whom Investor is or was registered:</b> _____ <b>Jurisdiction(s) registered:</b> _____ <b>Categories of registration:</b> _____
_____	(f)	except in Ontario, the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
_____	(f.1)	in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or of the government of a province or territory of Canada,
_____	(g)	a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,
_____	(h)	any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,

_____	(i)	except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada,
_____	(i.1)	in Ontario, a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada,  <b>Jurisdiction(s) registered:</b> _____ <b>Registration number(s):</b> _____
_____	(j)	an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000,  <b>[If this is your applicable category, you must also complete <u>Form 45-106F9 attached as Appendix B to the Representation Letter</u> and the <u>Accredited Investor Questionnaire attached as Appendix C to the Representation Letter</u>]</b>
_____	(j.1)	an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000,  <b>[If this is your applicable category, you must also complete the <u>Accredited Investor Questionnaire attached as Appendix C to the Representation Letter</u>]</b>
_____	(k)	an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300 000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,  <b>[If this is your applicable category, you must also complete <u>Form 45-106F9 attached as Appendix B to the Representation Letter</u> and the <u>Accredited Investor Questionnaire attached as Appendix C to the Representation Letter</u>]</b>
_____	(l)	an individual who, either alone or with a spouse, has net assets of at least \$5,000,000,  <b>[If this is your applicable category, you must also complete <u>Form 45-106F9 attached as Appendix B to the Representation Letter</u> and the <u>Accredited Investor Questionnaire attached as Appendix C to the Representation Letter</u>]</b>
_____	(m)	a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements,  <b>Type of entity:</b> _____ <b>Jurisdiction and date of formation:</b> _____
_____	(n)	an investment fund that distributes or has distributed its securities only to: (i) a person that is or was an accredited investor at the time of the distribution, (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [Minimum amount investment], or 2.19 [Additional investment in investment funds], or (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [Investment fund reinvestment],
_____	(o)	an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt,

_____	<p>(p) a trust or trust corporation registered or authorized to carry on business under the Trust and Loan Companies Act (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust or trust corporation, as the case may be,</p> <p><b>Jurisdiction(s) registered:</b> _____</p> <p><b>Registration number(s):</b> _____</p>
_____	<p>(q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction,</p> <p><b>Jurisdiction(s) registered or authorized:</b> _____</p> <p><b>Categories of registration:</b> _____</p>
_____	<p>(r) a registered charity under the Income Tax Act (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,</p> <p><b>Registration number(s) assigned to subscriber:</b> _____</p> <p><b>Name of eligibility adviser or registered adviser:</b> _____</p> <p><b>Jurisdiction(s) registered:</b> _____</p> <p><b>Categories of registration:</b> _____</p>
_____	<p>(s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) paragraph (i) [and in Ontario, paragraphs (a.1) to (d.1) or paragraph (i.1)] in form and function,</p> <p><b>Jurisdiction organized:</b> _____</p> <p><b>Type of entity:</b> _____</p>
_____	<p>(t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors [If this is your applicable category, each owner of interest must individually complete and submit to the Corporation its own copy of this Certificate of Accredited Investor],</p> <p><b>Name(s) of owners of interest:</b> _____</p> <p><b>Type of entity (if applicable):</b> _____</p> <p><b>Categories of accredited investor:</b> _____</p>
_____	<p>(u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser,</p> <p><b>Name of advisor:</b> _____</p> <p><b>Jurisdiction(s) registered:</b> _____</p> <p><b>Categories of registration:</b> _____</p> <p><b>Basis of exemption:</b> _____</p>

_____	(v)	a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor,
_____	(v.1)	in Ontario, a person or corporation that is recognized or designated by the Commission as an accredited investor,  <b>Jurisdiction(s) recognized or designated:</b> _____
_____	(w)	a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.  <b>Name(s) of settlor:</b> _____ <b>Name(s) of trustees:</b> _____ <b>Categories of accredited investor:</b> _____ <b>Categories of beneficiaries:</b> _____

In Ontario, paragraphs (a) to (h) of subsection 73.3(1) of the *Securities Act* (Ontario) correspond to paragraphs (a) to (d) and paragraphs (f) to (i) of the foregoing definition of "accredited investor".

For the purposes hereof, the following definitions are included for convenience:

- (a) "bank" means a bank named in Schedule I or II of the Bank Act (Canada);
- (b) "Canadian financial institution" means (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) "financial assets" means (i) cash, (ii) securities, or (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (d) "fully managed account" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (e) "investment fund" has the same meaning as in National Instrument 81-106 Investment Fund Continuous Disclosure;
- (f) "person" includes
  - (i) an individual,
  - (ii) a corporation,
  - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons whether incorporated or not, and
  - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (g) "related liabilities" means (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or (ii) liabilities that are secured by financial assets;
- (h) "Schedule III bank" means an authorized foreign bank named in Schedule III of the Bank Act (Canada);
- (i) "spouse" means, an individual who, (i) is married to another individual and is not living separate and apart within the meaning of the Divorce Act (Canada), from the other individual, (ii) is living with another individual in a

marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the Adult Interdependent Relationships Act (Alberta); and

- (j) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

**All monetary references are in Canadian Dollars.**

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

**WARNING!**

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

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

**1. About your investment**

Type of securities: *Bonds*

Issuer: *TPF The Phoenix Fund Inc.*

Purchased from: *Issuer*

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

**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:

**Your  
initials**

**Risk of loss** – You could lose your entire investment of \$ \_\_\_\_\_. [Instruction: Insert the total dollar amount of the investment.]

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

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

**Lack of advice** – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to [www.aretheyregistered.ca](http://www.aretheyregistered.ca).

**3. Accredited investor status**

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.

**Your  
initials**

**1.** Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.

• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.

• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)

<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
<p>TPF The Phoenix Fund  1202 - 1166 Alberni Street  Vancouver, British Columbia V6E 3Z3  (604) 336-0185  info@thephoenixfund.ca</p> <p><b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b></p>	

**Form instructions:**

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

**ACCREDITED INVESTOR QUESTIONNAIRE**

To: **TPF The Phoenix Fund Inc. (the “Corporation”).**

In connection with the purchase of the Bonds (the “**Securities**”) of the Corporation by the undersigned subscriber or, if applicable, the disclosed principal on whose behalf the undersigned is purchasing as agent (the “**Subscriber**” for the purposes of this Appendix C), the Subscriber is required to complete this questionnaire (the “**Questionnaire**”). The Questionnaire is being distributed to the Subscriber by the Corporation, to enable the Corporation to determine whether the Subscriber is qualified to invest in the Securities. In order to qualify under the Accredited Investor prospectus exemption set out in Section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators (“**NI 45-106**”) or Section 73.3 of the Securities Act (Ontario), the Subscriber must be an “accredited investor” (as that term is defined in Section 1.1 of NI 45-106, and in Ontario, as defined in Section 73.3 of the Securities Act (Ontario) as supplemented by the definition in NI 45-106).

The Subscriber understands that the Corporation and its counsel are relying upon the accuracy and completeness of the information provided in the Questionnaire in order to determine whether the Subscriber qualifies for the accredited investor prospectus exemption in compliance with NI 45-106 or Section 73.3 of the Securities Act (Ontario). The Subscriber agrees to indemnify and hold harmless the Corporation, their respective directors, officers, shareholders, representatives and agents, and any person who controls any of the foregoing, against any and all loss, liability, claim, damage and expense (including attorneys’ fees) arising out of or based upon any misstatement or omission in the information provided in the Questionnaire.

**ACCORDINGLY, THE SUBSCRIBER IS OBLIGATED TO READ THE QUESTIONNAIRE CAREFULLY AND TO ANSWER THE ITEMS CONTAINED HEREIN COMPLETELY AND ACCURATELY.**

**ALL INFORMATION CONTAINED IN THE QUESTIONNAIRE WILL BE TREATED CONFIDENTIALLY.** However, the Subscriber understands and agrees that the Corporation may present, upon giving prior notice to the Subscriber, the Questionnaire to such parties as the Corporation deems appropriate if called upon to establish that the issuance of the Securities is exempt from the prospectus requirements in accordance with the accredited investor prospectus exemption; provided, however, that the Corporation need not give prior notice to the Subscriber of its presentation of the Questionnaire to the Corporation’s regularly employed legal, accounting and financial advisors. The Subscriber understands that this Questionnaire is merely a request for information and is not an offer to sell, a solicitation of an offer to buy, or a sale of the Securities. The Subscriber also understands that the Subscriber may be required to furnish additional information.

**PLEASE NOTE THE FOLLOWING INSTRUCTIONS BEFORE COMPLETING THIS QUESTIONNAIRE:**

- (a) Unless instructed otherwise, the Subscriber must answer each question on the Questionnaire.
- (b) If the answer to a particular question is “None” or “Not Applicable,” please so state.
- (c) If the Questionnaire does not provide sufficient space to answer a question, please attach a separate schedule to your executed Questionnaire that indicates which question is being answered thereon.
- (d) Persons having questions concerning any of the information requested in this Questionnaire should consult with their representative or representatives, lawyer, accountant or broker or may call the Corporation’s Counsel at (604) 893-7638 (direct phone) or email michael.shannon@mcmillan.ca.
- (e) One signed and dated copy of the Questionnaire should be returned with the Subscription Agreement to which the Questionnaire is attached. The other copy should be retained for the Subscriber’s files.

**1. Personal Data**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email for notice and correspondence: \_\_\_\_\_

**2. Employment and Business Experience**

Present occupation: \_\_\_\_\_

Do you own your own business or are you otherwise employed? \_\_\_\_\_

Name and type of business employed by or owned: \_\_\_\_\_

\_\_\_\_\_

Present title or position: \_\_\_\_\_

Do you have any professional licenses or registrations, including bar admissions, accounting certificates, real estate brokerage licenses, dealer registration, advisor registration or investment fund manager registration?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If yes, please list such licenses or registrations, the date(s) you received the same, and whether they are in good standing:

**3. Financial Information**

**Your annual net income before taxes (all sources):**

Most recent calendar year:    ☐ Less than \$49,999                      ☐ \$50,000-\$99,999                      ☐ \$100,000-\$149,999  
                                                 ☐ \$150,000-\$199,999                      ☐ \$200,000-\$299,000                      ☐ \$300,000-\$399,999  
                                                 ☐ \$400,000-\$500,000                      ☐ Greater than \$500,000

Prior calendar year:                      ☐ Less than \$49,999                      ☐ \$50,000-\$99,999                      ☐ \$100,000-\$149,999  
                                                 ☐ \$150,000-\$199,999                      ☐ \$200,000-\$299,000                      ☐ \$300,000-\$399,999  
                                                 ☐ \$400,000-\$500,000                      ☐ Greater than \$500,000

**Your spouse's annual net income before taxes (all sources):**

Most recent calendar year:    ☐ Less than \$49,999                      ☐ \$50,000-\$99,999                      ☐ \$100,000-\$149,999  
                                                 ☐ \$150,000-\$199,999                      ☐ \$200,000-\$299,000                      ☐ \$300,000-\$399,999  
                                                 ☐ \$400,000-\$500,000                      ☐ Greater than \$500,000

Prior calendar year:                      ☐ Less than \$49,999                      ☐ \$50,000-\$99,999                      ☐ \$100,000-\$149,999  
                                                 ☐ \$150,000-\$199,999                      ☐ \$200,000-\$299,000                      ☐ \$300,000-\$399,999  
                                                 ☐ \$400,000-\$500,000                      ☐ Greater than \$500,000

**Your estimated financial assets net of related liabilities:**

☐ Less than \$249,999                      ☐ \$250,000 – \$499,999                      ☐ \$500,000 - \$749,999                      ☐ \$750,000 - \$1,000,000  
☐ \$1,000,001- \$3,000,000                      ☐ \$3,000,001 -\$5,000,000                      ☐ Greater than \$5 million

Briefly describe the nature of your financial assets:

\_\_\_\_\_

\_\_\_\_\_

**Your spouse's estimated financial assets net of related liabilities:**

☐ Less than \$249,999      ☐ \$250,000 – \$499,999      ☐ \$500,000 - \$749,999      ☐ \$750,000 - \$1,000,000  
☐ Greater than \$1 million

Briefly describe the nature of your spouse's financial assets:

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**"financial assets"** means cash, securities or a contract of insurance, a deposit or evidence of deposit that is not a security for the purposes of securities legislation. These financial assets are generally liquid or relatively easy to liquidate. **The value of a purchaser's personal residence would not be included in a calculation of financial assets.**

**"related liabilities"** means: (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or (ii) liabilities that are secured by financial assets.

**Your estimated total net assets:**

☐ Less than \$449,999      ☐ \$500,000-\$999,999      ☐ \$1,000,000-\$1,999,999  
☐ \$2,000,000-\$2,999,999      ☐ \$3,000,000-\$3,999,999      ☐ \$4,000,000-\$4,999,999  
☐ \$5 million or more

Briefly describe the nature of your net assets:

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**Your spouse's estimated total net assets:**

☐ Less than \$449,999      ☐ \$500,000-\$999,999      ☐ \$1,000,000-\$1,999,999  
☐ \$2,000,000-\$2,999,999      ☐ \$3,000,000-\$3,999,999      ☐ \$4,000,000-\$4,999,999  
☐ \$5 million or more

Briefly describe the nature of your spouse's net assets:

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**"net assets"** means all of the subscriber's total assets minus all of the subscriber's total liabilities, and those of the subscriber's spouse if the subscriber's spouse's total net assets are being included to satisfy category (I) of the accredited investor definition. Accordingly, for the purposes of the net asset test, the calculation of total assets would include the value of a subscriber's personal residence and the calculation of total liabilities would include the amount of any liability (such as a mortgage) in respect of the subscriber's personal residence. To calculate a subscriber's net assets, subtract the subscriber's total liabilities from the subscriber's total assets (including real estate). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of the security.

**Subscriber's Signature**

**Spouse's Signature (if applicable)**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please type or print)

\_\_\_\_\_  
Name (please type or print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

EXHIBIT 2-A

To be executed where the person selling the Bonds is not registered  
with a securities regulatory authority or regulator under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN AND MANITOBA RESIDENTS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc. will pay \$\_\_\_\_\_ of this to \_\_\_\_\_ as a fee or commission.

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

\_\_\_\_\_  
Date

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

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

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

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

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

Issuer Name: **TPF The Phoenix Fund Inc.**  
Address: 1202 - 1166 Alberni Street  
Vancouver, British Columbia, V6E 3Z3  
Tel: (604) 336-0185  
Fax: (604) 676-2622  
Email: info@thephoenixfund.ca

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

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

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

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

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

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

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

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

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

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

You may never be able to sell these securities.

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

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

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

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.
- If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

EXHIBIT 2-A

To be executed where the person selling the Bonds is not registered  
with a securities regulatory authority or regulator under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO RESIDENTS

**RISK ACKNOWLEDGEMENT**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc will pay \$\_\_\_\_\_ of this to \_\_\_\_\_ as a fee or commission.

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

\_\_\_\_\_  
Date

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

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

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

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

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

Issuer Name: **TPF The Phoenix Fund Inc.**  
Address: 1202 - 1166 Alberni Street  
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Tel: (604) 336-0185  
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- 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, contact your local securities regulatory authority or regulator.

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.
- If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

**Schedule 1**  
**Classification of Investors Under the Offering Memorandum Exemption**

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

How you qualify to buy securities under the offering memorandum exemption
Initial the statement under A, B, 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
<b>ELIGIBLE INVESTOR</b>	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 [ <i>Accredited investor</i> ] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario), because:		Your initials
<b>ACCREDITED INVESTOR</b>	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in 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) <i>[check all applicable boxes]</i></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) <i>[check all applicable boxes]</i></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>	
	<p>You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	
	<p>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: _____.</p> <p>You have known that person for _____ years.</p>	
	<p>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: _____.</p> <p>You have known that person for _____ years.</p>	
D. You are not an eligible investor		Your initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you are not an eligible investor.</p>	

**Schedule 2**  
**Investment Limits for Investors Under the Offering Memorandum Exemption**

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

<b>SECTION 1 TO BE COMPLETED BY THE PURCHASER</b>
<b>1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption</b>
<p>You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule 1. Initial the statement that applies to you.</p>

<b>A. You are an eligible investor.</b>		<b>Your initials</b>
<b>ELIGIBLE INVESTOR</b>	<p>As an eligible investor that is an individual, you cannot invest more than <b>\$30,000</b> in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.</p> <p>Initial one of the following statements:</p>	
	<p>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.</p>	
	<p>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.</p>	
	<p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.</p>	

<b>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 <i>Securities Act</i> (Ontario).</b>		<b>Your initials</b>
<b>ACCREDITED INVESTOR</b>	<p>You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [Accredited investor], you are not subject to investment limits.</p>	

<b>C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.</b>		<b>Your initials</b>
<b>FAMILY, FRIENDS AND BUSINESS ASSOCIATES</b>	<p>You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [Family, friends and business associates], you are not subject to investment limits.</p>	

D. You are not an eligible investor.		Your initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you cannot invest more than <b>\$10,000</b> in all offering memorandum exemption investments made in the previous 12 months.</p> <p>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.</p>	

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:	

EXHIBIT 2-B

To be executed where the person selling the Bonds is registered  
with a securities regulatory authority or regulator under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO RESIDENTS

**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.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc. will pay \$\_\_\_\_\_ of this to \_\_\_\_\_ as a fee or commission.

**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.**

**W  
A  
R  
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N  
G**

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

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

Issuer Name: **TPF The Phoenix Fund Inc.**  
Address: 1202 - 1166 Alberni Street  
Vancouver, British Columbia, V6E 3Z3  
Tel: (604) 336-0185  
Fax: (604) 676-2622  
Email: info@thephoenixfund.ca

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

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

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

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

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

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

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

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

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

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

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

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.
- If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

EXHIBIT 2-B

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

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO RESIDENTS

**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.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$\_\_\_\_\_ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc will pay \$\_\_\_\_\_ of this to \_\_\_\_\_ as a fee or commission.

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

\_\_\_\_\_  
Date

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

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

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

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

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

Issuer Name: **TPF The Phoenix Fund Inc.**  
Address: 1202 - 1166 Alberni Street  
Vancouver, British Columbia, V6E 3Z3  
Tel: (604) 336-0185  
Fax: (604) 676-2622  
Email: info@thephoenixfund.ca

**You are buying Exempt Market Securities**

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

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

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

**You will receive an Offering Memorandum**

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

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

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

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

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.
- If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

**Schedule 1**  
**Classification of Investors Under the Offering Memorandum Exemption**

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

How you qualify to buy securities under the offering memorandum exemption
Initial the statement under A, B, 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
<b>ELIGIBLE INVESTOR</b>	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 [ <i>Accredited investor</i> ] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario), because:		Your initials
<b>ACCREDITED INVESTOR</b>	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in 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) <i>[check all applicable boxes]</i></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) <i>[check all applicable boxes]</i></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>	
	<p>You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	
	<p>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: _____.</p> <p>You have known that person for _____ years.</p>	
	<p>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: _____.</p> <p>You have known that person for _____ years.</p>	

D. You are not an eligible investor		Your initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you are not an eligible investor.</p>	

**Schedule 2**  
**Investment Limits for Investors Under the Offering Memorandum Exemption**

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

<b>SECTION 1 TO BE COMPLETED BY THE PURCHASER</b>
<b>1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption</b>
<p>You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule 1. Initial the statement that applies to you.</p>

A. You are an eligible investor.		Your initials
ELIGIBLE INVESTOR	<p>As an eligible investor that is an individual, you cannot invest more than <b>\$30,000</b> in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.</p> <p>Initial one of the following statements:</p>	
	<p>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.</p>	
	<p>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.</p>	
	<p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.</p>	

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).		Your initials
ACCREDITED INVESTOR	<p>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.</p>	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.		Your initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [Family, friends and business associates], you are not subject to investment limits.	

D. You are not an eligible investor.		Your initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you cannot invest more than <b>\$10,000</b> in all offering memorandum exemption investments made in the previous 12 months.</p> <p>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.</p>	

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:	

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**EXHIBIT 3**

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**OFFERING MEMORANDUM EXEMPTION – ELIGIBLE INVESTOR REPRESENTATION LETTER**

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

The undersigned (the “**Subscriber**”) hereby confirms and certifies to TPF The Phoenix Fund Inc. (the “**Corporation**”) that the Subscriber is purchasing the Bonds as principal, that the Subscriber is resident in the jurisdiction set out on the execution page hereof, and that the Subscriber is: **[check the applicable categories and complete each question which follows the applicable category]**

- ☐ the Subscriber has net assets, alone or with a spouse, in the case of an individual, exceed \$400,000 **[if this is your applicable category, please complete the questionnaire attached as Appendix C to Exhibit 1];** or
- ☐ the Subscriber’s net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and the Subscriber reasonably expects to exceed that income level in the current calendar year **[if this is your applicable category, please complete the questionnaire attached as Appendix C to Exhibit 1];** or
- ☐ the Subscriber’s net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and the Subscriber reasonably expects to exceed that income level in the current calendar year **[if this is your applicable category, please complete the questionnaire attached as Appendix C to Exhibit 1];** or
- ☐ the majority of the voting securities of the Subscriber are beneficially owned by eligible investors or a majority of the directors are eligible investors; or

**Name(s) of eligible investors:** \_\_\_\_\_

**Categories of eligible investors:** \_\_\_\_\_

- ☐ a general partnership of which all of the partners are eligible investors; or

**Name(s) of eligible investors:** \_\_\_\_\_

**Categories of eligible investors:** \_\_\_\_\_

- ☐ a limited partnership of which the majority of the general partners are eligible investors; or

**Name(s) of eligible investors:** \_\_\_\_\_

**Categories of eligible investors:** \_\_\_\_\_

- ☐ a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors; or

**Name(s) of trustees:** \_\_\_\_\_

**Name(s) of beneficiaries:** \_\_\_\_\_

**Categories of eligible investors for trustees:** \_\_\_\_\_

\_\_\_\_\_

**Categories of eligible investors for beneficiaries:** \_\_\_\_\_

\_\_\_\_\_

- ☐ the Subscriber is an “accredited investor” as such term is defined in NI 45-106, and the Subscriber has delivered to the Corporation a manually signed and duly completed copy of the Representation Letter and the applicable

**Appendix A** to Exhibit 1 in the form attached to this Subscription Agreement and if the Subscriber is an individual relying on paragraph (j), (k) or (l) of the “accredited investor” definition in Appendix A to Exhibit 1, two manually signed and duly completed copies of Form 45-106F9 – “Form for Individual Accredited Investors” in the form attached hereto as **Appendix B** to Exhibit 1 as well as a manually signed and duly completed copy of the Accredited Investor Questionnaire in the form attached hereto as **Appendix C** to Exhibit 1; or

- ☐ the Subscriber is a person described in Section 2.5 [*Family, friends and business associates*] of NI 45-106; or

**Name of applicable person:**\_\_\_\_\_

**Length of Relationship:**\_\_\_\_\_

**Details of Relationship:**\_\_\_\_\_

- ☐ in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a Subscriber that has obtained advice regarding the suitability of the investment, and if a Subscriber that is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser (as defined in NI 45-106).

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

**If a corporation, partnership or other entity:**

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

\_\_\_\_\_  
Name and Position of Signatory

\_\_\_\_\_  
Name of Subscribing Entity

**If an individual:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Jurisdiction of Residence

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**EXHIBIT 4**

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If the Bonds are being sold by a party pursuant to the terms and conditions of British Columbia Instrument 32-513 Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions, or the equivalent instrument or order in Alberta, Saskatchewan or Manitoba, then Exhibit 3 must be completed.

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

**Name of Issuer:** TPF THE PHOENIX FUND INC.

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

**I acknowledge that:**

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

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

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

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

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

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

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

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

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**EXHIBIT 4**

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If the Bonds are being sold by a party pursuant to the terms and conditions of British Columbia Instrument 32-513 Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions, or an equivalent instrument or order in Alberta, Saskatchewan or Manitoba, then Exhibit 3 must be completed.

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

**Name of Issuer:** TPF THE PHOENIX FUND INC.

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

**I acknowledge that:**

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

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

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

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

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

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

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

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

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EXHIBIT 5

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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 TPF The Phoenix Fund Inc. (the "Corporation") and such other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged and confirmed, the undersigned hereby agree as follows:

1. Prior to subscribing for securities of the Corporation (the "Securities"), the undersigned subscriber (the "Subscriber") acknowledges that it has received an offering memorandum, prospectus or term sheet from the Corporation (the "Offering Documents").
2. The Subscriber confirms that it has read the Offering Documents 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\_\_.

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*(Signature of Subscriber)*

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*(Name of Subscriber – Please Print)*

**WIRE INSTRUCTIONS**

**INSTRUCTIONS FOR WIRING FUNDS TO MCMILLAN LLP**

**BMO Bank of Montreal**

**First Bank Tower, 595 Burrard Street**

**VANCOUVER, BC V7X 1L7**

**ACCOUNT NAME: McMillan LLP, In Trust**

**CDN TRUST ACCOUNT NO.: 00041577447**

**TRANSIT NO.: 00040**

**BANK CODE: 001**

**SWIFT NO.: BOFMCAM2**

**PLEASE ALSO INSTRUCT YOUR BANKER TO QUOTE  
File #1008737-243157; Michael Shannon; Subscription for Bonds**

**PLEASE ENSURE THAT APPLICABLE WIRE FUNDS FOR YOUR BANK AND \$25.00 FOR THE RECEIVING BANK'S WIRE CHARGES ARE  
ADDED TO YOUR WIRED SUBSCRIPTION AMOUNT.**