

Offering Memorandum

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

Date: June 14, 2019

The Issuer: Limestone Loan Capital Corporation (the "Corporation")
 Address: 1020 Bayridge Drive, Suite 209
 Kingston, Ontario K7P 2S2
 Phone: (855) 208-8382
 Email: info@limestoneloancapital.com

Reporting Issuer: The Corporation is not a reporting issuer in any jurisdiction. These securities do not and will not trade on any exchange or market.

SEDAR Filer: Yes, but only as required pursuant to section 2.9 of National Instrument 45-106 – Prospectus Exemptions. The Corporation is not a reporting issuer and does not file continuous disclosure documents on SEDAR that are required to be filed by reporting issuers.

The Offering

Securities Offered	9% 3 year unsecured Bonds (referred to herein as the "Series A Bonds") 12% 5 year unsecured Bonds (referred to herein as the "Series B Bonds") (collectively the "Bonds") See Item 5.1 for details regarding the Bonds.
Price Per Security	\$100 per Bond
Minimum Offering	The Offering is not subject to any minimum offering amount and as such you may be the only purchaser.
Maximum Offering	\$10,000,000 (100,000 Bonds)
Minimum Subscription Amount Per Subscriber	\$25,000 (250 Bonds) The Directors of the Corporation may, in their sole discretion, reduce the minimum investment amount per Subscriber in limited circumstances.
Available Funds	Funds available under this offering may not be sufficient to accomplish our proposed objectives.
Payment Terms	Payment in full by cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. See Item 5.2 Subscription Procedure.
Proposed Closing Date(s)	Closings will occur at any time and from time to time on such dates as the Corporation may determine.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.
Purchasers' Rights	You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.
Resale Restrictions	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions.
Selling Agents	The Corporation reserves the right to retain agents to, and/or pay persons (" Selling Agents ") who, effect sales of the Bonds, in which case, subject to applicable securities legislation, such Selling Agents may receive the following selling commissions: I. Series A Bonds: the Corporation may pay up to six percent (6%) of the Gross Proceeds realized from the sale of Bonds sold directly by Selling Agents; and II. Series B Bonds: the Corporation may pay up to ten percent (10%) of the Gross Proceeds realized from the sale of Bonds sold directly by Selling Agents. The Corporation may also pay Exempt Market Dealers up to one percent (1%) of the Gross Proceeds realized from the sale of the Bonds as a dealer administration fee. The officers and directors of the Corporation may also sell Bonds to Subscribers in accordance with applicable securities laws. No commissions will be paid with respect to any sales of Bonds made by the officers and directors. See Item 7 - Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters.

Offering Memorandum

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

Date: June 14, 2019

The Issuer: Limestone Loan Capital Corporation (the "Corporation")
 Address: 1020 Bayridge Drive, Suite 209
 Kingston, Ontario K7P 2S2
 Phone: (855) 208-8382
 Email: info@limestoneloancapital.com

Reporting Issuer: The Corporation is not a reporting issuer in any jurisdiction. These securities do not and will not trade on any exchange or market.

SEDAR Filer: Yes, but only as required pursuant to section 2.9 of National Instrument 45-106 – Prospectus Exemptions. The Corporation is not a reporting issuer and does not file continuous disclosure documents on SEDAR that are required to be filed by reporting issuers.

The Offering

Securities Offered	9% 3 year unsecured Bonds (referred to herein as the "Series A Bonds") 12% 5 year unsecured Bonds (referred to herein as the "Series B Bonds") (collectively the "Bonds") See Item 5.1 for details regarding the Bonds.
Price Per Security	\$100 per Bond
Minimum Offering	The Offering is not subject to any minimum offering amount and as such you may be the only purchaser.
Maximum Offering	\$10,000,000 (100,000 Bonds)
Minimum Subscription Amount Per Subscriber	\$25,000 (250 Bonds) The Directors of the Corporation may, in their sole discretion, reduce the minimum investment amount per Subscriber in limited circumstances.
Available Funds	Funds available under this offering may not be sufficient to accomplish our proposed objectives.
Payment Terms	Payment in full by cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. See Item 5.2 Subscription Procedure.
Proposed Closing Date(s)	Closings will occur at any time and from time to time on such dates as the Corporation may determine.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.
Purchasers' Rights	You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.
Resale Restrictions	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions.
Selling Agents	The Corporation reserves the right to retain agents to, and/or pay persons (" Selling Agents ") who, effect sales of the Bonds, in which case, subject to applicable securities legislation, such Selling Agents may receive the following selling commissions: <ul style="list-style-type: none"> I. Series A Bonds: the Corporation may pay up to six percent (6%) of the Gross Proceeds realized from the sale of Bonds sold directly by Selling Agents; and II. Series B Bonds: the Corporation may pay up to ten percent (10%) of the Gross Proceeds realized from the sale of Bonds sold directly by Selling Agents. The Corporation may also pay Exempt Market Dealers up to one percent (1%) of the Gross Proceeds realized from the sale of the Bonds as a dealer administration fee. The officers and directors of the Corporation may also sell Bonds to Subscribers in accordance with applicable securities laws. No commissions will be paid with respect to any sales of Bonds made by the officers and directors. See Item 7 - Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters.

Related Party Matters	The Corporation expects that the Bonds will be sold to investors by Rethink and Diversify Securities Inc. (“ Rethink ”), an Exempt Market Dealer registered in the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Manitoba. Rethink is related to the Corporation as certain officers and directors of Rethink are officers, directors and shareholders of a corporate shareholder of the Corporation which also holds shares in Rethink. As a result of the above, Rethink and the Corporation are considered to be “related” and “connected” in accordance with securities laws and as a consequence the relationship between the Corporation and Rethink may lead a reasonable prospective purchaser of the securities to question the independence of such parties for purposes of the distribution of the Bonds under this Offering. Rethink prior to trading with or advising their clients, shall inform clients of the relevant relationships and connections with the issuer of the securities, which in the case of this Offering is the Corporation. See Item 7 - Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters.
OM Marketing Materials	All OM Marketing Materials related to this Offering and delivered or made reasonably available to a prospective Subscriber are hereby incorporated by reference into this Offering Memorandum.
INVESTOR COPY – Please retain this complete copy of the Offering Memorandum for your records.	

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

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

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

TABLE OF CONTENTS

NOTE REGARDING FORWARD-LOOKING STATEMENTS	1
GLOSSARY.....	2
ITEM 1 - USE OF AVAILABLE FUNDS.....	4
1.1 Available Funds.....	4
1.2 Use of Available Funds.....	4
1.3 Reallocation	4
1.4 Future Cash Calls.....	4
ITEM 2 - BUSINESS OF THE CORPORATION	5
2.1 Structure	5
2.11 Related Parties	5
2.2 Voting Control - Target Private Markets Inc.....	5
2.2.1 Release of Target Private Markets Inc.	5
2.3 Our Business	6
2.3.1 Business of SCF	6
2.3.2 Offering Structure	8
2.3.3 Investment Flow Chart.....	9
2.4 Development of Business	9
2.5 Long Term Objectives	9
2.6 Short Term Objectives and How The Corporation Intends To Achieve Them.....	9
2.7 Insufficient Funds.....	10
2.8 Material Agreements	10
2.8.1 Agreement with Target Private Markets Inc.	10
2.8.2 SCF Loan Agreement	11
ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS	13
3.1 Compensation and Securities Held	13
3.2 Management Experience.....	13
3.3 Penalties, Sanctions and Bankruptcy	15
ITEM 4 - CAPITAL STRUCTURE	15
4.1 Share Capital.....	15
4.2 Long Term Debt	16
4.3 Prior Sales	17
ITEM 5 - SECURITIES OFFERED	17
5.1 Terms of Securities	17
5.2 Subscription Procedure.....	18
ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY	19
ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS – RELATED & CONNECTED ISSUER MATTERS	19
ITEM 8 - RISK FACTORS.....	20
ITEM 9 - REPORTING OBLIGATIONS	24
9.1 Reporting to Bondholders.....	24
ITEM 10 - RESALE RESTRICTIONS	24
10.1 General Statement.....	24
10.2 Restricted Period	24
10.3 Manitoba resale restrictions	24
ITEM 11 - PURCHASERS' RIGHTS.....	24
ITEM 12 - FINANCIAL STATEMENTS	34
12.1 Financial Statements of the Corporation	36
ITEM 13 - DATE AND CERTIFICATE	49

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

GLOSSARY OF TERMS

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

"Annual Fee" means the annual fee payable by the Corporation in cash to Target PM 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.

"Applicable Laws" means all applicable provisions of law, domestic or foreign, including the Securities Act.

"BCA" means the *Business Corporations Act* (Ontario).

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

"Bonds" means collectively the Series A Bonds and the Series B Bonds issued by the Corporation pursuant to this Offering Memorandum. **See Item 5.1 - Terms of Securities.**

"Capital Raising Fee" means the fee payable by the Corporation to Target PM in cash in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the 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.

"CRA" means the Canada Revenue Agency.

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

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

"Gross Proceeds" means, at any time, the aggregate gross proceeds of this Offering.

"Independent Director" means a director of the Corporation who is Independent.

"Loan" or "Loan(s)" means the loan or loans of all of the funds raised pursuant to this Offering by the Corporation to SCF as more particularly described in Item 2.8.2 herein.

"Maximum Offering Amount" means the maximum offering hereunder of gross proceeds of \$10,000,000.

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

"Offering" means the offering Bonds pursuant to the terms of this Offering Memorandum.

"Offering Memorandum" means this offering memorandum dated June 14, 2019 as amended or supplemented.

"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 \$100.

"Principal Party" means any of the officers or directors of the Corporation.

"Regulations" means the Tax Act regulations.

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

"RDSP" means Registered Disability 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.

"SCF" means 2394260 Ontario Inc. (operating under the trade name of SkyCap Financial), is a private Ontario corporation related to the Corporation by a common officer, director and shareholder. **See Item 2.3.1 - Business of SCF.**

"SCF Loan Agreement" means the loan agreement between the Corporation and SCF dated March 25, 2019. **See Item 2.8.2 Material Agreements – SCF Loan Agreement.**

“Selling Commissions” means the aggregate of commissions of up to seven percent (7%) with respect to Series A Bonds and the aggregate of commissions of up to eleven percent (11%) with respect to the Series B Bonds of the Gross Proceeds from the sale of the Series A Bonds and Series B Bonds pursuant to this offering payable to parties who sell the Bonds and who are entitled to receive such commissions under Applicable Laws. **See Item 7 - Compensation Paid to Sellers and Finders.**

“Series A Bonds” means the 9% three (3) year unsecured Bonds issued by the Corporation as more particularly described in Item 5.1 herein.

“Series B Bonds” means the 12% five (5) year unsecured Bonds issued by the Corporation as more particularly described in Item 5.1 herein.

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

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

“Target CI” means Target Capital Inc., a publicly traded company listed on the TSX Venture Exchange, trading under the symbol “TCI”.

“Target PM” means Target Private Markets Inc., a subsidiary of Target CI. Target PM owns 60% of the issued and outstanding Class A Preferred shares of the Corporation.

“Target Agreement” means the agreement between the Corporation and Target PM dated March 23, 2019 the terms of which are referred to in Item 2.2 and Item 2.8.1 herein.

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

“Target Shares” means the 6,000 Class A Preferred Shares of the Corporation held by Target PM 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.

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 (“Available Funds”) of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	Nil	\$10,000,000
B	Selling Commissions and Fees ⁽¹⁾	Nil	⁽¹⁾
C	Estimated Offering Costs ⁽²⁾	Nil	⁽²⁾
D	Marketing Costs ⁽³⁾	Nil	⁽³⁾
E	Annual Fee and Capital Raising Fee	Nil	⁽⁴⁾
F	Available Funds: $F = A - (B + C + D + E)$ ⁽⁵⁾	Nil	\$10,000,000
G	Additional sources of funding required ⁽⁶⁾	Nil	Nil
H	Working Capital Deficiency	Nil	Nil
I	Total: $I = (F + G) - H$	Nil	\$10,000,000 ⁽⁶⁾

- (1) All commissions payable with respect to the sale of Bonds pursuant to this Offering, estimated to be \$900,000, assuming an average of nine percent (9%) selling commissions have been paid with respect to the Maximum Offering Amount, will be paid on the Corporation’s behalf by SCF pursuant to the terms of the SCF Loan Agreement. **See Item 7 - Compensation Paid to Sellers and Finders.**
- (2) The estimated Offering Costs associated with this Offering, estimated to be \$100,000, will be paid on the Corporation’s behalf by SCF pursuant to the SCF Loan Agreement. **See Item 2.8.2- SCF Loan Agreement**
- (3) Marketing Costs with respect to this Offering are expected to be \$50,000 and will be paid on the Corporation’s behalf by SCF pursuant to the SCF Loan Agreement. **See Item 2.8.2- SCF Loan Agreement**
- (4) Pursuant to the SCF Loan Agreement, SCF will pay Target PM all Annual Fees and Capital Raising Fees incurred by the Corporation with respect to this Offering. These fees which are payable annually are estimated to be \$50,000 on the assumption that all funds raised under this Offering are raised from Deferred Plans.
- (5) The Available Funds of this Offering will be loaned to SCF. **See Item 1.2 - Use of Available Funds.**
- (6) The Corporation does not expect to require additional funds from other sources to advance its business objectives.

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 SCF as working capital for funding Loans by SCF.	Nil	\$10,000,000 ⁽¹⁾

- (1) All costs associated with this Offering, will be paid on the Corporation’s behalf by SCF pursuant to the terms of the SCF Loan Agreement. **See Item 2.8.2 - SCF Loan Agreement.**

1.3 Reallocation

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

1.4 Future Cash Calls

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

ITEM 2 - BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation is a corporation incorporated under the BCA pursuant to a certificate of incorporation dated March 22, 2019. The Corporation's head office is located at 1020 Bayridge Drive, Suite 209, Kingston Ontario. The Corporation is controlled by Target PM, a subsidiary of Target CI. Target CI is a public corporation listed on the TSX Venture Exchange and Canadian Securities Exchange trading under the symbol "TCI". Target PM owns 60% of the issued and outstanding Class A Preferred shares of the Corporation. For additional information with respect to Target CI, please see www.sedar.com.

2.1.1 Related Parties

Jeremy Wilson is the President and a director of the Corporation. He is also the sole officer and director of SCF and he is the sole shareholder of Limestone Asset Management Inc. ("LAM"). LAM is the sole shareholder of SCF and holds Class A Preferred Shares and Class B Common Shares in the Corporation.

2.2 Voting Control – Target Private Markets Inc.

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

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

Specifically:

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

Subscribers in these securities should understand that Target PM's assets and management are not in any way committed to the activities of the Corporation. Target PM and Target CI neither encourage nor discourage an investment in the Corporation.

2.2.1 Release of Target Private Markets Inc.

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

- (a) Target PM's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target PM 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 PM owes no fiduciary duty of care or any other duty to Subscribers in connection with the Bonds issued under this Offering;
- (c) Target PM 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 PM, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Bonds of the Corporation or the acquisition of the Bonds from the Corporation.

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

2.3 Our Business

The Corporation has carried out limited business prior to this Offering and has limited development history. Since the date of incorporation, the Corporation has been engaged in preparation for this Offering, which has included, among other things, putting in place a management team and retaining legal counsel and auditors.

The Corporation is raising funds for the purpose of loaning (the “**Loan**”) the Available Funds from this Offering to SCF. Pursuant to the SCF Loan Agreement, SCF will use a portion of the Available Funds to pay for all costs, fees and commissions associated with this Offering (See the notes in Item 1.1 herein). **See Item 2.3.1 - Business of SCF and Item 2.8.2 - SCF Loan Agreement.** The Corporation will have security over the present and after acquired personal property of SCF. The Corporation’s security in with respect to SCF’s personal property may be subordinated in favour of security granted by SCF to any one or more institutional lender (“**Institutional Lender(s)**”). **See Item 8 - Risk Factors – Investment & Issuer Risk – SCF Loan**

2.3.1 Business of SCF

SCF was founded in 2013 and is based in Kingston, Ontario.

SCF carries on an on-line lending business in Canada. SCF provides coverage to most Canadian provinces. **SCF operates in all provinces except Nova Scotia. SCF has a lending license in Quebec but does not offer SCF Personal Loans in Quebec.** SCF is servicing approximately 4,000 current SCF Borrowers (as that term is defined in the heading below).

Source: <https://skycapfinancial.com/>

Consumer Credit in Canada

The big five Canadian banks dominate the lending space in Canada, however, these banks have high credit thresholds for unsecured loans, lines of credit and credit cards, which leaves a large part of the Canadian population unable to access bank credit as a result of the bank’s low risk tolerance procedures. SCF has implemented a process to offer unsecured loans (each an “**SCF Loan**”) to qualified borrowers (each an “**SCF Borrower**”) who may not able to meet the rigorous qualifications of a bank. SCF does not restrict what an SCF Borrower can use the SCF Loan for. SCF leverages its technology and business practices to accurately and efficiently originate, underwrite and manage its SCF Loan portfolio.

Common reasons for an SCF Borrower seeking an SCF Loan are to cover bill payments, unexpected expenses, vehicle repair, home repair, debt consolidation, or financing a retail purchase. In order for an SCF Borrower to qualify for an SCF Loan, applications are reviewed by SCF which may involve review of the length of time an SCF Borrower has worked for their current employer (confirmed through an employment check), credit history review, minimum length of time a client has lived at their residential address, and reviewing certain financial ratios.

SCF Loan Terms

SCF Loans currently range between \$500 to \$10,000 and range between 9 to 36 months. Payments of principal and interest are set-up on a weekly, bi-weekly, semi-monthly, or monthly basis, with an annual percentage range from 12.99% to 39.99%. SCF creates a payment schedule, whereby, automatic payments will be set up with an SCF Borrower to ensure that SCF Loans are repaid on a regular schedule.

SCF Loan Portfolio

SCF’s Loan portfolio can be split into two (2) portfolios: (1) product finance loans which are unsecured loans provided to a client where funds are used to finance the purchase of products or services from a third-party vendor (“**SCF Product Finance Loans**”) and (2) personal loans (“**SCF Personal Loans**”) which are unsecured loans, the proceeds of which are used by SCF Borrowers at their discretion. As the market dynamics in the lending landscape in Canada shifts, SCF may, in the future, offer consumer loans to SCF Borrowers with respect to the purchase of vehicles, fund secondary mortgages, provide credit cards, provide lines of credit and other related debt products.

SCF Product Finance Loans

SCF Product Finance Loans are unsecured loans which are advanced to a SCF Borrower to finance the purchase of products or services by a SCF Borrower from a third-party vendors (“**Vendors**”). SCF Borrowers use funds from SCF Product Finance Loans for the purpose of establishing or re-establishing their credit, or financing other purchases (for example, furniture purchases). SCF has a profit share arrangement with certain Vendors which includes a “vendor hold back” that mitigates credit risk to SCF. Where a purchase by an SCF Borrower involves a vendor hold back, SCF only advances a portion of the total purchase price of product to a Vendor, and the remainder is held as contingent based on performance which minimizes the SCF Borrower default risk to SCF. For example, if the purchase price is \$1,000 then \$200 may be advanced to the Vendor and \$800 may be held back and would be advanced over time to limit potential losses to SCF as the Vendor assumes a majority of the credit risk. The amount and timing of the hold back may vary over time.

SCF Personal Loans

SCF Personal Loans are unsecured loans used by a potential SCF Borrower at their discretion.

SCF Borrowers to whom SCF Personal Loans are advanced on average have the following personal characteristics:

- 55% Male & 45% Female
- Average Age - 41 years old
- Average Annual Income - \$45,700
- Average Under 50% Debt to Income Ratio
- 31% are Homeowners
- 20% have a Payday Loan

SCF Personal Loan Underwriting

SCF uses standard underwriting procedures employed for each SCF Personal Loan application it considers. Some of the risk management policies followed by SCF in these procedures include:

- Implementing the use of an automated decision tool ("**Decision Tool**") provided by a major Canadian credit bureau, to review SCF Personal Loan applications. Decision Tool allows SCF to upload its underwriting criteria parameters into the platform whereby the software automates a credit adjudication giving a potential SCF Borrower a real time decision if their application will be approved or denied. This process will allow SCF to scale by automating a significant part of the underwriting process while maintaining its current underwriting criteria.
- Each new SCF Personal Loan application will be screened by Decision Tool, which can screen dozens of metrics instantly, such as credit score, high risk fraud flags, types of trade lines, payment history on trade lines, derogatory items, judgments, collections, credit utilization, frequency of credit applications, and the average age of accounts.
- SCF Underwriters focus on manual reviews of the applications that pass the thresholds of SCF's credit model.
- A benefit to SCF using Decision Tool to assist in its SCF Personal Loan underwriting process is that the underwriter's role now becomes that of a manual reviewer. SCF anticipates that it will be able to process 3-4 times the loan application volume and will assist in streamlining these reviews in a more efficient matter.

Creditor Insurance

As an additional revenue stream, SCF also cross sells creditor insurance ("**SCF Creditor Insurance**") on its approved SCF Personal Loan applications, whereby SCF is the beneficiary of the policy. These policies offer protection to SCF Borrowers in the event of death, critical illness or involuntary job loss. Under SCF Creditor Insurance, in the event of death or critical illness of an SCF Borrower, the outstanding loan balance would be covered by SCF Creditor Insurance. The SCF Creditor Insurance coverage includes arrears, if any, and interest. In the event of job loss, injury, or sickness, SCF Creditor Insurance covers interest and principal payments for six (6) months. If after six (6) months, the SCF Borrower is still unemployed, injured, or sick, the SCF Creditor Insurance can pay out a lump sum up to the remaining balance within the policy limits. Since 2017, when SCF first introduced SCF Creditor Insurance, the majority of SCF's Personal Loan SCF Borrowers chose to take advantage of the SCF Creditor Insurance. As an alternative, an SCF Borrower may obtain loan protection insurance from alternative insurance providers as well.

SCF is the beneficiary of the SCF Creditor Insurance policies and earns a sales commission from the SCF Creditor Insurance insurer, reducing risk on the portfolio and assists with returns. SCF currently only sells creditor insurance on SCF Personal Loans.

For example, SCF agrees to advance a SCF Personal Loan in the amount of \$2,800 loan over a three (3) year period at an annual rate of 39.99% interest. After the SCF Borrower has been approved, an option to purchase SCF Creditor Insurance is offered to the SCF Borrower. If the SCF Borrower accepts, they are sent a loan agreement and documentation about the coverage for execution.

Based on the above example amount, the SCF Borrower would pay monthly payments of \$171.31 (which is principal and interest on the SCF Personal Loan) plus \$47.28 in monthly SCF Credit Insurance premium (the "**Premium**") plus any applicable taxes on the premium. The Premium is collected over time by SCF. SCF retains 50% of the Premium as the sales commission and remits monthly, the other 50% plus the sales taxes to the SCF Creditor Insurance Insurer ("**Insurer**"). Depending on performance of the portfolio with respect to cancellations and claims under the SCF Creditor Insurance policies which it has placed, the SCF Creditor Insurance Insurer may pay a bonus (an "**Creditor Insurance Bonus**") to SCF out of the 50% Premium that SCF Creditor Insurance Insurer was originally paid by SCF. The Creditor Insurance Bonus could be as much as 52% of Premium paid to the SCF Creditor Insurance Insurer.

SCF Loan History and Current Loan Portfolio

In 2018, SCF originated and serviced 1,612 SCF Product Finance Loans having an aggregate principal loan amount of \$5,620,537 and originated 300 SCF Personal Loans having an aggregate principal loan amount of \$573,920. With respect to the above SCF Personal Loans, 87% of these SCF Borrowers initially accepted SCF Creditor Insurance and as of March 31, 2019, 75% of those SCF Loans remain insured.

Since inception, SCF has loaned approximately \$1,140,000 in SCF Personal Loans as of March 31, 2019. In its history, SCF has only had 140 SCF Personal Loans in which an SCF Borrower has defaulted with respect to its payment obligations with respect to a SCF Personal Loan. These claims totaled approximately \$162,413.77, representing 14.3% of SCF's total dollar volume of SCF Personal Loans that it has facilitated.

SCF Registration

SCF is required to be licensed in connection with the sale of SCF Creditor Insurance. SCF, or its Principal, is licensed as a "Restricted Sales Agent" under *The Insurance Act* (Manitoba), *The Insurance Act* (Alberta) and *The Insurance Act* (Saskatchewan) in Manitoba, Saskatchewan and Alberta. SCF is restricted to selling LPP Insurance through its insurance partner Canadian Premier Life Insurance. No other provinces where SCF offers SCF Personal Loans require a license to sell SCF Creditor Insurance.

SCF operates in compliance with consumer protection legislation in the provinces in which it operates and is licensed under applicable lending legislation in Saskatchewan and Quebec. There is no lending legislation applicable to SCF in the other provinces in which it carries on business.

Bad Debts and SCF Loan Defaults

When an SCF Borrower halts or delays payment, SCF attempts to resolve these matters through a number of different stages. The first stage is SCF's internal customer service team following up on missed payments. As the SCF Loan ages, it is transferred to SCF's internal collections team. Depending on the specifics of the SCF Loan, the internal collections team may recommend litigation through small claims court seeking a judgment and wage garnishment. Otherwise, the file is sent to an external collection agency for recovery.

SCF keeps track of a bad debt provision on its personal loan books which is an annualized figure calculated for a given time period and expressed as a percentage of average gross loans receivable. SCF's bad debt provision is set at 12% - 14%. The actual annualized bad debt provision for the calendar year ended December 31, 2018 was 13.7%. Due to the contractual risk mitigating offsets, the bad debt for the SCF Product Finance Loans is not able to be calculated in the same manner.

Under SCF's accounting policies, personal loans are classified as "impaired" when in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of the principal amount or when the file is 180 days in arrears. SCF's management evaluates impairment monthly on a loan by loan basis.

Limited Regulation

Subscribers should note that the consumer loan industry is not subject to the same level of regulation as the banking industry. In particular consumer lenders such as SCF are not subject to minimum capital, corporate governance, financial reporting and disclosure requirements. Funds from this Offering will be used by SCF to fund SCF Loans. Accordingly, an investment in the Corporation's Bonds carries more risk than would an investment in debt securities issued by a bank or other regulated financial institution.

Distribution of Interest Income by the Corporation

Pursuant to the terms of the SCF Loan Agreement, SCF will pay interest to the Corporation on funds loaned by the Corporation to SCF ("**Fund Loan**") at a rate of 15% per annum compounded quarterly (the "**Interest Income**") on each Fund Loan amount. The Interest Income will be paid gross and without any deduction whatsoever. SCF will pay all Interest Income to the Corporation, plus principal of the Fund Loan in accordance with a repayment schedule set up between SCF and the Corporation. The Corporation will then distribute the Interest Income as follows: (i) to pay the Bondholders their interest; and (ii) all remaining interest may then be dividended to the Class B Shareholders or retained by the Corporation for use in its lending business.

2.3.2 Offering Structure

The purpose of this Offering is to allow Subscribers to participate, indirectly through acquiring Bonds in the Corporation, in the financing of unsecured loans made by SCF.

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

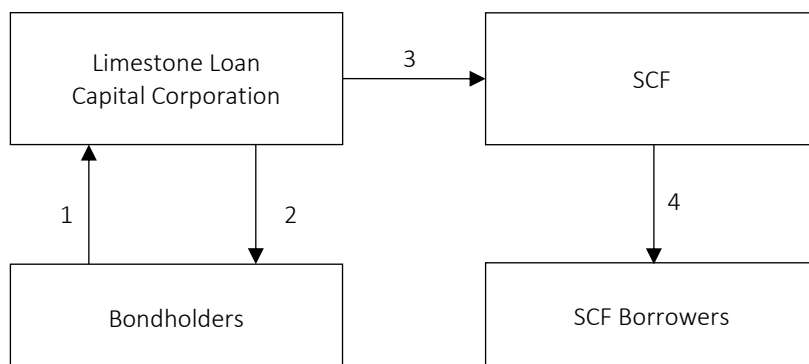
No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. **See Item 8 - Risk Factors.**

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

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

2.3.3 Investment Flow Chart

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



1. Subscribers purchase Bonds in the Corporation with funds from Deferred Plans or cash.
2. The Corporation issues Bonds to Subscribers.
3. The Corporation will loan the Available Funds of this Offering to SCF.
4. SCF will use the Available Funds to issue SCF Loans to SCF Borrowers. **See Item 2.3.1 - Business of SCF and Item 2.8.2 - SCF Loan Agreement.**

2.4 Development of Business

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

- I. Entering into the Target Agreement; and
- II. Entering into the SCF Loan Agreement with SCF.

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

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

2.5 Long Term Objectives

The Corporation's long term goals are to raise funds this Offering and loan those funds from this Offering to SCF to be used by SCF to fund unsecured loans as disclosed in Item 2.3 herein.

The anticipated costs to be incurred by the Corporation with respect to completion of its long term objectives are the same as its short term objectives and are as set out in Item 2.6 below.

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

The Corporation's goal for the next 12 months is to raise up to \$10,000,000 for the purpose of loaning these funds to SCF. 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
Raise up to \$10,000,000 and loan the Available Funds to SCF.	12 months	\$1,100,000 ⁽¹⁾

(1) Represents all estimated offering costs, fees, Target Fees and commissions associated with this Offering over the above period. All fees, costs, Target Fees and commissions associated with this Offering will be paid on the Corporation's behalf by SCF. See notes (1)-(4) in Item 1.1 Available Funds.

2.7 Insufficient Funds

The Available Funds raised from this Offering will be committed to the business objectives of the Corporation. The Corporation does not intend to hold any significant cash reserves, other than those amounts necessary to pay for all 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.

2.8 Material Agreements

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

2.8.1 Agreement with Target Private Markets Inc.

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

“Deferred Plan” is defined herein as any or all of a Registered Disability Savings Plan (**“RDSP”**), a Registered Education Savings Plan (**“RESP”**), a Registered Retirement Income Fund (**“RRIF”**), a Registered Retirement Savings Plan (**“RRSP”**) and a Tax Free Savings Account (**“TFSA”**), each as defined under the *Income Tax Act* (Canada).

“Material Breach” means one or more of the following events:

- (a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out herein within sixty (60) days of such amounts being owed to Target PM;
- (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 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 PM access to its books and records within thirty (30) days of receiving written request from Target PM to review such documentation; and
- (f) the Corporation failing to raise any Deferred Plan capital within 12 months from the date of the Target Agreement.

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

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

The Corporation entered into the Target Agreement on March 23, 2019. The terms of this Agreement are as follows:

- (a) The Corporation shall pay to Target PM:
 - (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 PM that have been outstanding for more than 60 days will be subject to interest penalties at a rate of 2% per month. Pursuant to the terms of the SCF Loan Agreement, SCF will pay all Target fees associated with this Offering.

- (b) **Access to Records.** If requested, the Corporation shall promptly provide Target PM 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 PM with the original copies of all such signed Target Releases.

- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target PM 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 PM'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: (i) the date on which Target PM ceases to be the majority shareholder of the Corporation; or (ii) ten (10) years from the date of the Target Agreement, whichever event occurs first. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target PM the Annual Fee and the Capital Raising Fee that would have otherwise been payable had Target PM remained the majority shareholder of the Corporation for two (2) years.
- (f) **Termination by the Corporation.** Subject to the two (2) year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target PM with 90 days written notice.
- (g) **Termination by Target PM.** In the event of a Material Breach of the Target Agreement by the Corporation, Target PM 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 PM, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00.

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

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

SCF will pay the Annual Fee and the Capital Raising Fee during the term of the Target Agreement on the Corporation's behalf.

2.8.2 SCF Loan Agreement

The Corporation entered into a loan agreement with SCF (the "**Funding Loan**") dated March 25, 2019, the material terms of which are summarized below.

For the purposes of this summary the following capitalized terms shall have the meanings as provided for below:

"General Security Agreement" means the General Security Agreement entered into by the Borrower and the Lender on March 25, 2019.

"Governmental Authority" means any nation or government, any state, provincial or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Institutional Lender" means a financial institution or company providing financing or lending products to SCF where SCF provides a security interest in the personal property of SCF.

"Security Interest" means the right and/or grant given by SCF to a creditor of a continuing lien, security interest and right of setoff as security for the Loan(s), upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of administrative agent or any of SCF or any of their respective successors and assigns, or in transit to any of them.

"Transaction Documents" means the SCF Loan Agreement, General Security Agreement, and each and every other document or instrument relating to or executed in connection with the Loan(s).

Interest

- SCF will pay interest to the Corporation on the Funding Loan at a rate of 15% per annum compounded quarterly on each Funding Loan Amount.
- The interest will be paid gross and without any deduction whatsoever.

SCF will pay all interest, plus principal of the Funding Loan in accordance to the repayment schedule. The repayment schedule timing will have the same parameters as the Bonds to coincide with the payment dates and maturity dates of the Bonds issued by the Corporation. Each Funding Loan Amount will mature on the same date as the maturity date of the Bonds whose principal amounts correspond to the Funding Loan Amount.

Security

SCF shall grant a Security Interest on all its personal property (including its book of consumer loans) to the Corporation pursuant to the General Security Agreement.

The Corporation's claim on the personal property of SCF is subordinate to any security agreement constituted in the future between SCF and one or more Institutional Lender. Should SCF require documentation from the Corporation to provide to an Institutional Lender regarding the Corporation's subordinated security position, the Corporation will comply with any reasonable request.

Fees and Expenses

- (i) SCF shall pay a lender fee equivalent to all legal and out of pocket cost and expenses incurred by the Corporation in connection with issuing an Offering Memorandum, including legal and advisory fees, and selling commissions.
- (ii) SCF shall further pay a lender fee equivalent to all costs and expenses in connection of the Corporation granting Funding Loan(s) and any subsequent expenses incurred by the Corporation, which included, but is not limited to any related Transaction Document.
- (iii) SCF shall further pay a lender fee equivalent to all costs and expenses in connection with Target PM's capital raising fees and annual fees.
- (iv) SCF shall pay any costs and expenses, related to the Corporation enforcing the granted security interest of SCF after an Event of Default.

Negative Covenants of the Borrower

So long as the SCF Loan Agreement is in effect or SCF shall have any obligations hereunder, SCF hereby covenants and agrees with the Corporation as follows:

- (i) it shall not commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such Law or to the appointment of or taking possession by a receiver, receiver and manager, liquidator, assignee, trustee, custodian, of it or of any substantial part of its property, and it shall not make any general assignment for the benefit of creditors, or fail generally to pay debts as such debts become due, and shall not take any action in furtherance of any of the foregoing;
- (ii) it shall not (1) commit any act in violation of applicable Laws that relate to its operations or (2) commit any act in violation of a law which could reasonably be expected to have a material adverse effect;
- (iii) it shall not default under any term or provision of any agreement between it and the Corporation, and which default shall not have been cured within the applicable cure period;
- (iv) SCF undertakes that, during the term of the SCF Loan Agreement all its obligations will rank at least pari passu with all its other present and future obligations, except for obligations with Institutional Lenders as permitted in the SCF Loan Agreement, or obligations which are preferred by law;
- (v) SCF shall at all times (1) keep all licences, permits, and franchises necessary for the operation of its business in order, (2) ensure all charter documents are in good standing, and to (3) keep all its assets which are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs thereto and replacements thereof.

Termination

The Corporation may cancel the Funding Loan(s) forthwith and without any prior written notice in case of the following events, which constitutes default ("**Event of Default**") by SCF:

- i. SCF fails to pay any amounts of the Loan(s) when due;
- ii. Failure by SCF to comply with any other term or condition of the SCF Loan Agreement, and if such failure is capable of being remedied, the failure remains not remedied for more than thirty (30) Business days after the Corporation gives notice thereof to SCF;
- iii. Any material representation or warranty made by SCF is incorrect or misleading in material respect;
- iv. The appointment of a receiver over any material part of the assets or undertakings of SCF, which results in a suspension of payments, or an attachment being made on a material part of SCF's assets or undertakings, or any bankruptcy, insolvency or similar legal action instituted by or against SCF;
- v. The occurrence of any other event which in the reasonable opinion of the Corporation would have a material adverse effect on SCF's ability to comply with any of its obligations under the SCF Loan Agreement; or
- vi. Becoming party to any transaction whereby all or a substantially all of its undertakings and property have or will become the property of a third-party without the prior consent of the Corporation (i.e. change of control).

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 following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder. The Corporation has not completed its first financial year and no compensation has been paid since its inception:

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held after completion of the Maximum Offering
Target Private Markets Inc. Calgary, Alberta	Shareholder since March 23, 2019	\$50,000 ^{(1) (3)}	6,000 Class A Preferred Shares (60%)	6,000 Class A Preferred Shares (60%)
Limestone Asset Management Inc. ⁽²⁾ Kingston, Ontario	Shareholder since March 22, 2019	Nil	4,000 Class A Preferred Shares (40%) 5,000 Class B Common Shares (50%)	4,000 Class A Preferred Shares (40%) 5,000 Class B Common Shares (50%)
Jeremy Wilson ⁽²⁾ Kingston, Ontario	Director and President since March 22, 2019	Nil	Nil	Nil
Glen Mazur ⁽⁴⁾ Winnipeg, Manitoba	Director since May 7, 2019 [Independent]	\$5,000 ⁽⁴⁾	Nil	Nil

(1) Assuming the maximum fee payable pursuant to the Target Agreement. See Item 2.8.1 - Agreement with Target Private Markets Inc.

(2) Jeremy Wilson is the President and a director of the Corporation. He is also the sole officer and director of SCF and he is the sole shareholder of Limestone Asset Management Inc. ("LAM"). LAM is the sole shareholder of SCF and holds Class A Preferred Shares and Class B Common Shares in the Corporation.

(3) Pursuant to the terms of the SCF Loan Agreement, SCF will pay all amounts due and owing under the Target Agreement on the Corporation's behalf.

(4) Mr. Mazur will be paid a director fee of \$5,000 per year for so long as he is a director of the Corporation. SCF will pay this fee from SCF Loan proceeds until such time as the Corporation has earned interest income in excess of what is required to service interest payments under the Bonds.

3.2 Management Experience

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

Name and position	Principal Occupation and Related Experience
Jeremy Wilson, CFA Director & President	<p>Prior to starting SCF, Mr. Wilson worked in finance on Bay Street in Toronto. After graduating from Queen's University with a Bachelor of Commerce degree, he started working in Toronto at TD Securities in the Global Business Services rotational program. After one year, he accepted a position as an Associate on the trading floor dealing in residential mortgages. He was responsible for managing the risk of the portfolio, proprietary trading, hedging as well as the participation in Canada Mortgage Bond Program. In 2009, Mr. Wilson was promoted to Vice President of Residential Mortgage Trading taking on additional relationship management and new business acquisition functions. In 2010, he received the Chartered Financial Analyst (CFA) designation. The CFA designation is globally recognized qualification and is considered the gold standard of the investment management field.</p> <p>Mr. Wilson is a member of both the CFA Institute and the Toronto CFA Society. In 2011, He and his wife decided to move back to Kingston, ON where they met to begin raising a family in a more rural setting.</p> <p>After moving back to Kingston, ON, Mr. Wilson worked on a number of projects including CreditSpark Financial which focused on sub-prime credit building GIC Savings Loans and also founding a private mortgage lender. In 2013, SCF was founded and the past five (5) years have been spent growing the company. Mr. Wilson is full time in the role as President of SCF.</p>

Name and position	Principal Occupation and Related Experience
Glen Mazur, CPA, CA, CISA Independent Director	Mr. Mazur is the CEO of Me-Dian Credit Union and is based in Manitoba. He is currently using his expertise as a Chartered Professional Accountant (CPA), Chartered Accountant (CA), and Certified Information Systems Auditor (CISA) in executing Me-Dian's vision, mission and strategy of being the leading credit union serving Manitoba's First Nation, Metis, and Inuit Community. Prior to joining Me-Dian, Mr. Mazur held senior level positions in large public accounting firms and other financial services organizations and has also taught as an instructor at the University of Winnipeg. He is a holder of a Bachelor of Arts in Business and Administration and a Bachelor of Science in Applied Computer Science from the University of Winnipeg. Mr. Mazur's board experience includes being the past Chairman and current Vice Chairman of the Board of Directors of the Canadian Mental Health Association – Winnipeg/Manitoba Division, a current board member for the John Howard Society, a current board member and finance committee member for the Association of Registered Nurses of Manitoba, and a current Audit Committee member of the Information Services Audit and Control Association.

3.2.1 Management Experience of SCF

The names and principal occupations of the directors, officers, managers and consultants of SCF over the past five years are as follows:

Name and position	Principal Occupation and Related Experience
Jeremy Wilson Director & President of the Corporation and SCF	See Item 3.2 above
Peter Young Vice-President of SCF	Mr. Young is SCF's newest addition to the management team. Mr. Young has a long career in sub-prime lending and has been tasked with growing the unsecured personal loan portfolio. Mr. Young was the Vice President and Director of Collections at Household Financial Corporation which is a sub-prime personal lender. In 1997, he joined TD Canada Trust as Associate Vice President of their collections department. After five years with TD Canada Trust, Mr. Young moved to Citibank as Vice President of Operations for the Home Department Credit Services. At Citibank, he hired and supported over 300 associates and successfully converted the Home Depot portfolio over from GE Capital. In 2005, he became Vice President of Insolvency Solutions at DRN Commerce in London, Ontario. At DRN, through his leadership and guidance, he led the team to significantly increase revenues with a ten-fold increase overall. In 2013, Mr. Young joined Affirm Financial Services as a Director where he was tasked with building Affirm from the ground up. He directed all operations, budgeting, HR, and marketing for the lending division. He was instrumental in developing the lending policies, procedures, and underwriting standards. He led the project to implement Experian's Decision Solutions automated adjudication platform which led to a 300% increase in volume. Once the automated adjudication was completed early in 2015. He agreed to build a Referral Network across Canada which included Trustees, Mortgage brokers, Financial Counsellors and Financial Planners. Mr. Young joined SCF in October 2018 and is full time in the role as Vice President.
Robert Miller Senior Manager of SCF	Mr. Miller started his career in security and by 1992 he became the Operations Manager for Maxon Security. After spending six years there, he moved on to five years of managing the security operations at Brockville General Hospital. In 2003 he became Operations manager for Group 4 Falck in Kingston. In 2004, he made the career shift to call centre operations taking on the Business Manager role at Transcom. Through his 13-year tenure with Transcom, he became an expert in blended call centres, managing the day to day operations of the more than 250 on premise staff and 100 home agents. At Transcom, he was responsible for maintaining and exceeding KPI targets and managing external relationships with corporate clients. Mr. Miller joined SCF in early 2018 and has hit the ground running by overhauling internal processes and changing phone systems to an integrated inbound-outbound dialer platform that has been able to significantly increase contact rates. Mr. Miller is full time in the role as Senior Manager.

Name and position	Principal Occupation and Related Experience
Michael Famutimi, BA, LLB, Legal Counsel of SCF	Michael started his legal career at Legal Aid in Toronto as an intern in 2008. Later that year, he moved to Direct Energy working in their legal department proofing corporate contracts and serving documents to the court. In 2009, Michael worked for H&A Forensic Accounting processing electronic and paper evidence and coded the data for the various lawyers. In 2012 Michael was hired as a Student Legal Assistant with Slater & Spiller LLP. There, he gained front line legal experience drafting wills, statements of claim, researching active case law, and meeting with clients. In 2015, after being called to the Ontario Bar, Michael was promoted to Junior Associate at Slater & Spiller LLP. He continued his legal work with an emphasis on criminal, litigation, family and estate matters. Michael joined SCF full time in late 2015 as In-House Legal Counsel. In 2017, Michael moved from Kingston back to Toronto to be with his wife and newborn son and transitioned to working for SCF remotely. Michael has been an important part of the legal team working closely with the President to ensure full ongoing compliance across all the provinces where SCF operates.
Dan Hiller Risk Consultant of SCF	Dan has joined the SCF team as a Risk Consultant. Dan has spent his entire career of 40 years in sub-prime lending. His experience started with CitiFinancial and managed a branch lending office for 13 years. He then moved up to District Manager and was in that role for 6 years managing 15 offices. Dan subsequently moved to London in 1996 and assumed the role of Product Manager VP. Dan then served as AVP of Risk for 3 years followed by becoming Chief Risk Officer for CitiFinancial Canada and Puerto Rico. Before retiring in 2012, Dan spent 13 years as CRO for CitiFinancial and was responsible for \$6 billion in assets. Dan works as an independent consultant for a number of companies including SCF and Affirm Financial Services. Dan currently splits his time between Newfoundland and Florida spending time with his wife, kids and grandkids. Dan serves as a valuable asset for SCF in managing the portfolio risk with his risk experience with the sub-prime customer.

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 share capital of the Corporation is as follows:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at June 14, 2019	Number outstanding assuming the Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	10,000	10,000
Class B Common Shares	Unlimited	\$0.01	10,000	10,000

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

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

4.2 Long Term Debt

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

Description of Security	Number authorized to be issued	Number outstanding as at June 14, 2019	Number outstanding assuming the Maximum Offering
Series A 9% 3 year unsecured Bonds ⁽¹⁾	unlimited	Nil ⁽¹⁾	100,000
Series B 12% 5 year unsecured Bonds ⁽¹⁾	unlimited	Nil ⁽¹⁾	100,000

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

4.3 Prior Sales

Class A Shares

As of June 14, 2019, there are 10,000 Class A Preferred Shares of the Corporation issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
March 22, 2019	Class A Preferred Shares	4,000 ⁽¹⁾	\$0.01	\$40
March 23, 2019	Class A Preferred Shares	6,000 ⁽²⁾	\$0.01	\$60

(1) These Class A Shares are held by Limestone Asset Management Inc. Mr. Wilson is a director, officer and shareholder of Limestone Asset Management Inc.

(2) These Class A Shares are held by Target PM.

Class B Shares

As of June 14, 2019, there are 10,000 Class B Common Shares of the Corporation issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
March 22, 2019	Class B Common Shares	5,000 ⁽¹⁾	\$0.01	\$50
March 22, 2019	Class B Common Shares	834	\$0.01	\$8.34
March 22, 2019	Class B Common Shares	834	\$0.01	\$8.34
March 22, 2019	Class B Common Shares	833 ⁽²⁾	\$0.01	\$8.33
March 22, 2019	Class B Common Shares	833	\$0.01	\$8.33
March 22, 2019	Class B Common Shares	833	\$0.01	\$8.33
March 22, 2019	Class B Common Shares	833	\$0.01	\$8.33

(1) These Class B Shares are held by Limestone Asset Management Inc. Mr. Wilson is a director, officer and shareholder of Limestone Asset Management Inc.

(2) These Class B Shares are held by Firebird Business Ventures Ltd. ("FVB"). Certain officers, directors and shareholders of FBV are also officers, directors and/or shareholders of Rethink. FBV is also a shareholder of Rethink. **See Item 7 – Compensation Paid to Sellers and Finders.**

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

Securities: The securities being offered pursuant to this Offering are Series A nine percent (9%) three (3) year (including stub period) unsecured Bonds and Series B twelve percent (12%) five (5) year (including stub period) unsecured Bonds. The price of each Bond is \$100. The minimum number of Bonds purchased by a Subscriber is 250 Bonds requiring a minimum investment of \$25,000. The Directors of the Corporation may, in their sole discretion, reduce the minimum investment amount per Subscriber in limited circumstances. There is no maximum number of Bonds allocated to any Subscriber.

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

- Series A Bonds: 9% interest per annum payable quarterly on March 15, June 15, September 15, and December 15 of each year during the term of the Series A Bonds.
- Series B Bonds: 12% interest per annum payable quarterly on March 15, June 15, September 15, and December 15 of each year during the term of the Series B Bonds.

Maturity and Redemption: Subject to the right of early redemption with respect to the Corporation as set out below, a Series A Bondholder's Bonds shall mature on the 15th day of either March, June, September, or December based on the first of these dates that arises after the third anniversary of the date of issue of the Bonds. For example, Series A Bonds issued on June 1, 2019 will have a maturity date of June 15, 2022. The Series B Bondholder's Bonds shall mature on the 15th day of either March, June, September, or December based on the first of these date that arises after the fifth anniversary of the date of issue of the Bonds. For example, Series B Bonds issued on December 1, 2019 will have a maturity date of December 15, 2024.

Corporation's Right of Early Redemption: The Corporation shall have the right to redeem up to 100% of a Bondholder's Bonds by providing the Bondholder with 30 days written notice of its intention to do so, through the payment of the principal amount of the redeemed Bonds and all accrued and unpaid interest thereon to the date of redemption, plus three (3) months of additional interest ("Bonus Interest").

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.

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

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

5.2 Subscription Procedure

This Offering is not subject to any minimum offering amount. You may be the only Subscriber under this Offering.

(a) Subscription Documents

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

In order to subscribe for Bonds, Subscribers must complete, execute and deliver the following documentation to the Corporation at 209, 1020 Bayridge Drive, Kingston, Ontario K7P 2S2:

1. one (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. a cheque or bank draft in the amount of the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "Limestone Loan Capital Corporation";
3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment.
4. all Subscribers must execute the Target Release attached as Schedule F to the Subscription Agreement.

Subject to applicable securities laws and the purchaser's two (2) day cancellation right, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. **See Item 11 Purchasers' Rights.**

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

(b) Distribution

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

The Offering Memorandum Exemption is available for distributions to Subscribers resident in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan or Yukon purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form.

The foregoing exemptions relieve the Corporation from the provisions of the Applicable Laws of each of the Offering Jurisdictions which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by any securities regulatory authority.

ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

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

6.1 Summary of Principal Federal Income Tax Consequences

Generally speaking, Canadian-resident holders of Bonds must include in the calculation of their taxable income the appropriate amount of interest on the Bonds they hold, calculated in accordance with the Tax Act and the Regulations. Holders of Bonds that are non-residents of Canada may or may not be subject to withholding tax under the Tax Act.

6.2 Deferred Plan Eligibility of the Bonds

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

The Corporation is a Canadian corporation. As a result, **the Bonds will constitute a qualified investment for Deferred Plans provided the shares of Target CI are listed on a stock exchange designated by the Minister of Finance, which they currently are, and as long as Target PM controls the Corporation.**

There is no agreement which restricts the ability of Target PM to vote its shares of the Corporation or appoint a majority of the Board of Directors of the Corporation. As such, Target PM should be considered to control the Corporation.

There are additional requirements for a TFSA, RESP, RDSP, 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, RESP, RDSP, RRSP or RRIF on certain tax “advantages” that unduly exploit the attributes of a TFSA, RESP, RDSP, 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 Buchanan Barry LLP, Chartered Professional Accountants, and it is based on the current provisions of the Tax Act Regulations 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

The Corporation reserves the right to retain agents to, and/or pay persons (“**Selling Agents**”) who, effect sales of the Bonds, in which case, subject to applicable securities legislation, such Selling Agents may receive the following selling commissions:

- I. Series A Bonds: the Corporation may pay up to six percent (6%) of the Gross Proceeds realized from the sale of Bonds sold directly by Selling Agents; and
- II. Series B Bonds: the Corporation may pay up to ten percent (10%) of the Gross Proceeds realized from the sale of Bonds sold directly by Selling Agents. The Corporation may also pay Exempt Market Dealers up to one percent (1%) of the Gross Proceeds realized from the sale of the Bonds as a dealer administration fee.

The officers and directors of the Corporation may also sell Bonds to Subscribers in accordance with applicable securities laws. No commissions will be paid with respect to any sales of Bonds made by the officers and directors.

Related and Connected Issuer Matters

The Corporation expects that the Bonds will be sold to investors by Rethink and Diversify Securities Inc. ("**Rethink**"), an Exempt Market Dealer registered in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Certain officers and directors of Rethink are related to the Corporation as follows:

- Firebird Business Ventures Ltd. ("**FBV**"), holds Class B shares of the Corporation. Certain officers, directors and shareholders of FBV are also officers, directors and/or shareholders of Rethink and FBV is also a shareholder of Rethink.
- Jason Park is an officer and shareholder of FBV and is also registered as the chief compliance officer and designated person of Rethink. Mr. Park is also a dealing representative and shareholder of Rethink.
- Wendy Rabbie holds Class B shares of the Corporation. Ms. Rabbie's spouse is a dealing representative of Rethink.
- Michael Del Bel and Mark Majkowski hold Class B shares of the Corporation. Mr. Del Bel and Mr. Majkowski are dealing representatives of Rethink.
- Graz Wealth Management Inc. ("**Graz**") holds Class B shares of the Corporation. An officer, director and controlling shareholder of Graz is also a dealing representative of Rethink.
- Monic Financial Ltd. ("**Monic**") holds Class B shares of the Corporation. An officer, director and controlling shareholder of Monic and her spouse are also dealing representatives of Rethink.

Based on the above, Rethink and the Corporation are considered to be "related" and "connected" in accordance with securities laws and as a consequence the relationship between the Corporation and Rethink may lead a reasonable prospective purchaser of the securities to question the independence of such parties for purposes of the distribution of the Bonds under this Offering.

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

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

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

Payment of Selling Commissions

SCF will pay all Selling Commissions and fees incurred by the Corporation with respect to this Offering pursuant to the terms of the SCF Loan Agreement.

ITEM 8 - RISK FACTORS

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

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

Investment and Issuer Risk

1. **No Review by Regulator:** Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.
2. **No Deposit Insurance:** The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
3. **Limited Working Capital:** The Corporation will have a limited amount of working capital as the Available Funds of this Offering will be loaned to SCF.
4. **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.
5. **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 PM 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.**
6. **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.
7. **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.**
8. **Change of Directors:** The issued Class A Shares of the Corporation are held collectively by Target PM, and Limestone Asset Management Inc. 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 PM has majority voting control of the Corporation and there is no agreement that restricts Target PM's ability to vote its Class A Shares of the Corporation. Consequently, Target PM can change the directors of the Corporation at its discretion. Limestone Asset Management Inc. does not have a mechanism to ensure that Mr. Wilson and Mr. Mazur will remain directors of the Corporation.
9. **Lack of 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.
10. **Conflict of Interest:** There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Mr. Wilson is an officer, director and through his control of Limestone Asset Management Inc., is a shareholder of SCF. In the event of a default by SCF under the Loan, Mr. Wilson will be in a conflict of interest with respect to such a circumstance. 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.

11. **SCF Loan:** The Loan will be secured by a general security agreement against the present and after acquired personal property of SCF. The Corporation's security under the Loan may be subordinated to security of granted to Institutional Lenders from whom SCF obtains financing. In the event that SCF defaults in its obligations under the Loan, the Corporation will have to enforce its security registered against SCF. There may be intervening encumbrances or other interests of other third parties, such as Institutional Lenders, that may stand in priority to the Corporation's security. The existence of any intervening encumbrances may prevent the Corporation from realizing on or enforcing some or all of its security against the assets of SCF. There may be principals at law or at equity that may prevent the Corporation from enforcing some or all of its security against SCF and/or its assets. The assets of SCF may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation. If the Corporation's security under the Loan is subordinated and the collateral is realized upon, lenders with security interests in priority to the Corporation's will take priority over the disposition of any of SCF's assets, with the result that there may be insufficient assets to repay the indebtedness under the Loan.
12. **No Management 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.
13. **Management Ability:** The success of the Corporation's business strategy depends to a great extent, on the efforts and abilities of its management and on external factors such as, among other things, the general political and economic conditions that may prevail from time to time, which factors are out of the control of the Corporation. A return on investment for a purchaser of Bonds depends upon SCF and its ability to meet its payment obligations under the SCF Loan. As a result, there is no guarantee that Bondholders will earn a return on their investment in the Bonds. Also, 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.
14. **Less than Full Offering:** There can be no assurance that more than the Maximum Offering will be sold. If less than \$10,000,000 worth of Bonds are sold pursuant to this Offering, then less than the maximum proceeds will be available to the Corporation. Consequently, the Corporation's business development plans and prospects could be adversely affected, since fewer Loans will be advanced by SCF.
15. **Key Person Risk:** The success of the Corporation is dependent upon, among other things, the services of key personnel. The loss of any of these individuals, for any reason, could have a material adverse effect on the prospects of the Corporation. Failure to retain or to attract additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. The Corporation does not maintain key man insurance for any of its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Corporation is likely to be of central importance and the loss of any one of these individuals could have a material adverse effect on the business of the Corporation.
16. **Bonds:** The Bonds do not provide for payment of interest to Bondholders other than on the dates set forth in Item 5.1 herein, except at the discretion of the Corporation. Bondholder's will not know if the Corporation will be in a position to pay interest and/or redeem all or any part of the Bonds until the dates referred to in Item 5.1 herein.
17. **Debt Securities:** The Bonds offered by the Corporation are not a direct investment in the SCF Loans but an investment in unsecured debt securities of the Corporation.
18. **Independent Counsel:** No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.
19. **No History:** The Corporation has limited operational history and limited earnings. Accordingly, there is limited operating history upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stage of its business and, therefore, is subject to all risks associated with early stage companies, including: start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.

20. **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. **See Item 10 - Resale Restrictions.**
21. **Interest Rate Risk:** The interest rate return for each Bond series are fixed for the Bond term and are not subject to increase in the event of a general rise in domestic interest rates for other investments.

SCF’s Operational and Industry Risk

1. **Credit Risk:** Whilst SCF manages exposure to SCF Borrower default through its underwriting process, SCF Borrowers default under SCF Personal Loans is excess of 10% of SCF Personal Loans made. There is no guarantee that SCF will recover any or all of the principal amount of a SCF Loan in the event of default by an SCF Borrower. SCF Loans are unsecured and as a result SCF has no direct collateral to seize in the event of default by a SCF Borrower. SCF is an unsecured creditor with respect to SCF Borrowers and as such its rights as a creditor of an SCF Borrower are subordinate to the rights of secured creditors and may be subordinate to additional creditors under common law and provincial and federal legislation.
2. **Ongoing Deployment of Funds:** Despite a business plan developed by SCF to grow its business, there is no guarantee that SCF will have the capacity to continuously deploy all of the proceeds of the Loan advanced by the Corporation. The Corporation’s ability to meet its obligations of principal and interest under the Bonds is wholly dependant upon SCF deploying the Loan proceeds and earning interest on SCF Loans in sufficient amounts to make payments to the Corporation under the terms of the Loan.
3. **Reliance on Management:** Decisions regarding the management of the affairs of the Corporation and SCF will be made exclusively by their respective officers and directors. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of the Corporation and SCF. SCF and the Corporation may retain independent contractors to provide services to them. These contractors will have no fiduciary duty to SCF or the Corporation.
4. **Competitive Industry:** SCF will be competing for lending opportunities with a significant number of other entities offering unsecured consumer or personal loans. As a result of this competition, there can be no assurance that SCF will be able to identify suitable lending opportunities or achieve its targeted rate of return or fully invest its available funds.
5. **General Economic Conditions:** SCF may be adversely affected by a general deterioration in economic conditions or a deterioration affecting specific industries, products or geographies. A recession or downturn in the economy or the deterioration in the economic conditions affecting specific industries, geographic locations and/or products could make it difficult for SCF to originate new business as a result of reduced demand for consumer or commercial credit. A downturn in certain industries may also result in reduced demand for the products that SCF may finance in those industries, or negatively impact collection and asset recovery efforts. The deterioration in economic conditions may also have an adverse effect on credit quality and collateral values, with a corresponding adverse effect on SCF’s financial position and operating results.
6. **An SCF Borrower’s fraud could cause SCF to suffer losses:** The failure of an SCF Borrower to accurately report its financial position could result in the loss of some or all of the principal amount of a SCF Loan including amounts SCF may not have advanced had it possessed complete and accurate information.
7. **SCF’s reliance on external products and services:** SCF relies on software, products, and services offered by many companies from payroll services, to credit bureau services, to support on loan systems etc. A disruption of any of these services could result in SCF not able to effectively carry on business as expected.
8. **Media Risk:** The risk of negative media coverage of SCF, other non-prime lenders similar to SCF, or the non-prime lending industry as a whole may make it more difficult to attract SCF Borrowers.
9. **Technology Risk:** SCF uses third party services and systems and high level security protocols however, security breaches, the risk of data loss, the risk of malware or ransomware, or privacy breaches could cause significant negative impact to SCF.
10. **Changes in Legislation:** There can be no assurance that legislation with respect to lenders of unsecured consumer or personal loans, or any administrative practice or interpretation thereof will not be changed in a manner, which adversely affects the business of SCF.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Bondholders

The Corporation is not a “reporting issuer” or equivalent under the securities legislation of any jurisdiction. Accordingly, the Corporation is not subject to the “continuous disclosure” requirements of any securities legislation other than as provided for under National Instrument 45-106 and there is therefore no requirement that the Corporation make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Corporation, other than as provided for under National Instrument 45-106. The Corporation will file Material Change Reports and make Notice of Use of Proceeds filings as required by National Instrument 45-106. The Corporation will deliver to prospective investors certain documents, including this Offering Memorandum, a subscription agreement and any updates or amendments to the Offering Memorandum required by law, from time to time by way of facsimile or e-mail. In accordance with the terms of the subscription agreement provided to prospective investors, delivery of such documents by email or facsimile shall constitute valid and effective delivery of such documents unless the Corporation receives actual notice that such electronic delivery failed. Unless the Corporation receives actual notice that the Corporation electronic delivery failed, the Corporation is entitled to assume that the facsimile or e-mail and the attached documents were actually received by the prospective investor and the Corporation will have no obligation to verify actual receipt of such electronic delivery by the prospective investor.

The Corporation will provide Bondholders with the annual audited financial statements of the Corporation for such fiscal year, together with comparative financial statements for the preceding fiscal year, in accordance with GAAP. **Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for your needs to enable you to prepare your income tax returns or to assess the performance of your investment.**

ITEM 10 - RESALE RESTRICTIONS

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

10.1 General Statement

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

10.2 Restricted Period

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

The certificates representing the securities of the Corporation issued pursuant to this Offering will have the following legend inscribed thereon:

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

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

10.3 Manitoba Resale Restrictions

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

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

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

ITEM 11 - PURCHASERS' RIGHTS

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

(a) Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase the 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.

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

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

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

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

Statutory Rights of Action of Purchasers in British Columbia

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

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

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

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

Rights for Subscribers in the Province of Alberta

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

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

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

In Alberta, no action may be commenced more than:

- (i) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (ii) in the case of any other action, other than an action for rescission, the earlier of (i) 180 days after the Subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three (3) years after the date of the transaction that gave rise to the cause of action.

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

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

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

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Province of Manitoba

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

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

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

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

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

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

A Director or Signatory will not be liable:

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

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

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

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

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

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

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

Statutory Rights of Action of Purchasers in Ontario

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

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

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:
 - (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - (ii) three years after the date of the transaction giving rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and

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

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

Statutory Rights of Action of Purchasers in Newfoundland & Labrador

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

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

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

Time limitations

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

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

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

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

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

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

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

No such individual will be liable if:

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

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

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

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

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

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

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

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

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

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

- (a) in the case of an action for rescission, 180 days after the date the Subscriber purchased the Bonds; and
- (b) in the case of any action, other than an action for rescission, the earlier of
 - (i) one (1) year after the Subscriber first had knowledge of the facts giving rise to the cause of action or
 - (ii) six (6) years after the date the Subscriber purchased the Bonds.

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

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

- (a) neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable if the Corporation or such person or company proves that the Subscriber purchased the Bonds with knowledge of the misrepresentation;
- (b) no person or company signing this Offering Memorandum will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless such person or company
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
 - (ii) believed there had been a misrepresentation;
- (c) in an action for damages, neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon;

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

No action shall be commenced to enforce these rights more than 180 days after the date on which payment was made for the Bonds.

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

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

- (a) neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable if the Corporation or such person or company proves that the Subscriber purchased the Bonds with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Corporation, its directors nor anyone signing this Offering Memorandum will be liable for all or any portion of such damages if the Corporation or such person or company proves that they do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Bonds purchased by the Subscriber were offered.

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

- (a) in the case of action for rescission, no later than 180 days from the date the Subscriber purchased the Bonds; or
- (b) in the case of any action, other than an action for rescission, not later than the earlier of:
 - (i) 180 days from the day that the Subscriber first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three (3) years from the day the Subscriber purchased the Bonds.

Statutory Rights of Action for Subscribers in the Northwest Territories

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

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

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

- (2) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert, or was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

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

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

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

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

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

Statutory Rights of Action for Subscribers in the Yukon Territory

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

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

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

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

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

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

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

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

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

Statutory Rights for Failure to Deliver the Offering Memorandum in Yukon

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

Statutory Rights of Action for Subscribers in the Nunavut Territory

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

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

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

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

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

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

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

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

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

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

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

ITEM 12 - FINANCIAL STATEMENTS



Adding to your success

SEGAL LLP
Chartered Professional Accountants

4101 Yonge Street
Suite 502, P.O. Box 202
Toronto, Ontario M2P 1N6

416 391 4499 | 800 206 7307
info@segalllp.com

segalllp.com

June 14, 2019

To: Limestone Loan Capital Corporation (the "Company") and the Directors thereof

We refer to the Offering Memorandum dated June 14, 2019 (the "Offering Memorandum") of Limestone Loan Capital Corporation, relating to the offering of bonds of the Company.

We consent to being named in the Offering Memorandum.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned Offering Memorandum, of our report dated June 7, 2019, to the shareholders of Limestone Loan Capital Corporation on the Statement of Financial Position as at March 26, 2019.

We report that we have read the Offering Memorandum and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements on which we have reported or that are within our knowledge as a result of our audit of such financial statements.

We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the prospectus as these terms are described in the CPA Canada Handbook – Assurance.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

An Independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

12.1 Financial Statements of the Corporation

LIMESTONE LOAN CAPITAL CORPORATION

FINANCIAL STATEMENTS

MARCH 26, 2019

INDEX

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Notes to the Financial Statements	4 - 11

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Limestone Loan Capital Corporation

Opinion

We have audited the accompanying financial statements of Limestone Loan Capital Corporation (the "Company") which comprise the statement of financial position as at March 26, 2019 and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 26, 2019 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section on our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Segal LLP's website at www.SegalLLP.com. This description forms part of our Auditor's Report.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 7, 2019

LIMESTONE LOAN CAPITAL CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 26, 2019

ASSETS

Current

Cash	\$ <u>200</u>
------	---------------

LIABILITIES

\$ <u>-</u>

Commitments, note 3

SHAREHOLDERS' EQUITY

Share capital, note 4	<u>200</u>
-----------------------	------------

\$ <u>200</u>

Approved on behalf of the Company:

signed "Jeremy Wilson" Director

See accompanying notes to the financial statements

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

1. NATURE OF BUSINESS

Limestone Loan Capital Corporation ("the Company") was incorporated under the laws of the Province of Ontario on March 22, 2019. The Company was established for the purposes of providing 2394260 Ontario Inc. (operating under the trade name of SkyCap Financial, "SCF"), an entity ultimately controlled by the president and director of the Company, with capital to grow their portfolio of consumer loans. The Company will raise capital through an offering memorandum solicited by an Exempt Market Dealer and will then lend the capital raised to SCF and retain a spread. The Company's registered office is 1020 Bayridge Drive, Suite 209, Kingston, Ontario, K7P 2S2.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These financial statements were authorized to issue by the Board of Directors on June 7, 2019.

Basis of preparation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective as at March 26, 2019. The Company's annual reporting date is not yet determined.

These financial statements are presented in the functional currency of the Company, Canadian dollars.

Financial instruments

IFRS 9 - Financial Instruments ("IFRS 9") requires a single model for classification and measurement that is based on both the business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial instruments. These factors determine whether the financial instruments are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. IFRS 9 also provides an impairment model for financial assets that requires the recognition of expected credit losses rather than the incurred credit losses. Financial assets and liabilities are recognized in the financial statements when the Company becomes a party to the contractual provisions of the instruments. The Company has designated its cash as fair value through profit or loss.

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Cash

Cash consists of cash on deposit. Amounts are carried at fair value.

Share Capital

Common shares

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

Preferred shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within the statement of equity.

Preferred shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expenses in profit or loss as accrued.

Income taxes

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

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

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

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Critical judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. These financial statements include assumptions and estimates which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period which the estimate is revised and the revision affects both current and future periods.

3. COMMITMENTS

- i) The Company has entered into an agreement with Target Private Markets Inc. ("Target") to facilitate investment from tax deferred plans in certain debt securities of the Company. The term of the agreement with Target continues in effect until Target ceases to be the majority voting shareholder of the Company. If the Target Agreement is terminated within the first two years, the Company covenants and agrees to pay Target the Annual Fee and the Capital Raising Fee that would have otherwise been payable had Target remained the majority shareholder of the Company for two years.

Fees payable to Target under the Target Agreement are as follows:

- a) an Annual Fee payable by the Company to Target in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent of any capital raised by the Company from any of the following: Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan, or Tax-Free Savings Account (collectively, "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.
- b) a Capital Raise Fee payable by the Company to Target in an amount equal to one-half of one percent of the total Deferred Plan Capital raised by the Company during the year in excess of \$500,000, plus applicable taxes.

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

3. COMMITMENTS (Continued...)

- ii) The Company has entered into a lending agreement with SCF to facilitate funding SCF's consumer lending business and for working capital and other general purposes. The loans payable by SCF to the Company will bear interest at a rate of 15% per annum compounded quarterly, repayable on terms as determined by the Company. In addition to the interest payable by SCF to the Company, SCF has agreed to pay a lender fee equivalent to:
 - a) all expenses incurred by the Company in connection with issuing an offering memorandum and related selling commissions
 - b) all current and subsequent expenses in connection with the Company granting loans to SCF
 - c) all expenses in connection with the Target Capital Raise Fee and Target Annual Fee.
 - d) all expenses related to the Company enforcing the granted security interest of SCF after an event of default
- iii) In connection with the Company's proposed securities offering (note 8) the Company has committed to pay selling commissions to agents of; up to six percent of the gross proceeds with respect to the Series A Bonds and selling commissions of up to ten percent of the gross proceeds with respect to the Series B Bonds. The Company may also pay Exempt Market Dealers up to one percent of the gross proceeds realized from the sale of the Bonds as a dealer administration fee.

4. SHARE CAPITAL

Authorized

- | | |
|-----------|--|
| Unlimited | Class A preferred shares, voting, entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall be entitled to one vote per share at all meetings of shareholders. The holders of the shares are not entitled to participate in the profits of the Company and are not entitled to receive any dividends. |
| Unlimited | Class B common shares, non-voting, not entitled to receive notice of, to attend or vote at any meetings of shareholders of the Company. The holders of the shares shall be entitled to receive dividends at the discretion of the directors in the amount per share as determined by the directors at the time of declaration of any such dividend. No dividend may be declared or paid on the shares if payment of the dividend would cause the realizable value of the Company's assets to be less than the aggregate of its liabilities and the amount required to redeem any bonds issued by the Company then outstanding having attached thereto a right of redemption or retraction. |

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

4. SHARE CAPITAL (Continued...)

Share capital

Issued

10,000	Class A preferred shares	\$	100
10,000	Class B common shares		<u>100</u>
		\$	<u>200</u>

The Company issued 10,000 Class A preferred shares for gross proceeds of \$100 and 10,000 Class B common shares for gross proceeds of \$100.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Company's statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company's management determined that cash amounting to \$200 is the only financial asset carried at fair value and is classified as Level 1.

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Risk Management

The Company's financial instruments consist of cash. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market, credit, interest, currency and liquidity risks arising from these financial instruments except as noted below. The fair value of these financial instruments approximates their carrying value unless otherwise noted.

i) **Market price risk**

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is not currently exposed to market price risk.

ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Presently, the Company is not subject to significant credit risk.

iii) **Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at March 26, 2019, the amount of \$200 was held in deposits with financial institutions.

iv) **Currency risk**

Currency risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates.

Presently, the Company is not exposed to currency risk as all financial instruments are denominated in Canadian Dollars.

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued...)

Risk Management (Continued...)

v) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

6. CAPITAL MANAGEMENT

The capital of the Company consists of shareholders' equity. The Company's objectives when managing its capital are to create growth in shareholders' equity, to safeguard the Company's ability to continue its operations as a going concern, to allow the Company to respond to changes in economic and/or marketplace conditions and to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

To reach its objectives, the Company will balance its overall capital structure through the issuance of debt and share capital, the payment of dividends and by undertaking other activities as deemed appropriate under specific circumstances.

The Company is not subject to any externally imposed capital requirements. The Company expects that its current capital resources will be sufficient to discharge its liabilities and continue its operations as at March 26, 2019.

7. KEY MANAGEMENT COMPENSATION

Total compensation, including benefits to employees with responsibilities for strategic planning, oversight and control of the Company's operations amounted to \$Nil. No indirect compensation was incurred by the Company during the period.

LIMESTONE LOAN CAPITAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 26, 2019

8. SUBSEQUENT EVENT

Subsequent to March 26, 2019, the Company will commence offering debt securities, offering \$100 bonds with minimum subscription amount of \$25,000, with a maximum aggregate raise of \$10,000,000 unsecured bonds, raised in the following series:

- a) Series A Bonds consisting of: unsecured, three-year term, with nine percent interest per annum payable quarterly
- b) Series B Bonds consisting of: unsecured, five-year term, with twelve percent interest per annum payable quarterly

ITEM 13 - DATE AND CERTIFICATE

Dated: June 14, 2019

This Offering Memorandum does not contain a misrepresentation.

ON BEHALF OF THE DIRECTORS, OFFICERS AND PROMOTERS OF LIMESTONE LOAN CAPITAL CORPORATION.

signed "JEREMY WILSON"

JEREMY WILSON - Director

signed "GLEN MAZUR"

GLEN MAZUR – Director