

## 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: March 15, 2017  
 The Issuer: Arizona 88 Opportunity Fund Ltd. (the “Corporation”)  
 Address: 201 – 197 Forester Street  
 North Vancouver, BC V7N 0A6  
 Phone #: (604) 260-4789  
 Fax #: (604) 260-4660  
 Email: ir@westernwealthcapital.com

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

### The Offering

<b>Securities Offered:</b>	6% Unsecured Participating Bonds (referred to herein as the “Series A Bonds”) (the “Bonds”). All Bonds are for a 10 year term and redeemable and retractable under certain conditions. <b>See Item 5.1: Terms of Securities.</b>
<b>Price Per Security:</b>	\$100 per Bond
<b>Min. Offering:</b>	<b>There is no minimum. You may be the only purchaser.</b>
<b>Max. Offering:</b>	\$4,000,000 (40,000 Bonds). <b>Funds available may not be sufficient to accomplish our proposed objectives.</b>
<b>Min. Subscription:</b>	\$10,000 (100 Bonds)
<b>Payment Terms:</b>	Payment in full of the subscription price is to be made by solicitor's trust cheque, RRSP or RRIF Trustee cheque, TFSA Trustee cheque, certified cheque, bank draft, money order or wire transfer payable to the Corporation, with the delivery of a duly executed and completed Subscription Agreement. <b>See Item 5.2: Subscription Procedure.</b>
<b>Proposed Closing Date(s):</b>	The Bonds will be offered on a continuous basis, with closings to take place periodically at the Corporation’s discretion
<b>Income Tax Consequences:</b>	There are important tax consequences to these securities. <b>See Item 6: Income Tax Consequences and Deferred Plan Eligibility.</b>
<b>Selling Agents:</b>	The Corporation does not intend to pay any commissions to selling agents in connection with the sale of Bonds under this Offering.
<b>Resale Restrictions:</b>	You will be restricted from selling your securities for an indefinite period. <b>See Item 10: Resale Restrictions.</b>
<b>Purchasers’ Rights:</b>	You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. <b>See Item 11: Purchasers’ Rights.</b>

**ARIZONA 88 OPPORTUNITY FUND LTD. – Please initial below and submit this page with your subscription agreement**

\_\_\_\_\_  
**Investors Initials**

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Reporting Issuer? No.

SEDAR filer? No.

### The Offering

<b>Securities Offered:</b>	6% Unsecured Participating Bonds (referred to herein as the “Series A Bonds”) (the “Bonds”). All Bonds are for a 10 year term and redeemable and retractable under certain conditions. <b>See Item 5.1: Terms of Securities.</b>
<b>Price Per Security:</b>	\$100 per Bond
<b>Min. Offering:</b>	<b>There is no minimum. You may be the only purchaser.</b>
<b>Max. Offering:</b>	\$4,000,000 (40,000 Bonds). <b>Funds available may not be sufficient to accomplish our proposed objectives.</b>
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**INVESTOR COPY – Please retain this complete copy of the Offering Memorandum for your records.**

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## **Note Regarding Forward-Looking Statements**

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Corporation's future performance or the performance of the Partnerships. 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.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Offering Memorandum from documents which have been or will be filed, concurrent with this Offering Memorandum, with securities regulatory authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Quebec and Ontario. Copies of documents incorporated herein by reference may be obtained upon request without charge from the Corporation. These documents include the following:

- Presentation entitled “Arizona 88 Opportunity Fund Ltd”, dated March 15, 2017
- Brochure entitled “Arizona 88 Opportunity Fund Ltd”
- Document entitled “Investing in the Arizona 88 Opportunity Fund Frequently Asked Questions”, dated March 15, 2017

The foregoing documents are not incorporated by reference or deemed to be incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Offering Memorandum or in any other subsequently filed document that is incorporated by reference or deemed to be incorporated by reference in this Offering Memorandum. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made constituted a misrepresentation or untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances that they were made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Offering Memorandum.

Any documents of the type required under National Instrument 45-106 *Prospectus Exemptions* to be incorporated by reference in an offering memorandum filed by the Corporation with the securities commissions or similar regulatory authorities in Canada subsequent to the date of this Offering Memorandum and prior to the termination of the Offering are deemed to be incorporated by reference in this Offering Memorandum.

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

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

**“Bondholder”** means a holder of Bonds.

**“Bondholders Agreement”** means the Bondholders Agreement bearing the formal date of November 27, 2014, between the Corporation and the Subscribers who from time to time subscribe for Bonds and agree to be bound as a “Bondholder” under the Bondholders Agreement by executing a Subscription Agreement. A copy of the Bondholders Agreement is attached hereto as Schedule B.

**“Bonds”** means the Series A Bonds.

**“CRA”** means the Canada Revenue Agency.

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

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

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

**“Extraordinary Resolution”** means, in respect of a Bondholders Agreement, a resolution passed at a duly convened meeting of the Bondholders under such agreement, at which the holders of at least 50% in principal amount of the Bonds then outstanding thereunder are present in person or by proxy and passed by the favourable votes of the holders of not less than 2/3 of the principal amount of such Bonds, represented at the meeting and voted on a poll upon such resolution. An “Extraordinary Resolution” in respect of a Bondholders Agreement also includes an instrument in writing signed in one or more counterparts by the holders of at least 2/3 of the principal amount of all the Bonds outstanding under that agreement.

**“General Partner”** means a general partner of a Partnership.

**“GFCM”** means Ground Floor Capital Management Ltd., a corporation incorporated under the laws of British Columbia.

**“Investment Guidelines”** means the investment guidelines set out in **Item 2.2(3) : Investment Guidelines**.

**“Limited Partner”** means a limited partner of a Partnership.

**“LP Unit”** means the interest of a Limited Partner in a Partnership consisting of the rights granted under the Partnership Agreement governing that Partnership.

**“Management Fee”** means a fee payable by the Corporation to GFCM, or its designate, for management services to be rendered to the Corporation by GFCM as follows (in each case, plus applicable taxes): (i) an initial fee payable on the first closing of the sale of Bonds, in an amount equal to one (1.0%) percent of the cash proceeds received by the Corporation in connection with the closing of the sale of Bonds, and (ii) thereafter, an annual fee payable on December 31 of each calendar year, in an amount equal to one (1.0%) percent of the cash proceeds received by the Corporation in connection with the sale of Bonds during that calendar year which has just ended.

**“Management Services Agreement”** means the Management Services Agreement dated as of October 21, 2014 between the Corporation and GFCM.

**“Maximum Offering”** means the maximum amount to be raised by the Offering, as set out on the cover page hereto.

**“Minimum Offering”** means the minimum amount to be raised by the Offering, as set out on the cover page hereto.

**“Mortgage Loans”** means short-term mortgages, mortgage bonds, secured notes or secured debentures (including participating or convertible).

**“NI 45-106”** means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators, as amended.

**“Offering”** means the offering of Bonds pursuant to this Offering Memorandum.

**“Offering Memorandum”** means this offering memorandum and the documents incorporated by reference herein, each as amended or supplemented from time to time.

**“Operating Policies”** means the operating policies set out in Item 2.2(4) : Operating Policies.

**“Participating Interest”** means an amount from the net profits of the Corporation that the directors determine will be paid to the Bondholders, at such time and in such amounts as the directors of the Corporation in their absolute discretion see fit. See **Item 5.1: Terms of Securities**.

**“Partnership Agreement”** means a limited partnership agreement pursuant to which a Partnership is formed.

**“Partnership”** means a limited partnership in which the Corporation acquires LP Units.

**“Properties”** means multi-unit residential properties, such as townhomes, apartments or duplexes, located in the states of Arizona and Nevada.

**“Reference Date”** means March 15, 2017.

**“Related Person”** means, in respect of the Corporation, (a) David Steele, Janet LePage or any other director, officer, promoter or control person of the Corporation or a General Partner, or (b) a company, partnership or other legal entity controlled by one or more individuals referred to in (a).

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

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



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

“**Regulations**” means the Tax Act regulations.

“**Series A Bonds**” means the 6% unsecured participating bonds of the Corporation having the terms and conditions described in **Item 5.1: Terms of Securities**.

“**Subscriber**” means a person who subscribe for Bonds pursuant to this Offering.

“**Subscription Agreement**” means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Bonds by a Subscriber under this Offering. The form of Subscription Agreement with respect to this Offering is attached hereto as Schedule A.

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

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

“**Target Agreement**” means Target’s agreement with the Corporation dated October 22, 2014 the terms of which are referred to in **Item 2.2: Target Capital Inc.** and **Item 2.8(2): Agreement with Target Capital Inc.**

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

“**WWCM**” means Western Wealth Capital Management Ltd., a corporation incorporated under the laws of British Columbia.

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

## Item 1: USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this Offering	\$0	\$4,000,000
B	Selling commissions and fees <sup>(1)</sup>	\$0	\$0
C	Estimated Offering costs <sup>(2)</sup>	\$0	\$76,000
D	Capital Raising Fee <sup>(3)</sup>	\$0	\$60,375
E	Available Funds: E = A – (B + C + D)	\$0	\$3,863,625
F	Additional sources of funding required <sup>(4)</sup>	Nil	Nil
G	Working Capital Deficiency	\$0 <sup>(5)</sup>	\$0 <sup>(5)</sup>
H	Total: H = (E + F) – G	\$0	\$3,863,625

(1) The Corporation does not intend to pay any commissions to selling agents in connection with the sale of Bonds under this Offering.

(2) Offering costs include legal, accounting, auditing, marketing, due diligence expenses and annual fees to Target and GFCM (see the following note (3)).

(3) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Capital Raising Fee. The Corporation is also obligated to pay an Annual Fee. See Item 2.8(2): Agreement with Target Capital Inc.. Pursuant to the terms of the Management Services Agreement dated as of October 21, 2014 between the Corporation and GFCM, the Corporation is obligated to pay GFCM the Management Fee.

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

(5) As of March 15, 2017, the Corporation does not have a working capital deficiency.

### 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds of this Offering.

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
The available funds of this Offering will be used to invest in a diversified portfolio of Properties through LP Units in accordance with the Investment Guidelines. See Item 2.2: Our Business.	\$0	\$3,863,625
Total	\$0	\$3,863,625

### 1.3 Reallocation

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

## **Item 2: BUSINESS OF THE CORPORATION**

### **2.1 Structure**

The Corporation is a corporation incorporated under the BCA pursuant to a Certificate of Incorporation dated October 21, 2014. The Corporation's head and registered office is located at 205-930 Harbourside Drive, North Vancouver, BC V7P 3S7. The Corporation is controlled by Target. Please see [www.sedar.com](http://www.sedar.com) for further information with respect to Target.

#### **(1) Target Capital Inc.— Voting Control**

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

Target's control and interest in the Corporation is to earn Annual Fees and Capital Raising Fees and not to participate in the profits of the Corporation pursuant to the Target Agreement. **See Item 2.8(2): Agreement with Target Capital Inc.**

Specifically:

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

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

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

#### **(2) Release of Target Capital Inc.**

As a term of this Offering, Subscribers are required to grant Target a specific release in the form attached as Exhibit 5 to the Subscription Agreement (the "Target Release"). Pursuant to the terms of the Target Release, the Subscriber will acknowledge that:

- (a) Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Further, the Subscriber acknowledges that

Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;

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

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

## **2.2 Our Business**

The business objectives of the Corporation are to provide Bondholders with a return in the form of fixed interest and, if applicable, Participating Interest, that is eligible for Deferred Plans (see **Item 6: Income Tax Consequences and Deferred Plan Eligibility**), from investments in a diversified portfolio of Properties.

### **(1) The Corporation's Investments**

The Corporation invests primarily in multi-unit residential properties, such as townhomes, apartments or duplexes, located in the states of Arizona and Nevada (the "**Properties**"). The investments may be in the form of:

- (a) a direct acquisition of Properties by the Corporation;
- (b) an acquisition of LP Units of Partnerships, who invest in Properties; or
- (c) providing Mortgage Loans to buyers of Properties; or
- (d) such other form of investment in relation to Properties as are consistent with the Investment Guidelines.

All investments of the Corporation are subject to the Investment Guidelines. See "Investment Guidelines", below.

The Corporation's investments will be denominated primarily in U.S. dollars. This exposes the Corporation to foreign exchange risk. See **Item 8: Risk Factors**.

The Corporation has invested in Western Wealth Capital VI Limited Partnership ("WWC VI LP"), which holds an interest in a 204-unit apartment complex in Phoenix, Arizona known as "Brookside." Brookside is a two-story apartment community built in 1984, featuring a unit mix of approximately 9% studios, 45% one-bedroom, and 46% two-bedroom units. The building is located near a major thoroughfare which forms the boundary between Phoenix and Glendale, in a neighbourhood comprised of a mixture of single-family homes, multifamily projects, and commercial/industry developments, with 14 schools within a 2 mile radius, including Grand Canyon University. The business plan of Western Wealth Capital VI Limited Partnership is to increase Brookside's net operating income over a five year period by (1) adding washers and dryers to the suites to increase rental rates, (2) investing in improvements to Brookside's external appearance, and (3) adopting a refined marketing plan to better exploit Brookside's marketing visibility.

Brookside is managed by Consolidated Asset Management, and the General Partner of Western Wealth Capital VI Limited Partnership is WWCM.

As at the Reference Date, the Corporation holds 231,917.22 LP Units of Western Wealth Capital VI Limited Partnership. Each such LP Unit is entitled to one vote, to receive allocations of income or loss, distributions, and any other return of capital on a pro rata basis. After the repayment of all current obligations (including fees payable to the general partner), available proceeds from refinancing or sale will be distributed to each holder of such LP Units on a pro rata basis until each limited partner has received a return of investment, and thereafter shared on a 65%/35% basis with the general partner respectively. A 1% acquisition fee, 3% asset management fee, \$8,500 asset setup fee, 1% mortgage guarantee fee, and a 5% disposition fee is payable to WWCM. Unaudited financial statements for Western Wealth Capital VI Limited Partnership to December 31, 2016 are available in Schedule C-1.

The Corporation has invested in Western Wealth Capital X Limited Partnership ("WWC X LP"), which holds an interest in Oakridge Apartments, a 282-unit, gated community located in the northwest submarket of Phoenix, Arizona. Oakridge Apartments is a two-story, garden-style community that has six floor plans with a unit mix of 30 studio units at 405 square feet, 58 one-bedroom/one-bathroom units at 625 square feet, 114 one-bedroom/one-bathroom units at 640 square feet, 24 two-bedroom/one-bathroom units at 850 square feet, and 56 two-bedroom/two-bathroom units at 900 square feet. Residents at Oakridge Apartments enjoy an amenity package including electric kitchens, dishwashers, garbage disposals, frost-free refrigerators, cable ready, mini and vertical blinds, private patios/balconies, extra storage, and walk-in closets in select units. Community amenities include, two sparkling swimming pools and oversize spa, clubhouse with kitchen/wetbar, business center, covered parking, three gas barbecue grills and two laundry facilities. The business plan of Western Wealth Capital X Limited Partnership is to increase Oakridge's net operating income over a five year period by (1) adding washers and dryers to the suites to increase rental rates, (2) investing in improvements to Oakridge's external appearance, and (3) adopting a refined marketing plan to better exploit Oakridge's marketing visibility. Oakridge is managed by Consolidated Asset Management, and the General Partner of Western Wealth Capital X Limited Partnership is WWCM. Unaudited financial statements for Western Wealth Capital X Limited Partnership to December 31, 2016 are available in Schedule C-2.

As at the Reference Date, the Corporation holds 155,000 LP Units of Western Wealth Capital X Limited Partnership. Each such LP Unit is entitled to one vote, to receive allocations of income or loss, distributions, and any other return of capital on a pro rata basis. After the repayment of all current obligations (including fees payable to the general partner), available proceeds from refinancing or sale will be distributed to each holder of such LP Units on a pro rata basis until each limited partner has received a return of investment, a preferred return of 8% on LP Units and thereafter shared on a 60%/40% basis with the general partner respectively. A 1% acquisition fee and a 1.5% asset management fee is payable to WWCM.

The Corporation has invested in Western Wealth Capital XVIII Limited Partnership ("WWC XVIII"), which holds an interest in Las Vistas at Papago Park Apartments, a 200-unit, multifamily community located in the Camelback East Village of Phoenix, Arizona. Las Vistas at Papago Park Apartments is a two-story community that has an evenly balanced mix of one- and two-bedroom floor plans. Residents at Las Vistas at Papago Park Apartments enjoy an amenity package including well-appointed electric kitchens with separate dining room and ceiling fan, wood-inspired flooring in downstairs units and in the wet areas of upstairs units, expansive walk-in closets, and accent walls. Select units (15) also feature new cabinets and countertops in the kitchen and bathrooms, upgraded kitchen light and ceiling fan with light kit, six-panel doors, and stylish nickel accents and fixtures. Community amenities consist of two swimming pools and accompanying sun deck, on-site laundry facilities (2), complimentary DVD library, high-speed internet accessibility, and available covered parking (60). The business plan of Western Wealth Capital XVIII Limited Partnership is to increase Las Vistas at Papago Park's net operating income over a five year period by (1) adding washers and dryers to the suites to increase rental rates, (2) investing in interior improvements to 19 of Las Vistas at Papago Park's residential units to increase rental

rates, and (3) managing the rent roll to bring lease rates up to current market levels. Las Vistas at Papago Park is managed by Consolidated Asset Management, and the General Partner of Western Wealth Capital XVIII Limited Partnership is WWCM.

As at the Reference Date, the Corporation holds 110,000 LP Units of Western Wealth Capital XVIII Limited Partnership. Each such LP Unit is entitled to one vote, to receive allocations of income or loss, distributions, and any other return of capital on a pro rata basis. After the repayment of all current obligations (including fees payable to the general partner), available proceeds from refinancing or sale will be distributed to each holder of such LP Units on a pro rata basis until each limited partner has received a return of investment, a preferred return of 8% on LP Units and thereafter shared on a 60%/40% basis with the general partner respectively. A 1% acquisition fee and a 1.5% asset management fee is payable to WWCM. Unaudited financial statements for Western Wealth Capital XVIII Limited Partnership to December 31, 2016 are available in Schedule C-3.

The Corporation has invested in Western Wealth Capital XX Limited Partnership ("WWC XX LP"), which holds an interest in Arcadia Walk Apartments, a 148-unit, multifamily community located in the Arcadia neighborhood of Phoenix, Arizona. Arcadia Walk Apartments is a two-story, garden-style community that is comprised of 2% studio, 76% one-bedroom and 22% two-bedroom apartment homes. Residents at Arcadia Walk Apartments enjoy an amenity package including ceiling fans, vertical blinds and selected units include a private balcony / patio space and wood-look floors. All units include well-equipped kitchens including pantry storage space and dishwashers and the bedrooms feature spacious walk-in closets. Community amenities include a swimming pool, barbecue and picnic area, copy and fax center, laundry facility and available covered parking (38). The property is within walking distance to numerous shops and restaurants. The business plan of Western Wealth Capital XX Limited Partnership is to increase Arcadia Walk's net operating income over a five-year period by (1) adding washers and dryers to the all 148 suites to increase rental rates, (2) investing in interior improvements to 96 of Arcadia Walk's residential units to increase rental rates, and (3) managing the rent roll to bring lease rates up to current market levels. Arcadia Walk is managed by Shelton-Cook Real Estate Services, and the General Partner of Western Wealth Capital XX Limited Partnership is WWCM.

As at the Reference Date, the Corporation holds 132,500 LP Units of Western Wealth Capital XX Limited Partnership. Each such LP Unit is entitled to one vote, to receive allocations of income or loss, distributions, and any other return of capital on a pro rata basis. After the repayment of all current obligations (including fees payable to the general partner), available proceeds from refinancing or sale will be distributed to each holder of such LP Units on a pro rata basis until each limited partner has received a return of investment, and thereafter shared on a 65%/35% basis with the general partner respectively. A 1% acquisition fee, 3% asset management fee, \$8,500 asset setup fee, 1% mortgage guarantee fee, and a 5% disposition fee is payable to WWCM. Unaudited financial statements for Western Wealth Capital XX Limited Partnership to December 31, 2016 are available in Schedule C-4.

The Corporation will include information in regard to its investments in future updates to this Offering Memorandum, if any. Information on the Properties in which the Corporation invests will also be made available to Subscribers on request. Subscribers may obtain a copy of such information by contacting the Corporation at the address set out on the first page of this Offering Memorandum.

## **(2) Management of the Corporation**

David Steele, the sole director of the Corporation, is responsible for the general control and direction of the Corporation. The day-to-day management of the Corporation is carried out by GFCM pursuant to the Management Services Agreement. See **Item 2.7(2) : The Management Services Agreement**. GFCM is a shareholder of the Corporation and is wholly-owned and controlled by David Steele.

GFCM will, pursuant to the Management Services Agreement, advise the Corporation in respect of its investment of available funds from the Offering, including in identifying and evaluating potential investments for the Corporation in accordance with the Investment Guidelines and Operating Policies and conducting appropriate due diligence, where required. All final investment decisions will be made by the Corporation's director, David Steele, without notice to or approval from any Bondholder of the Corporation, but in accordance with the Investment Guidelines and Operating Policies.

Where the Corporation invests in LP Units of a Partnership, the Corporation will ensure that the Partnership complies with the Investment Guidelines and the Operating Policies. It is intended that David Steele and Janet LePage will be responsible for forming the Partnerships and managing the Partnerships through their ownership and control of the General Partners. It is anticipated that one of the General Partners will be Western Wealth Capital Management Ltd., a corporation incorporated under the laws of British Columbia (WWCM) that is owned by each of David Steele and Janet LePage as to 50%. David Steele is the President and Director of the Corporation and a Director of WWCM and Janet LePage is the President and a Director of WWCM. However, there may be instances in which the Corporation may invest in LP Units of a Partnership of which neither David Steele nor Janet LePage own or control the respective General Partner. In such event, the Corporation will maintain an ability to control or direct the activities of the Partnership and ensure compliance with the Investment Guidelines and Operating Policies through contract or otherwise.

### **(3) Investment Guidelines**

The Corporation will invest the funds available from the Offering only in accordance with the following investment guidelines:

- (a) The Corporation will focus its investment activities primarily on the acquisition, holding, maintaining, improving, leasing, managing or disposing of Properties and conducting other business which is ancillary or incidental thereto, and deriving income therefrom with a view to making a profit ("**Focus Activities**").
- (b) Investments may be made by way of acquiring LP Units of a Partnership, provided that the following conditions are met:
  - (i) the business of the Partnership is restricted to Focus Activities;
  - (ii) the Partnership is formed under the laws of a province of Canada or a state of the United States;
  - (iii) the General Partner may be a Related Person of the Corporation, such as WWCM;
  - (iv) the Corporation has the ability to control or direct the activities of the Partnership and ensure compliance by the Partnership with the Investment Guidelines and the Operating Policies, through common control, contract or otherwise;
  - (v) the Partnership Agreement may provide that the General Partner is entitled to receive certain fees and other compensation (excluding distributions, which are subject to paragraph (vii), below) in connection with its activities as General Partner;
  - (vi) the Partnership Agreement may provide the General Partner with a right to receive distributions from the Partnership;
  - (vii) the Partnership Agreement may provide that fees or commissions may be paid by the Partnership for the solicitation or sale of LP Units, by individuals or companies, including parties not at arm's length to the General Partner, in an amount equal to up to 5% of the funds raised by such individuals or companies.

- (c) Investment may be made in short-term mortgages, mortgage bonds, secured notes or secured debentures including participating or convertible Mortgage Loans;
- (d) Further, the Corporation may acquire Properties from Related Persons, provided that the purchase price of such properties shall be equal to or less than:
  - (i) the average of the value established by a certified appraisal obtained from an independent appraiser with respect to the Property in question; and
  - (ii) a valuation obtained from an independent realtor with respect to the Property or the most recent tax assessment with respect to the Property received from the municipality in which the Property is located.
- (e) The Corporation may also engage in any other business or activity incidental, ancillary or related to the foregoing primary activities, excepting that the Corporation will refrain from engaging in any business or activities that would cause the Corporation to be deemed a "non-redeemable investment fund" under applicable securities laws.

#### **(4) Operating Policies**

The operations and affairs of the Corporation (and of each subsidiary of the Corporation and each Partnership, where an investment is made in LP Units) will be conducted in accordance with the following operating policies. References to the Corporation in the following paragraphs shall be read as applying to each Partnership or subsidiary where the actual activity that is the subject of the policy is carried on by such Partnership or subsidiary, as the case may be.

- (a) *Length of Time for Holding Properties.* The Corporation will acquire and hold a Property for as long as it determines that the relevant market and investment fundamentals allow for appropriate returns to be generated from the Property.
- (b) *Investment Objectives.* By combining a service-oriented focus with acquiring undervalued assets, the Corporation intends to increase both cash flow and asset values of the Properties, thereby providing an increasing rate of return to Bondholders through fixed interest and Participating Interest, if applicable. Toward these ends the Corporation intends where applicable:
  - (i) to improve the overall value of the Corporation by developing, acquiring and holding revenue producing Properties that add value to the overall portfolio of all Properties held by the Corporation;
  - (ii) to operate and maintain the Properties with the intention of creating profitability on a sustainable basis;
  - (iii) to engage in activities to increase the value and returns of the Properties;
  - (iv) to reinvest operating profits and the proceeds of any refinancing of the Properties acquired by the Partnerships in the furtherance of the business objectives of the Partnerships;
  - (v) to invest in Properties which have the likely probability of long-term capital appreciation;
  - (vi) to preserve the value of the Properties and the Corporation;



- (vii) to improve the overall value of the Corporation through the effective management of the Corporation's business and finances and value-added improvements to the Properties;
  - (viii) to maintain a private structure that is not subject to the volatility of the public equity and debt markets; and
  - (ix) to maintain a cost structure aligned with the interests of investors.
- (c) *Financing.* The Corporation may seek third party financing in respect of a part of the purchase price and the operating cost of its Properties, and may refinance any acquisition financing where more favourable financing becomes available from third party lenders such as banks, trust companies, mortgage syndicates or other providers of mortgage funding. The Corporation expects that a mortgage loan charging a Property will typically not be more than 80% of the appraised value of the Property, although occasionally higher leverage may be obtained from the seller by way of "vendor take-back" financing. Additional funds may be required for the property management reserve account which may be required by the applicable lenders.
- (d) *Due Diligence.* When the Corporation identifies an investment that is worth considering, then a strict due diligence process is followed. The Corporation may obtain independent property, environmental and structural reports even if not required by lenders. The following are some of the material considerations that the Corporation will examine as part of its due diligence process with respect to a proposed acquisition of a Property:
- (i) Appraisal: What is the Property worth and how was it appraised (Direct comparison, Income or Cost Approach)?
  - (ii) Zoning: (1) What is the Property being used for today? (2) Is it the best use? (3) Are there limitations against future improvements/additions to the Property?
  - (iii) Financing: (1) How is this Property going to be purchased? (3) How will lenders view this purchase?
  - (iv) Environmental Report: (1) Are there any current environmental concerns? (2) What is the environmental history of the Property?
  - (v) Engineering Report: (1) What is the condition of the existing building or buildings located on the Property? (2) What is the condition of the structural integrity of any buildings?
  - (vi) Site Survey Real Property Report: Are there any registered easements or other documents which affect the use of the Property?
  - (vii) Macroeconomics: Refer to high level economic fundamentals that speak to the future viability to a neighborhood, city or province. These are broad economic indicators that help the General Partner identify areas of interest based.
  - (viii) Net Migration: (1) What are the population trends in the area? (2) Are there more people arriving or departing? The Corporation believes that (i) thriving areas tend to see population increases over the long term, and (ii) an increase is generally a positive indicator for real estate values as more people arrive and the supply of available residential and commercial properties tightens.

- (ix) Industry: (1) What are the major industries in the area? (2) Who are the major employers and how much of the job market do they represent? (3) What are the future prospects for current major employers? (4) What other businesses are locating/relocating in the area?
  - (x) Transportation: (1) How accessible is the area? (2) Are there any infrastructure expansion plans pending?
  - (xi) Government: (1) How accommodating are the local authorities to new businesses being established? (2) Are there any local regulations, permit or authorization requirements that may constitute an impediment to do business in the area? (3) How do taxes for businesses compare to other areas?
- (e) *Monitoring.* It is expected that the Properties will be monitored by the Corporation on a continuous basis to gauge the effectiveness of the management process on cash flows and tenant satisfaction. Through analysis of market rental rates, the Corporation will determine where capital expenditures will permit the largest increase in rents and when a Property's rate of return has been maximized. The Corporation may in its discretion decide to sell a particular Property and reinvest capital into opportunities that will provide superior returns.
- (f) *Dispositions.* The Corporation may sell a Property when it determines that the associated capital can be more efficiently deployed. This is an ongoing monitoring process, where economic, political and demographic trends are taken into account. The Corporation may, at its discretion and without notice to the Bondholders, reallocate the Corporation's assets to Properties as determined by the Corporation in its discretion.
- (g) *Sales to Related Persons.* The Corporation may also sell its Properties to Related Persons at a price equal to the average of the value established by a certified appraisal obtained from an independent appraiser with respect to the Property in question and a single market valuation obtained from an independent realtor with respect to the Property.
- (h) *Compliance with laws.* The Corporation will comply with all laws which govern its activities, including but not limited to registering as a mortgage broker if required by applicable legislation in connection with its lending activities.

## **(5) Related Persons**

David Steele is the sole officer and director of GFCM, a 40% shareholder and manager of the operations of the Corporation. GFCM is entitled to be paid the Management Fee by the Corporation pursuant to the Management Services Agreement.

David Steele or Janet LePage may, directly or indirectly own LP Units and, as a result, control the Partnerships. David Steele, the President and Director of the Corporation, and Janet LePage, a promoter of the Corporation, are also Directors and 50% shareholders of WWCM and may also be an officer, director and shareholder of other General Partners.

A General Partner will be entitled to receive certain fees under the Partnership Agreement as well as distributions of net profits, in accordance with the Investment Guidelines. See "Investment Guidelines", above.

## **(6) Offering Structure**

The purpose of this Offering is to allow Subscribers to participate, indirectly through acquiring Bonds in the Corporation, in an investment in Properties. See **Item 5.1: Terms of Securities** for information regarding the terms and conditions of the Bonds.

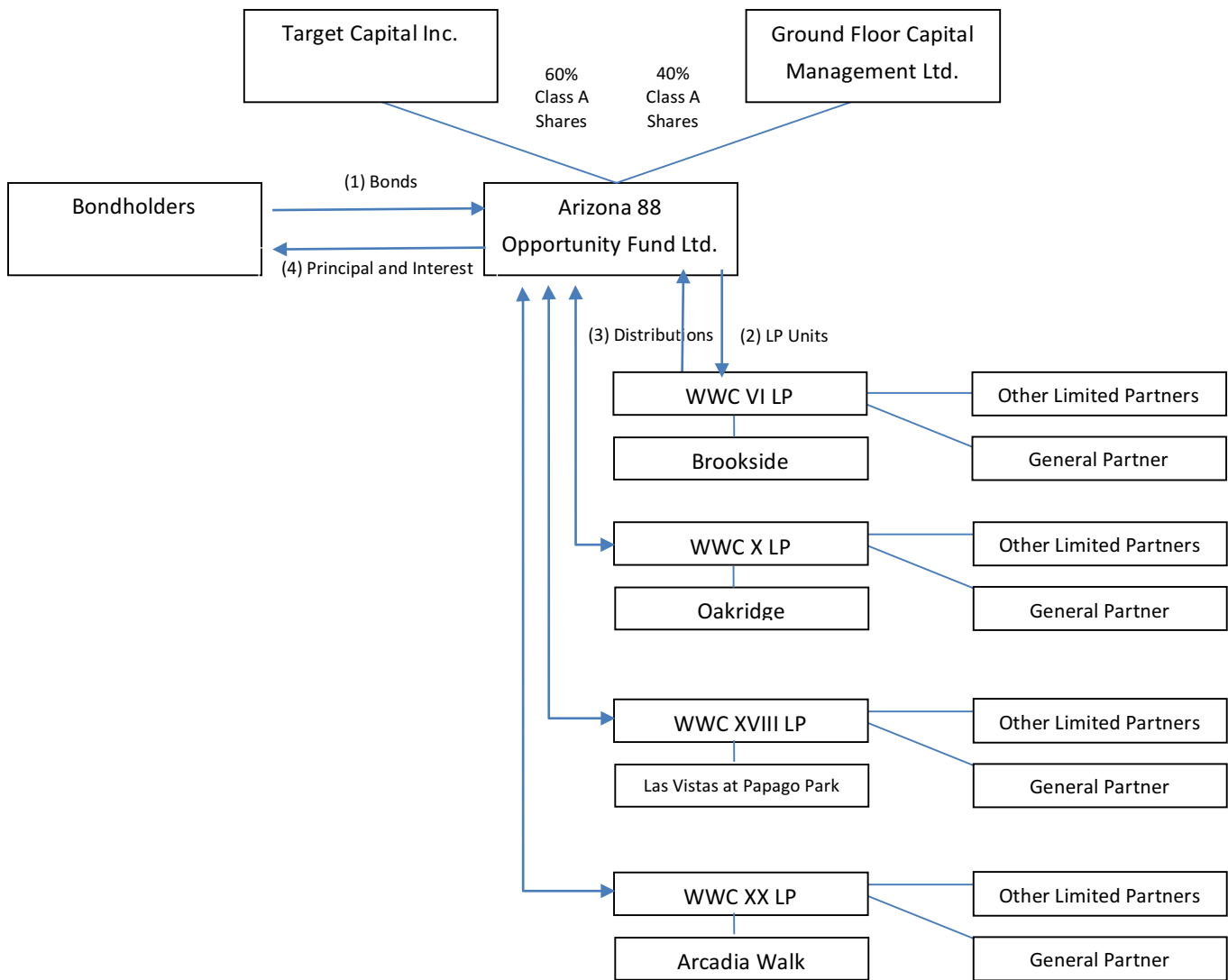
Funds from Deferred Plans may be used to purchase Bonds pursuant to this Offering based on the comments of Grant Thornton LLP. See **Item 6: Income Tax Consequences and Deferred Plan Eligibility**.

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

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

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

The following chart sets out the structure of the Offering, assuming that an investment is made in LP Units. Bondholders should note that the Investment Guidelines do not restrict the Partnerships from soliciting investment from parties wishing to become Limited Partners in addition to the Corporation. As a result, the Corporation may hold less than a majority of the LP Units in a Partnership, though the Corporation will have the ability to control or direct the activities of such Partnership and ensure compliance by the Partnership with the Investment Guidelines and the operating Policies, through common control, contract or otherwise. The Corporation may, in accordance with the Investment Guidelines, choose to invest in a multiple number of Partnerships or other types of investments using the available funds of this Offering.



(1) Subscribers purchase Bonds.

(2) The Corporation uses the proceeds of the Bonds to purchase LP Units. The Corporation may also use the proceeds to invest in Mortgage Loans and make other investments in accordance with the Investment Guidelines.

(3) The Partnerships make distributions of distributable cash to the Corporation as a Limited Partner.

(4) The Corporation uses the proceeds of the distributions from the Partnerships to pay principal and interest on the Bonds when due. The Corporation may also use other sources of funds (such as funds from Mortgage Loans) to pay principal and interest on the Bonds. The Corporation has full discretion as to how it will fund payments of principal and interest on the Bonds.

### 2.3 Development of Business of the Corporation

The Corporation was established for the purposes of carrying out the Offering. Since the date of its incorporation to the Reference Date, the Corporation has acquired LP Units in Western Wealth Capital VI Limited Partnership, Western Wealth Capital X Limited Partnership, Western Wealth Capital XVIII Limited Partnership, and Western Wealth Capital XX Limited Partnership. See Item 2.2 "Our Business" for further discussion.

### 2.4 Long Term Objectives of the Corporation

The Corporation's long-term goal is to increase both cash flow and asset values of the Properties, thereby providing an increasing rate of return to Bondholders through fixed interest and Participating Interest, if applicable. As the Corporation identifies new specific investments on an ongoing basis, the costs to complete its long term objectives are not currently ascertainable. However, as the Corporation is investing in Properties, it does not expect that the ancillary costs (e.g. legal, accounting or administrative) will be material.

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

The following table discloses the Corporation's objectives for the next 12 months and how the Corporation intends to meet those objectives.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Complete the closings of investments to permit the Partnerships to invest as set out in this Offering Memorandum, in accordance with the Investment Guidelines.	The Corporation intends to invest all funds raised under the Offering in accordance with the Investment Guidelines as promptly as reasonably possible in line with the aforesaid investment objectives.	As the Corporation identifies new specific investments on an ongoing basis, the costs to complete are not currently ascertainable. However, as the Corporation is investing in Limited Partnerships, it does not expect that the ancillary costs (e.g. legal, accounting or administrative) will be material.

## 2.6 Insufficient Funds

The funds available as a result of this Offering may not be sufficient to accomplish all of the Corporation’s proposed objectives and there is no assurance that alternative financing will be available.

## 2.7 Material Agreements

The following are the key terms of all material agreements to which the Corporation is a party. Subscribers may obtain a copy of the agreements described in items (1)—(2), below, by contacting the Corporation at the address set out on the first page of this Offering Memorandum.

### (1) Agreement with Target Capital Inc.

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

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

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

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

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

The Corporation entered into the Target Agreement on October 22, 2014. A summary of some of the material terms of this Agreement are as follows:

**Fees.** The Corporation shall pay to Target:

- (a) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus
- (b) the Capital Raising Fee whenever the Corporation raises Deferred Plan Capital.

Target invoices are issued on a Net 60 basis. Failure to pay within 60 days will result in interest penalties of 2% per month on the outstanding amount and the Corporation being in Material Breach of the Target Agreement. Further, for clarity, the Annual Fee is payable at the beginning of each year in addition to any Capital Raising Fees paid by the Corporation.

**Access to Records.** If requested, the Corporation shall promptly provide Target with copies of all corporate records (including minute books and financial statements), offering document and securities filings with applicable securities commissions in Canada. The Corporation authorizes Target to request and obtain any information relating to the amount of Deferred Plan Capital raised by the Corporation from Deferred Plans with any trustee as the Corporation may determine. Target may use the Consent to Release Information executed by the Corporation pursuant to the terms of the Target Agreement as required during the term of that Agreement.

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

**Offering Document Review.** The Corporation agrees that Target’s approval is required prior to the release of any Offering Documents. Target, or any party of their designation, may charge a review fee of \$2,500 for each Offering Document submitted for review subsequent to the original Offering Documents. Offering Documents subject to review include, but are not limited to, updated or revised Offering Memoranda.

**Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target’s shareholdings in the Corporation, including, without limitation, all legal fees and disbursements on a solicitor and its own client basis and costs and expenses incurred in connection with the enforcement of this indemnity. The indemnity shall survive the expiry or termination of the Target Agreement.

**Term.** The Target Agreement shall be in effect from the date of that Agreement to the date on which Target ceases to be the majority shareholder of the Corporation (holding more than 50% of the voting shares). 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 the Annual Fee and the Capital Raising Fee that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.

**Termination by the Corporation.** Subject to the two year minimum payment obligations set out in sub-paragraph (f) above and the survival of the indemnity set out in sub-paragraph (e) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice (or such shorter notice as may be accepted by Target) along with all such legal documentation as may be required to transfer the Target Shares back to the Corporation.

**Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation along with the original certificate for the Target Shares duly endorsed for transfer by Target to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00 (the receipt of which will also be deemed to have been accepted by Target). Further, in the event of a Material Breach, the Corporation consents to Target returning the Target Shares to the Corporation's treasury (as a gift) and to take all such further actions as may be necessary to cause such Target Shares to be returned to the Corporation.

See **Item 2.2: Target Capital Inc.** 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.

## **(2) The Management Services Agreement**

The Corporation and GFCM have entered into the Management Services Agreement. The following are the key terms of this agreement:

*Title, Date and Parties:* Management Services Agreement dated as of October 21, 2014 between the Corporation and GFCM.

GFCM is a 40% shareholder and manager of the operations of the Corporation. GFCM is wholly-owned and controlled by David Steele. David Steele may, directly or indirectly own LP Units and, as a result, control the Partnerships. David Steele, the President and Director of the Corporation, is also a Director and 50% shareholder of WWCM and may also be an officer, director and shareholder of other General Partners.

*Object of Agreement:* GFCM will provide management services to the Corporation, which will include arranging for the issuance of the Bonds pursuant to the Offering; managing the raising of funds pursuant to the Offering, including the preparation and implementation of all appropriate documentation and compliance with all regulatory requirements; facilitating the Corporation's dealings with investors; advising the Corporation in respect of its investment of available funds from the Offering, including in identifying and evaluating potential investments for the Corporation in accordance with the Corporation's investment guidelines and conducting appropriate due diligence, where required; and assisting the Corporation in negotiating and completing investments using the available funds from the Offering.

*Consideration:* The Corporation will pay to GFCM the Management Fee.

GFCM is also entitled to reimbursement of reasonable out-of-pocket expenses.



*Term and Termination:* The Management Services Agreement is for an indefinite term.

Either party may terminate the Management Services Agreement at any time by giving notice to the other party and the agreement will terminate 30 days after giving such notice.

### (3) Bondholders Agreement

The Bonds are issued pursuant to the Bondholders Agreement For a description of the terms of the Bondholders Agreement, see **Item 5.1: Terms of Securities**. A copy of the Bondholders Agreement is attached hereto as Schedule B.

## 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:

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation or related party since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after the completion of the Maximum Offering
Ground Floor Capital Management Ltd. <sup>(1)</sup> North Vancouver, British Columbia	Shareholder since October 21, 2014	Paid to date: \$35,859.60 Est. 2017: \$7,715.40 Total: \$43,575.00	4,000 Class A Preferred Shares (40%)  1 Class B Common Share
Target Capital Inc. Calgary, Alberta <sup>(2)</sup>	Shareholder since October 22, 2014	Paid to date: \$12,372.15 Est. 2017: \$7,051.28 Total: \$19,423.43	6,000 Class A Preferred Shares (60%)
David Steele North Vancouver, British Columbia	Officer and Director of the Corporation since October 21, 2014	Nil <sup>(3)</sup>	Nil
Janet LePage North Vancouver, British Columbia	N/A	Nil <sup>(3)</sup>	Nil

(1) Mr. Steele is the sole officer, director and shareholder of GFCM. The maximum annual Management Fee that would be payable GFCM assuming completion of the Maximum Offering is \$120,000.

(2) The maximum annual fee payable pursuant to the Target Agreement is \$20,000.

(3) David Steele is a Director of WWCM and may be an officer and director of other General Partners. Janet LePage is the President and a Director of WWCM and may be an officer and director of other General Partners. The General Partners will be entitled to certain fees and distributions, in accordance with the Investment Guidelines. See **Item 2.2(3) : Investment Guidelines**.

### 3.2 Management Experience

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

Name and position	Principal Occupation and Related Experience
David Steele, President and Director of the Corporation and Director of WWCM	Mr. Steele has had an extensive entrepreneurial career in Canada and the United States. From 1997 to 2001, he served as Co-Chief Executive Officer of International Properties Group Ltd (“IPG”). IPG was a public real estate company listed on the Toronto Stock Exchange with offices and properties in Canada and the United States. IPG purchased, financed and sold 68 projects offering over 7,500 condominium properties to homeowners and investors. While at IPG, Mr. Steele developed and maintained a unique wealth management division that sold multi-family real estate to investors. Mr. Steele was also actively involved in the growth of Young Entrepreneurs Organization, which today has over 7,500 members worldwide and he was International President in 1993/94. Mr. Steele graduated in 1981 from the University of Calgary with a Bachelor of Commerce Degree with a Major in Finance. For the past three years Mr. Steele has been the principal of Western Canadian Properties Group Ltd. which has developed or redeveloped several multi-unit residential properties. Mr. Steele has also been principal of GFC Capital 2010A Inc. and GFC Investment 2010A Inc., both of which have raised funds to invest in a limited partnership which shall invest in a U.S. acquisition company which will in turn invest in going public companies in China. Mr. Steele has also been principal of Blue Sky 88 Opportunity Fund Ltd., which has raised funds to invest in limited partners that invest in properties located principally in Western Canada.
Janet LePage, President and Director of WWCM	Janet LePage is an active real estate investor, with a special focus on Phoenix, Arizona. Since 2008, she has acquired and divested a significant portfolio of real estate investments in that state. Janet is a founder of Western Wealth Capital LTD (WWC), a company which provides investment properties in high growth markets in Western North America. WWC is the general partner of a number of limited partnerships that own and operate income-producing real estate and are focused on the acquisition, rehabilitation and management of properties. Janet holds a double major in Computer Science and Business with a Project Management Professional designation. Janet was honoured in 2016 to be named as one of Business in Vancouver’s Forty Under 40 and she was also awarded the Veuve Cliquot Canadian New Generation Award which recognizes young female entrepreneurs in 2016.

### 3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against, (i) a director, executive officer or control person of the Corporation, or (ii) an issuer of which a person referred to in (i) above was a director, executive officer or control person at the time. There is 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, that has been in effect during the last 10 years with regard to any (i) director, executive officer or control person of the Corporation, or (ii) issuer of which a person referred to in (i) above was a director, executive officer or control person at that time.

## Item 4: CAPITAL STRUCTURE

### 4.1 Share Capital

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at Reference Date	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	10,000	10,000	10,000
Class B Common Shares	Unlimited	\$1.00	1	1	1

The Class A Preferred Shares are voting, are not entitled to receive dividends and do not share in the residual value of the Corporation on liquidation.

The Class B Common Shares are non-voting, are entitled to receive dividends and are entitled to share in the residual value of the Corporation on liquidation.

### 4.2 Long Term Debt

The following table describes the outstanding long term debt of the Corporation assuming completion of both the Minimum Offering and the Maximum Offering.

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at the Reference Date (unless otherwise indicated)	Amount outstanding assuming Minimum Offering	Amount outstanding assuming Maximum Offering
The Bonds (unsecured)	See "Interest" under <b>Item 5.1: Terms of Securities.</b>	See "Term of Bonds and Maturity" under <b>Item 5.1: Terms of Securities.</b>	\$1,155,500.00	\$ 0	\$ 4,000,000

Series of Bonds	Date Issued	# of bonds issued	Gross principal amount of bonds issued
A	April 21, 2015	2000	\$200,000.00
A	May 7, 2015	800	\$80,000.00
A	June 5, 2015	106	\$10,600.00
A	June 22, 2015	1600	\$160,000.00
A	August 18, 2015	160	\$16,000.00
A	September 14, 2015	100	\$10,000.00
A	January 21, 2016	726	\$72,600.00
A	January 27, 2016	520	\$52,000.00
A	March 9, 2016	326	\$32,600.00
A	March 29, 2016	500	\$50,000.00
A	June 28, 2016	1250	\$125,000.00
A	July 11, 2016	200	\$20,000.00

Series of Bonds	Date Issued	# of bonds issued	Gross principal amount of bonds issued
A	August 23, 2016	240	\$24,000.00
A	September 1, 2016	953	\$95,300.00
A	December 20, 2016	200	\$20,000.00
A	January 4, 2017	274	\$27,400.00
A	February 21, 2017	100	\$10,000.00
A	March 3, 2017	1000	\$100,000.00
A	March 13, 2017	250	\$25,000.00
A	March 14, 2017	250	\$25,000.00

### 4.3 Prior Sales

The Corporation has not issued any securities within the last 12 months, other than the shares to Target and to GFCM and those listed in Section 4.2. See **Item 3.1: Compensation and Securities Held**.

### Item 5: SECURITIES OFFERED

The securities being offered pursuant to this Offering are unsecured participating Bonds, for a maximum aggregate amount of \$4,000,000. The price of each Bond is \$100. The minimum number of Bonds that may be purchased by a Subscriber is one hundred (100) Bonds for a minimum investment of \$10,000. There is no maximum number of Bonds allocated to any Subscriber. Each Series of Bonds is available up to a maximum of \$4,000,000 or 40,000 Bonds. After the maximum number of Bonds in each Series is subscribed for, no further Bonds will be issued for that particular Series.

### 5.1 Terms of Securities

The terms of the Bonds are set out in the Bondholders Agreement, pursuant to which the Bonds are being issued. The following are the material terms of the Bondholders Agreement. A copy of the Bondholders Agreement is attached hereto as Schedule B.

*Term of Bonds and* The Bonds have a term of 10 years, maturing on the tenth anniversary of their issuance date.

*Maturity*

*Interest*

The Bonds will bear interest at a fixed, simple rate of:

- 6 % per annum, in the case of the Series A Bonds;

Interest on each Bond will accrue on an annual basis on the anniversary date of the issue of the Bond but will not be payable until five years after the anniversary date of the issuing of the bond. Despite the foregoing, the Corporation may, in its discretion, make advance payments of interest on the Bonds prior to the maturity date on a *pro rata* basis among the Bondholders.

*Participating Interest* The directors of the Corporation may from time to time by resolution determine that the Corporation will make a payment of an amount from the net profits of the Corporation to the Bondholders (Participating Interest), at such time and in such amounts as the directors of the Corporation in their absolute discretion see fit. Each Bondholder of record on the record date set by the directors will be entitled to receive its Proportionate Share of such Participating Interest payment.

For purposes of the Bondholders Agreement, “**Proportionate Share**” means, in respect of a Bondholder at any particular time, a fraction, the numerator of which is the total principal amount of the Bonds held by such Bondholder and the denominator of which is the total principal amount of all Bonds outstanding, in each case, at that particular time.

For the avoidance of doubt, no Bondholder will have any right to any Participating Interest payment and no such payment shall be due or payable by the Corporation, unless and until the directors determine by resolution that the Corporation will make a Participating Interest payment. If and when the directors determine by resolution that the Corporation will make a Participating Interest payment, a Bondholder’s Proportionate Share of such payment is deemed to be interest (in addition to simple interest) accrued on such Bondholder’s Bonds for purposes of the Bondholders Agreement and for all other purposes.

*Redemption by Corporation*

The Corporation may, without any fee or penalty, redeem the Bonds either in whole at any time or in part from time to time by paying: (i) the principal amount of the Bonds being repaid or portion thereof, and (ii) all accrued and unpaid interest on such Bonds or portion thereof to the date of payment.

*Retraction by Bondholders*

A Bondholder may deliver to the Corporation on or before July 1 in each year, commencing July 1, 2017, a notice (a “**Retraction Notice**”) setting out the intention of the Bondholder to retract any Bonds, which notice shall specify: (i) the total principal amount of all Bonds held by the Bondholder and their registered number; and (ii) where the Bondholder wishes to retract less than all of its Bonds, the principal amount of the Bonds which it wishes to retract.

On January 15 in each year (the “**Retraction Date**”), commencing January 15, 2018, the Corporation will retract Bonds in accordance with the following terms:

- (a) the obligation of the Corporation to retract Bonds will be subject to the board of directors of the Corporation determining in its sole discretion that sufficient funds are available to the Corporation for the purposes of retraction and that the retraction will not adversely affect the financial position of the Corporation;
- (b) the principal amount of Bonds which will be retracted on any one Retraction Date will not exceed 5% of total principal amount of Bonds outstanding on the Retraction Date, unless the board of directors of the Corporation determines in its sole discretion that the Corporation will retract a great amount of Bonds;
- (c) if the Corporation has received Retraction Notices requiring the Corporation to redeem a principal amount of Bonds in excess of the maximum principal amount set out in paragraph (b, above, or if on a Retraction Date the board of directors of the Corporation determines that sufficient funds are not available to retract the principal amount of Bonds in respect of which a Retraction Notice has been received or that the retraction will adversely affect the financial position of the Corporation, then the retraction of Bonds will be made *pro rata* to the principal amount of Bonds specified on Retraction Notices for retraction;
- (d) on the Retraction Date, the Corporation will pay to each Bondholder who has given a Redemption Notice an amount calculated by the Corporation that is equal to: (i) the sum of (1) the principal amount of the Bonds being retracted or portion thereof, and (2) all accrued and unpaid

interest on such Bonds or portion thereof to the December 31 immediately preceding the Retraction Date, less (ii) the Bondholders Proportionate Share of the costs incurred by the Corporation in connection with the retraction (including costs incurred in realizing the Corporation's assets to fund the retraction).

*Obligations Unsecured* The Bonds will be unsecured obligations of the Corporation and all Bonds will rank *pari passu* with each other and with all other unsecured obligations of the Corporation. There are no restrictions in the Bondholders Agreement on the ability of the Corporation to incur additional secured or unsecured indebtedness, and there are no limits on overall indebtedness that is effectively senior to the Bonds.

*Funding of Redemptions* Management of the Corporation shall have sole discretion in regard to how the Corporation will fund or finance the redemption of the Bonds. Management may decide to use its existing cash on hand if any, raise additional capital or equity in the Corporation, or borrow money to accomplish the redemption of the Bonds or use a combination of the above methods. There is no assurance that any of the above methods of funding the redemption of the Bonds will be successful or if accomplished will raise enough funds to redeem all of the Bonds. It is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity. In that event, the Bonds 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.

*Events of Default* The occurrence of certain events constitutes an event of default under the Bondholders Agreements. These events of default include:

- (a) if the Corporation fails to pay amounts when due;
- (b) if the Corporation breaches another provision of the Bondholders Agreements and the breach continues unremedied for 30 days (unless extended by Extraordinary Resolution);
- (d) if any representation or warranty made by the Corporation is incorrect or misleading in a material respect; and
- (e) if certain winding-up, liquidation, execution, insolvency, bankruptcy or other similar events occur in respect of the Corporation.

Upon the occurrence of an event of default, subject to certain terms and conditions set out in the Bondholders Agreements, the Bondholders under a Bondholders Agreement may, by Extraordinary Resolution, demand payment of all monies evidenced by the Bonds issued thereunder.

*Bondholders Agreements* The interest, rights and obligations of Bondholders will be set out in the Bondholders Agreement.

*Meetings* The Corporation may at any time and from time to time, and shall on receipt of a written request signed by the holders of not less than 50% in principal amount of the Bonds then outstanding, convene a meeting of Bondholders. Meetings will be held in North Vancouver, British Columbia, or at such other place as may be determined by the Corporation or the holders of a majority in principal amount of the Bonds then outstanding, as the case may be.

A meeting of the Bondholders has a number of powers exercisable from time to time by Extraordinary Resolution, including the power to agree to certain modifications to the Bondholders Agreement, to waive defaults or to agree to certain compromises or arrangements.

*No Recourse for  
Deficiency in Value*

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 under the Bonds.

The foregoing is a summary only of certain of the material provisions of the Bondholders Agreement. For a complete understanding of all of the provisions of the Bondholders Agreement, reference should be made to the instrument itself, a copy of which is available from the Corporation.

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

## **5.2 Subscription Procedure**

### **(1) Subscription Documents**

In order to subscribe for the Bonds, Subscribers must complete and sign a Subscription Agreement, together with the appropriate investor qualification form(s) attached as schedules thereto, according to the instructions set out therein. The required form of Subscription Agreement is accompanying this Offering Memorandum.

Payment of the aggregate subscription price for the Bonds subscribed for must accompany the Subscription Agreement and shall be paid by solicitor's trust cheque, RRSP or RRIF Trustee cheque, TFSA Trustee cheque, certified cheque, bank draft, cashier's cheque or wire transfer drawn on a chartered bank made payable in immediately available funds to the Corporation.

Subscribers must return one copy of the completed and signed documents together with the payment of the subscription price to:

ARIZONA 88 OPPORTUNITY FUND LTD.  
201 – 197 Forester Street  
North Vancouver, BC V7N 0A6  
Attention: David Steele, President

By executing a Subscription Agreement, each Subscriber (a) acknowledges and agrees to the terms of the Subscription Agreement, including Schedule A – Terms and Conditions thereto; and (b) agrees to be bound as a "Bondholder" by the terms of the Bondholders Agreement under which its Bonds are being issued, as from time to time amended and in effect, as if it were an original party thereto.

The Corporation's obligation to sell the Bonds to each Subscriber is subject to, among other things, the conditions that:

- (a) the Subscriber duly completes, executes and returns to the Corporation a Subscription Agreement, together with all documents required by applicable securities legislation for delivery on behalf of the Subscriber, including duly completed and executed certificates or acknowledgements, as the case may be;
- (b) payment has been made by the Subscriber of the subscription price for the Bonds;
- (c) the Corporation has accepted, in whole or in part, the Subscriber's subscription; and



- (d) the sale of the Bonds is exempt from the requirement to file a prospectus or registration statement under any applicable securities legislation.

Except as described below, each subscription is irrevocable and requires acceptance by the Corporation and will not become an agreement between the Subscriber and the Corporation until accepted by the Corporation. The Corporation reserves the right to accept or reject subscriptions in whole or in part at the Corporation's discretion and to close the subscription books at any time without notice.

Given that the Bonds will be offered on a continuous basis, closings of subscriptions will occur from time to time as determined by the Corporation in its discretion. The Corporation will determine when, in its view, a sufficient number of subscriptions has been received to warrant a closing.

Closing of an individual subscription and delivery of the Bonds shall be completed at 11:00 a.m. (Vancouver time) at the Corporation's offices, or at such other time or place, on a day to be determined by the Corporation, which day will be no later than 30 days after the delivery of the Subscription Agreement by the Subscriber. In the event that the closing does not occur for whatever reason 30 days after the delivery of the Subscription Agreement by the Subscriber, the Subscription Agreement and the subscription price shall be returned (without interest) to the Subscriber.

In circumstances where the Subscriber has the right to cancel the Subscription Agreement as described under **Item 11.1: Two Day Cancellation Right**, the Corporation will hold in trust the subscription price until midnight on the 2nd business day after the date on which the Subscriber signs the Subscription Agreement, and (b) if the Subscriber exercises its right to cancel the Subscription Agreement, as so described, the Corporation will promptly return the subscription price to the Subscriber. Except as aforesaid, the subscription price will not be held in trust pending closing and may be used by the Corporation in its sole discretion and, until the Bonds are issued and delivered, will constitute an interest free loan to the Corporation.

## **(2) Distribution**

The Offering is being conducted:

- (a) pursuant to the "Offering Memorandum" exemption from the prospectus requirement afforded by Section 2.9 of NI 45-106; and
- (b) pursuant to the exemption from the prospectus requirement afforded by Section 2.3 of NI 45-106.

The exemption afforded by Section 2.9 of NI 45-106 is available for distributions to investors in Canada purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment in the required form attached to the Subscription Agreement.

In addition, Canadian investors other than residents of British Columbia and Newfoundland and Labrador relying on the exemption afforded by Section 2.9 of NI 45-106 must also sign the Certificate of Eligible Investor in the form attached to the Subscription Agreement, if the subscription price payable for their Bonds exceeds \$10,000.

In the event that the acquisition cost of all securities acquired by such investors in Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan in reliance on the exemption set out in Section 2.9 of NI 45-106 in the 12 month period preceding its subscription under this Offering exceeds \$30,000, it will not be allowed to participate in this Offering unless such investor obtains advice from a portfolio manager, investment dealer or exempt market dealer that its investment under this Offering is suitable, or

unless such investor can rely on another prospectus exemption. In no event will such an investor relying on the exemption afforded by Section 2.9 of NI 45-106 be allowed to participate in this Offering for a subscription price in excess of \$100,000, unless such investor can rely upon another prospectus exemption (such as the "accredited investor" exemption set out in Section 2.3 of NI 45-106).

The exemption afforded by Section 2.3 of NI 45-106 is available for distributions to investors in Canada purchasing as principal and who are "accredited investors" as defined in NI 45-106 and who sign the Accredited Investor Certificate and Risk Acknowledgement (as applicable) in the form attached to the Subscription Agreement.

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

## **Item 6: INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY**

### **6.1 Deferred Plan Eligibility of the Bonds**

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

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

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

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

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

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

This summary is 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.

## **6.2 Income Tax Consequences of the Participating Interest under the Bonds**

The Corporation will be entitled to deduct from income a reasonable amount of interest payable in respect of monies borrowed for the purpose of earning income from its business, including the interest rate payable by the Corporation to its Bondholders pursuant to the terms of the Bonds. However, amounts paid by the Corporation pursuant to the Participating Interest with respect to the Bonds are not deductible in computing income of the Corporation for tax purposes.

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

The Corporation does not intend to pay any commissions to selling agents in connection with the sale of Bonds under this Offering.

## **Item 8: RISK FACTORS**

This is a speculative offering. The purchase of Bonds involves a number of significant risk factors and is suitable only for Subscribers who have no immediate need for liquidity and who could afford a total loss of their investment and is not suitable for investors who may need to redeem the Bonds prior to bond maturity. Prospective Subscribers should consider the following risks in connection with purchasing Bonds in addition to the factors set forth elsewhere in this Offering Memorandum. Risk factors generally fall into three categories: investment risk; issuer risk; and industry risk. If any of the mentioned risks occur, or any others occur, the Corporation's business, operating results and financial condition could be seriously harmed and Subscribers may lose all of their investment. The Corporation advises that prospective Subscribers should consult with their own legal, tax and financial advisors with respect to these matters. Our solicitors and accountants act for the Corporation and do not act for Subscribers in this transaction.

### **8.1 Investment Risk**

- (a) *No Market for Securities* - An investment in the Bonds of the Corporation is an illiquid investment. There is currently no market through which the Bonds of the Corporation may be sold. Retraction rights are limited as set out in **Item 5.1: Terms of Securities**. The price of the Bonds has been arbitrarily determined. The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the securities. Accordingly, Subscribers will be unable to sell the securities of the Corporation, subject to some exceptions. **See Item 10: Resale Restrictions.**
- (b) *No Regulatory Review* - Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.
- (c) *Interest Payable at Maturity* - The Bonds do not provide for payment of interest to Bondholders other than on the dates set forth in **Item 5.1: Terms of Securities**, except at the discretion of the Corporation. The Bondholder's will not know if the Corporation will be in a position to pay interest or redeem all or any part of the Bonds until the dates referred to in **Item 5.1: Terms of Securities**.
- (d) *No Minimum Offering* - There can be no assurance that this Offering will be completely sold out. If less than the maximum number of Bonds are sold then less than the maximum proceeds will be available to the Corporation and its business development plans and prospects could be adversely affected.

- (e) *No Trust Indenture* - The Bonds are not being issued pursuant to a trust indenture and the Bondholders will not have the benefit of a trustee to coordinate enforcement and realization in the event of a default in payment under the Bonds by the Corporation.
- (f) *Unsecured Obligations* - The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program. As unsecured obligations of the Corporation, the Bonds will rank subordinate to secured and other types of debt which may rank in preference at law or otherwise, to the Bonds.
- (g) *Change in Tax Laws* - The tax consequences associated with an investment in the Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to Subscribers holding or disposing of the Bonds.
- (h) *Tax Challenges under GAAR* - The structuring of this Offering in general and the ownership of a majority of the Class A Preferred shares of the Corporation by Target in particular, as a means to make the Bonds eligible investments for Deferred Plans, may be challenged by the CRA under the general anti-avoidance rule ("GAAR"). No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not GAAR would apply in this case. The comments of Grant Thornton LLP referred to under **Item 6: Income Tax Consequences and Deferred Plan Eligibility** do not address GAAR.
- (i) *Target Agreement* - Pursuant to the Target Agreement, Target will be the controlling shareholder of the Corporation until the date Target ceases to be the majority shareholder of the Corporation (holding more than 60% of the voting shares). Should there occur a Material Breach of the Target Agreement, Target, in its sole discretion, may terminate the Target Agreement and transfer all its shares to the Corporation. In the event that Target ceases to control the Corporation or ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a Subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Preferred Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange, or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds. If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investment in the Bonds.
- (j) *Control by Target* - The Corporation's Class A Preferred Shares are held by Target and GFCM. Pursuant to the BCA and the constating documents of the Corporation, the holders of the Corporation's Class A Preferred Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Preferred Shares of the Corporation. Consequently, Target can change the directors of the Corporation and David Steele does not have a mechanism to ensure that he will remain the director of the Corporation. Accordingly there is no assurance that the directors of the Corporation will remain the same as disclosed in this Offering Memorandum.
- (k) *No Voting Rights* - Bondholders will have no right to vote on matters relating to the Corporation. Exclusive authority and responsibility for managing the Corporation rests with management of the Corporation and those persons, consultants and advisors retained by management on behalf of the Corporation. Accordingly, Subscribers should appreciate that they will be relying on the good faith, experience, expertise and ability of the directors and officers of the Corporation and other parties for the success of the business of the Corporation.

## 8.2 Issuer Risk

- (a) *Limited Working Capital* - The Corporation will have a limited amount of working capital, as the proceeds from this Offering will be used to invest in Properties in accordance with the Investment Guidelines.
- (b) *No Assurance of Funding* - There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such funding will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
- (c) *No Assurance of Payment* - There can be no assurance that the Corporation will be in a position to meet its obligations in accordance with the terms of the Bonds, as its ability to pay interest and principal thereunder and make any distributions of net profits pursuant to the Participation Interest is wholly dependent on receiving a return from the Corporation's investments.
- (d) *Dependence on Key Personnel* - The success of the Corporation is dependent upon, among other things, the services of key personnel. The loss of any of these individuals, for any reason, could have a material adverse effect on the prospects of the Corporation. Failure to retain or to attract additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. The Corporation does not maintain key man insurance for any of its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Corporation is likely to be of central importance and the loss of any one of these individuals could have a material adverse effect on the business of the Corporation.
- (e) *Other Activities of Officer* - The director and officer of the Corporation will not be devoting all of his time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. The director and officer of the Corporation is engaged and will continue to be engaged in the search for business prospects on his own behalf and on behalf of others.
- (f) *Conflicts* - The director and officer of the Corporation, David Steele, is also a Director of WWCM and may also be the director and officer of other General Partners. There will thus be inherent conflicts of interest in that the Corporation will be investing in or lending to Partnerships in which Mr. Steele has an interest. Mr. Steele will control the distribution of funds from the Partnerships to its limited partners, such as the Corporation. The Corporation's ability to repay the principal and interest under the Bonds and make any distributions of net profits pursuant to the Participation Interest will be dependent on the return on its investment in the Partnerships. There are additional potential conflicts of interest to which the director and officer of the Corporation will be subject in connection with the operations of the Corporation. Situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the BCA.
- (g) *Limited Operating History* - The Corporation has limited operational history and no history of earnings. Accordingly, there is limited information available to a Subscriber upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stages of its business and therefore is subject to the risks associated with early stage companies, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.
- (h) *No Assurance of Profitability* - The Corporation's short and long term objective is make investments in Properties in accordance with the Investment Guidelines. The Corporation will not carry on any other business other than making such investments. The Corporation's sole source of revenue is expected to be from distributions, interest and other income received in respect of its investments. As a result, there is no assurance or guarantee that the Corporation and, correspondingly, Subscribers will earn a return of their investment in the Bonds.
- (i) *Legal Proceedings* - The Corporation may, from time to time, become involved in regulatory or legal proceedings in the course of its business. The costs of compliance or litigation and settlement can be substantial and there is no assurance

that such costs will be recovered in whole or at all. The unfavourable resolution of any legal proceedings could have an adverse effect on the Corporation and its financial position and results of operations that could be material.

- (j) *Lack of Diversification* – The Corporation may invest all funds raised under the Offering in a manner that does not diversify the Corporation’s risk across multiple investments in Properties. This may affect both rates of return and the overall risk profile of the Corporation’s investments. For instance, if all funds were invested in 1<sup>st</sup> mortgages, the rate of return on the funds raised might be limited to a lower return. If all the funds were invested in one Partnership, and that Partnership went into foreclosure or receivership, then the funds may be completely lost and unrecoverable.
- (k) *Foreign Exchange* – The Corporation is exposed to foreign exchange risk as a result of the fact that the Corporation’s revenues are denominated primarily in U.S. dollars. The Corporation’s investments in Properties are denominated primarily in U.S. dollars. Income from such investments is denominated primarily in U.S. dollars. The Properties are located in the United States, and their value is denominated in U.S. dollars. The Bonds, and the funds available to the Corporation from the Offering, are denominated in Canadian dollars. Similarly, the offering costs and the Corporation’s ongoing costs and expenses are denominated in Canadian dollars. Accordingly, fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar may have a material effect on the Corporation’s results of operations. The Corporation does not carry out any exchange rate hedging activities to mitigate this risk. Accordingly, fluctuations in the exchange rate could adversely affect the returns of the Corporation and its ability satisfy interest or principal payment obligations to the Bondholders in respect of the Bonds.
- (l) *Partnership Risks* - As it is anticipated that a significant portion of the assets of the Corporation will be the LP Units it acquires from the Partnerships, the ability of the Corporation to pay interest on, or redeem the Bonds is dependent on the distributions it receives from the Partnerships with respect to LP Units acquired by the Corporation. As such, the risks applicable to the Partnership and the LP Units are also of particular significance to an investment in the Bonds. **The following are some of the risks related to the business of the Partnerships:**
  - (i) *Speculative Investment* - An investment in the LP Units is highly speculative and subject to a high degree of risk. The risks described below are not the only risks involved with an investment in the LP Units. If any of the following risks occur, or if others occur, a Partnership’s business, operating results and financial condition could be seriously harmed and Limited Partners in that Partnership, including the Corporation, may lose all of their investment. If this occurs Bondholders will also be adversely affected.
  - (ii) *Reliance on General Partner and its Management* - Prospective Subscribers assessing the risks and rewards of this investment should appreciate that they will, in large part, be relying on the good faith and expertise of the General Partners and their principals, David Steele and Janet LePage. The ability of the General Partners to successfully implement the Partnerships’ business strategy will depend in large part on the continued employment of David Steele and Janet LePage. Neither the General Partners nor the Partnerships will maintain key person life insurance for David Steele or Janet LePage. If the General Partners loses the services of David Steele or Janet LePage, the business, financial condition and results of operations of the Partnerships may be materially adversely affected. Notwithstanding the foregoing, there may be instances in which the Corporation invests in Partnerships in which the General Partner is not owned or controlled by David Steele or Janet LePage. In such events, the Corporation will maintain an ability to control or direct the activities of the Partnership and ensure compliance by the Partnership with the Investment Guidelines and the Operating Policies through contract or otherwise.
  - (iii) *No Market for LP Units* - There currently is no market whatsoever for the LP Units and it is not expected that there will be any market for the LP Units in the future. Consequently, holders of LP Units, such as the Corporation, may not be able to sell their LP Units readily and LP Units may not be readily accepted as collateral for a loan. Limited Partners should be prepared to hold the LP Units indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in LP Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

- (iv) *Dilution through Issuance of Additional LP Units by the Partnerships* – Because LP Units will also be offered to investors other than the Corporation, additional investors will become Limited Partners of the Partnerships and all Limited Partners will be allocated a share of the income and loss from and receive distributions from the Partnership in which they hold LP Units. Existing Limited Partners will not be granted a priority right to acquire any additional LP Units issued by a Partnership.
- (v) *Limited Liability* - The limited liability enjoyed by Corporation as a Limited Partner of a Partnership may be lost if the Corporation takes part in the management of the business of a Partnership or through non-compliance with applicable legislation relating the Partnerships in the jurisdiction in which a Partnership is formed.
- (vi) *Net Worth of the General Partners* - The General Partners will have unlimited liabilities for the obligations of that Partnership. For those General Partners which are owned or controlled by David Steele and/or Janet LePage, it is anticipated that such General Partners will have no material net worth.
- (vii) *Investing in Buy and Hold Properties* - Further risks with respect to real estate that is to be held are significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges that must be made throughout the period of ownership of real property regardless of whether the property is producing any income. The Properties often generate income through rental payments made by the tenants. There is no guarantee that the Properties held will be rented out, either due to low demand or competition from other buildings, to the degree needed to generate income or profit for the Corporation or a Partnership.
- (viii) *Investing in Partnerships Where Other Partners Receive Net Cash Flow Distributions from Liquidation or Sale Before Corporation* – Corporation may hold LP Units in Limited Partnerships where in certain circumstances such as in the event of a sale of the real property other partners will receive a return of all of their equity invested prior to the Limited Partnership in which Corporation holds LP Units. If the real property is sold at a loss, Corporation may lose some or all of its investment.

### 8.3 Industry Risk

- (a) *Real Estate* - In general, real estate tends to be illiquid, and subject to general economic conditions and markets. While the Properties will carry either course of construction or comprehensive general liability insurance, there are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis.
- (b) *Environmental Risks* - Environmental and ecological legislation and policies have become increasingly important, and generally restrictive. Under various laws, the Corporation or a Partnership could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its Properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the Corporation or a Partnership by private plaintiffs, which could have adverse financial effects on the Corporation or a Partnership.
- (c) *Mortgage Risks* - In connection with its Mortgage Loan investing activities, the Corporation is subject to the risk that the principal or accrued interest on a mortgage may not be repaid in a timely manner or at all, which could impact the financial position of the Corporation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Corporation may not recover all or substantially all of the principal and interest owed to it in respect of such mortgage. Further, exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the financial position of the Corporation. In addition, if real property values decline, there is no assurance that Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to it. Legal fees and expenses and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by the Corporation.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments to prior charge holders, insurance costs and related charges may need to be made through the period of foreclosure regardless of whether mortgage payments are being made to the Corporation.

- (d) *Mortgages Not Guaranteed* - A mortgage borrower's obligations to the Corporation or any other person may not be guaranteed by the Government of Canada, the government of any province or any agency thereof nor may they be insured under the National Housing Act (Canada) or CMHC. In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be available or sufficient to make the Corporation whole if and when resort is to be had thereto.

## **Item 9: REPORTING OBLIGATIONS**

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, except in limited circumstances. The Corporation will file its audited annual financial statements, accompanied by a notice of use of the proceeds raised under this Offering in the form prescribed by NI 45-106F16, with applicable securities regulators within 120 days of the end of each of its financial years, and will make them reasonably available to each investor.

If and to the extent that the Corporation is required under applicable law to prepare any financial statements for disclosure in any offering memorandum of the Corporation, the Company agrees to provide a copy of such financing statements to each Bondholder, in the form presented in such offering memorandum, concurrently with or promptly following the first disclosure of such financial statements in such offering document.

Information on the Partnerships that the Corporation invests in will be made available to Subscribers on request. Subscribers may obtain a copy of such information by contacting the Corporation at the address set out on the first page of this Offering Memorandum.

**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**

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.

Unless permitted under securities legislation, you cannot trade the Bonds 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.

### **Manitoba Resale Restrictions**

Unless permitted under securities legislation, you must not trade the Bonds 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 these securities you will have certain rights, some of which are described below.

**You may have other rights in addition to those described below. For information about your rights, you should consult a lawyer.**

**11.1 Two Day Cancellation Right**

If you purchase these securities in reliance on the exemption from the prospectus requirement afforded by Section 2.9 of NI 45-106, you can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

**11.2 Statutory Rights of Action in the Event of a Misrepresentation**

Applicable securities legislation in the Offering Jurisdictions provide Subscribers with statutory rights of action for rescission or damages in the event of a misrepresentation in this Offering Memorandum. The applicable statutory rights are described below. By its execution of the Subscription Agreement, the Corporation will be deemed to have granted these rights to you.

The following is a summary only of the applicable provisions of securities legislation which provide for statutory rights of action in the event of a misrepresentation in the Offering Memorandum and is subject to interpretation. Subscribers should refer to the applicable provisions of securities legislation for the particulars of these rights. In the event of any conflict or inconsistency between this summary and the applicable provisions of securities legislation, the legislative provisions will prevail.

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

**(1) Description of Statutory Rights of Action**

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

- (a) the Corporation to cancel your agreement to buy the Bonds, or
- (b) for damages against the Corporation and certain other persons, as indicated below:

Jurisdiction	Persons against whom an action for damages may be brought
Ontario	The Corporation.
Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, and Yukon	The Corporation, every director of the Corporation at the date of the offering memorandum and every person who signed the Offering Memorandum.
Saskatchewan	(i) The Corporation; (ii) every promoter and director of the Corporation at the time the Offering Memorandum or any amendment to the Offering Memorandum was sent or

	delivered; (iii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them; (iv) every person who or company that, in addition to the persons or companies mentioned in clauses (i) to (iii), signed the Offering Memorandum or any amendment to the Offering Memorandum; and (v) every person who or company that sells Bonds on behalf of the Corporation under the Offering Memorandum or amendment to the Offering Memorandum.
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This right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Bonds. In addition, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Corporation proves does not represent the depreciation in value of the securities resulting from the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds. You must commence your action for damages within the time limits indicated below.

Jurisdiction	Time limits for bringing an action
Alberta, British Columbia , Newfoundland and Labrador, Northwest Territories, Nova Scotia*, Nunavut, Ontario, Prince Edward Island, and Yukon	Within 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the Bonds.
Saskatchewan and New Brunswick	Within one year after learning of the misrepresentation and six years after you signed the agreement to purchase the Bonds.
Manitoba	Within 180 days after learning of the misrepresentation and two years after you signed the agreement to purchase the Bonds.

\* Notwithstanding the foregoing, in Nova Scotia, no action shall be commenced to enforce the statutory rights for damages or rescission more than one hundred and twenty days after the date on which payment was made for the Bonds.

In Ontario, the above rights do not apply, however, if you are (a) a Canadian financial institution or a Schedule III bank, (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada), or (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The above-described statutory rights are conferred to Subscribers pursuant to the following provisions of securities legislation:

Alberta: Section 204 of the *Securities Act* (Alberta)

British Columbia:	Section 132.1 of the <i>Securities Act</i> (British Columbia)
Manitoba:	Section 141.1 of the <i>Securities Act</i> (Manitoba)
New Brunswick:	Section 150 of the <i>Securities Act</i> (New Brunswick)
Newfoundland and Labrador:	Section 130.1 of the <i>Securities Act</i> (Newfoundland and Labrador)
Northwest Territories:	Section 112 of the <i>Securities Act</i> (Northwest Territories)
Nova Scotia:	Section 138 of the <i>Securities Act</i> (Nova Scotia)
Nunavut:	Section 112 of the <i>Securities Act</i> (Nunavut)
Ontario:	Section 130.1 of the <i>Securities Act</i> (Ontario)
Prince Edward Island:	Section 112 of the <i>Securities Act</i> (Prince Edward Island)
Saskatchewan:	Section 138 of the <i>Securities Act</i> (Saskatchewan)
Yukon:	Section 112 of the <i>Securities Act</i> (Yukon)

## **(2) Disclosure required by Section 80.2 of the *Securities Act, 1988* (Saskatchewan)**

Like Subscribers in the other Offering Jurisdictions, a Subscriber in Saskatchewan is given certain statutory rights of action in respect of this Offering Memorandum under the *Securities Act* (Saskatchewan). Those rights are:

- (a) Subsections 80.1 (4) of the *Securities Act* (Saskatchewan) - the right to withdraw from an agreement of purchase and sale which has not yet been completed, by delivering a notice to the Corporation or the agent from whom the Bonds are being purchased indicating the Subscriber's intention not to be bound by the purchase agreement, within two business days after receipt of any amendment to this Offering Memorandum that discloses (i) a material change in the affairs of the Corporation, (ii) a change in the terms or conditions of the Offering as described in this Offering Memorandum, or (iii) securities that are to be distributed that are in addition to the Bonds, that occurred or arose before the investor entered into the agreement for the purchase of Bonds;
- (b) Subsection 138(1) of the *Securities Act* (Saskatchewan) - a right of action for rescission or for damages where this Offering Memorandum and any amendment to this Offering Memorandum contains a misrepresentation, which right is more particularly described above;
- (c) Subsection 138.1(3) of the *Securities Act* (Saskatchewan) - a right of action for rescission or for damages where advertising or sales literature used in connection this Offering contains a misrepresentation;
- (d) Subsection 138.2(1) of the *Securities Act* (Saskatchewan) - a right of action for rescission or for damages where a verbal statement made in connection with this Offering contains a misrepresentation;
- (e) Subsection 141(1) of the *Securities Act* (Saskatchewan) - a right to void the purchase agreement and recover the purchase price if the securities are sold in contravention of the Act, the regulations to the Act or a decision of the Saskatchewan Financial Services Commission; and
- (f) Subsection 141(2) of the *Securities Act* (Saskatchewan) - a right of action for rescission or for damages if the offering memorandum is not delivered to the Subscriber before the agreement to purchase, as required by subsection 80.1(1) of the Act.

A Subscriber should refer to the provisions of the *Securities Act* (Saskatchewan) for the particulars of these rights or consult with a lawyer.

These statutory rights given by the *Securities Act* (Saskatchewan) are in addition to and without derogation from any other right or remedy which a Subscriber might have at law.

These rights must be exercised within the periods prescribed in section 147 of the *Securities Act* (Saskatchewan) (see “(1) Description of Statutory Rights of Action”, above).

**(3) Disclosure Required by Section 65(3) of the *Securities Act* (Nova Scotia)**

Like Subscribers in the other Offering Jurisdictions, a Subscriber in Nova Scotia is given certain statutory rights of action in respect of this Offering Memorandum under the *Securities Act* (Nova Scotia). These rights are described above under “(1) Description of Statutory Rights of Action”. Note that in Nova Scotia, the rights also extend to a misrepresentation contained in advertising or sales literature as defined by subsection (2) of Section 56 of the *Securities Act* (Nova Scotia).

**(4) Disclosure Required by Section 2.2 of Local Rule 45-802 Implementing National Instrument 45-106 – Prospectus and Registration Exemptions**

Like Subscribers in the other Offering Jurisdictions, a Subscriber in New Brunswick is given certain statutory rights of action in respect of this Offering Memorandum under the *Securities Act* (New Brunswick). These rights are described above under “(1) Description of Statutory Rights of Action”.

**(5) Disclosure Required by Section 5.2 of Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions***

Like Subscribers in the other Offering Jurisdictions, a Subscriber in Ontario is given certain statutory rights of action in respect of this Offering Memorandum under the *Securities Act* (Ontario). These rights are described above under “(1) Description of Statutory Rights of Action”.

**Item 12: FINANCIAL STATEMENTS**

*(Financial statements begin on the following page)*

Arizona 88 Opportunity Fund Ltd.  
Audited Financial Statements  
December 31, 2016 and 2015

## **Independent Auditors' Report**

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To the Shareholders of Arizona 88 Opportunity Fund Ltd.

We have audited the accompanying financial statements of Arizona 88 Opportunity Fund Ltd., which comprise of the statement of financial position as at December 31, 2016, and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arizona 88 Opportunity Fund Ltd. as at December 31, 2016, and its financial performance, changes in equity and cash flows for the year ended December 31, 2016 in accordance with International Financial Reporting Standards.

*Rice & Company LLP.*

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada  
May 12, 2017

**Arizona 88 Opportunity Fund Ltd.**  
*(Incorporated under the laws of British Columbia)*  
**Statement of Financial Position**  
**As at December 31,**

		2016	2015
<b>Assets</b>	<b>Notes</b>		
Current asset			
Cash		\$ 313,542	\$ 77,210
Accounts receivable		13,578	6,341
		<u>327,120</u>	<u>83,551</u>
Investments	6	<u>604,010</u>	<u>467,866</u>
Total assets		<u>\$ 931,130</u>	<u>\$ 551,417</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 15,784	\$ 5,000
Due to related party	8	48,061	77,009
		<u>63,845</u>	<u>82,009</u>
Accrued bond interest	9	64,713	18,296
Bonds payable	9	<u>906,913</u>	<u>482,390</u>
Current and total liabilities		<u>1,035,471</u>	<u>582,695</u>
<b>Shareholders' deficit</b>			
Share capital	11	101	101
Deficit		<u>(104,442)</u>	<u>(31,379)</u>
Total shareholders' deficit		<u>(104,341)</u>	<u>(31,278)</u>
Total liabilities and shareholders' deficit		<u>\$ 931,130</u>	<u>\$ 551,417</u>

See accompanying notes to the financial statements.

These financial statements were approved by the Director of the Corporation on May 12, 2017.

  
 (Signed) "Dave Steele", Director



**Arizona 88 Opportunity Fund Ltd.  
Statement of Comprehensive Loss  
For the Years Ended December 31,**

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		2016	2015
	<b>Notes</b>		
<b>Expenses</b>			
Bond interest expense	9	\$ 51,296	\$ 21,861
Professional fees	7	11,316	5,000
Management Fees		9,484	-
Bank charges		749	803
General and administrative	12	722	6,560
Foreign exchange (gain)		(504)	(2,894)
		<u>73,063</u>	<u>31,330</u>
<b>Net Loss Before Other Items</b>		<u>73,063</u>	<u>31,330</u>
<b>Total comprehensive loss for the period</b>		<u>\$ (73,063)</u>	<u>\$ (31,330)</u>
Basic and diluted loss per share	11.2	<u>\$ (73,063)</u>	<u>\$ (31,330)</u>

See accompanying notes to the financial statements.

**Arizona 88 Opportunity Fund Ltd.**  
**Statement of Changes in Equity**

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	Notes	Number of Shares	Share Capital Stated Value	Deficit	Total Equity
<b>Balance at January 1, 2015</b>		10,001	\$ 101	\$ (31,379)	\$ (31,278)
Loss for the year		-	-	(73,063)	(73,063)
<b>Balance at December 31, 2016</b>		10,001	\$ 101	\$ (104,442)	\$ (104,341)

	Notes	Number of Shares	Share Capital Stated Value	Deficit	Total Equity
Preferred shares issued on incorporation	11	10,000	\$ 100	\$ (49)	51
Common shares issued on incorporation	11	1	1	-	1
Loss for the year		-	-	(31,330)	(31,330)
<b>Balance at December 31, 2015</b>		10,001	\$ 101	\$ (31,379)	\$ (31,278)

See accompanying notes to the financial statements.

**Arizona 88 Opportunity Fund Ltd.**  
**Statement of Cash Flows**  
**For the Years Ended December 31,**

	2016	2015
<b>Cash provided by (used in):</b>		
<b>Cash flows from operating activities</b>		
Net loss	\$ (73,063)	\$ (31,330)
Foreign exchange gain	504	(2,418)
Accretion of bond issue costs	4,880	3,565
Change in non-cash working capital	3,547	(3,080)
<b>Net cash (used in) provided by operating activities</b>	<u>(64,133)</u>	<u>(33,263)</u>
<b>Cash flows from financing activities</b>		
Advances from related party	(28,948)	52,876
Issuance of bonds, net	432,700	478,825
Increase in accrued bond interest	46,417	18,296
<b>Net cash provided by financing activities</b>	<u>450,169</u>	<u>549,997</u>
<b>Net cash flows from investing activities</b>		
Purchase of investments	(315,911)	(483,774)
Return of capital from investments	179,263	18,326
Increase in deferred financing costs	(13,056)	25,871
<b>Net cash used in investing activities</b>	<u>(149,704)</u>	<u>(439,577)</u>
<b>Change in cash</b>	236,332	77,158
<b>Cash, beginning of year</b>	77,210	52
<b>Cash, end of year</b>	\$ <u><u>313,542</u></u>	\$ <u><u>77,210</u></u>

See accompanying notes to the financial statements.

**Arizona 88 Opportunity Fund Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**1. General business description**

Arizona 88 Opportunity Fund Ltd. (the “Corporation”) was incorporated pursuant to the Business Corporations Act (British Columbia) on October 21, 2014. The Corporation was formed to raise funds pursuant to an offering (note 14) for the purposes of acquiring units in limited partnerships (the “Partnerships”). The Partnerships intend to acquire and hold properties in Nevada and Arizona, U.S.A. In addition, the Corporation may provide short term secured mortgages to related or unrelated parties.

The address of the Corporation is 205 - 930 Harbourside Drive, North Vancouver, British Columbia, V7P 3S7.

**2. Basis of presentation**

**2.1 Statement of compliance**

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

These financial statements were authorized for issue by the director of the Corporation on May 12, 2017.

**2.2 Basis of measurement**

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

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

**2.3 Functional and presentation currency**

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

**Arizona 88 Opportunity Fund Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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2.4 Use of estimates and judgments

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

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

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

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

*Income taxes*

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

**3. Significant accounting policies**

3.1 Financing costs

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

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3.2 Financial instruments

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

3.2.1 *Financial assets*

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

Classification

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

Recognition and measurement

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

*Loans and receivables*

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

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Recognition and measurement

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

*Available-for-sale financial assets*

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

Reclassification of financial assets

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

*3.2.2 Financial liabilities*

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

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3.2.3 *Equity instruments*

Common shares are classified as equity. Incremental costs directly attributable to the common shares are recognized as a deduction from equity, net of any tax effects. Preferred shares are classified as equity if they meet the definitions of an equity instrument.

3.2.4 *Impairment*

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

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

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

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

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



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

**3.3 Income taxes**

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

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

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

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

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

**3.4 Provisions and contingent liabilities**

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

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

**3.5 Related party transactions**

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

**3.6 Property, plant and equipment**

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

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

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

**3.7 Revenue and expense recognition**

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

**3.8 New accounting standards and interpretations**

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

The IASB issued IFRS 15 “Revenue from Contracts with Customers” which replaces IAS 18 “Revenue”. IAS 15 specifies revenue recognition criteria and expanded disclosures for revenue. The new standard is effective for annual periods beginning on or after January 1, 2018 and early adoption is permitted. The Corporation is currently assessing the impact of the standard.

The IASB completed the final sections of IFRS 9 “Financial Instruments” which replaces IAS 39 “Financial Statement: Recognition and Measurement”. IFRS 9 provides guidance on the recognition and measurement, impairment and derecognition on financial instruments. The new standard is effective for annual periods beginning on or after January 1, 2018 and early adoption is permitted. The Corporation is currently assessing the impact of the standard.

**3.9 Loss per share**

Basic loss per share is calculated by dividing the comprehensive loss attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effect of issued instruments such as options and warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year. These instruments are not included in the per share calculation if the effect of their inclusion is antidilutive.

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**4. Determination of fair values**

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

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to their short term to maturity. The fair value for bonds payable is considered reasonable as the rates are consistent with rates applicable for similar long term payables. The fair value of investments is considered reasonable due to the time frame from the date of acquisition to the year end of the Corporation.

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

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

**5. Financial risk management**

**5.1 Overview**

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

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

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

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

5.2 Credit Risk

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

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

	<b>Carrying amount</b>	
	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
Cash	\$ 313,542	\$ 77,210
Accounts receivable	13,578	6,341
	<b>\$ 327,120</b>	<b>\$ 83,551</b>

*Cash*

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

*Accounts receivable*

Account receivable is due from WWC X, in relation to the return of capital outstanding as of December 31, 2016.

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5.3 Liquidity risk

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

The Corporation had accounts payable and accrued liabilities, due to related party, accrued bond interest and bonds payable as financial liabilities at December 31, 2016.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future debt securities (note 14).

5.4 Market risk

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

*Interest rate risk*

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

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

*Foreign exchange risk*

Foreign currency risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Corporation is exposed to foreign exchange risk as the investments in limited partnerships operate in the U.S.A. and the Corporation receives foreign income on these investments.

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5.5 Capital management

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

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

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

The Corporation is not subject to externally imposed capital requirements.

**6. Investments**

During the year ended December 31, 2015, the Corporation purchased 231,918 limited partnership units in Western Wealth Capital VI Limited Partnership ("WWC VI") at a price of \$1USD per unit, for an aggregate Canadian dollar amount of \$279,500. Distributions from WWC VI will be made; firstly to the unreturned capital of the limited partners, and secondly 65% to the holders of limited partnership units and 35% to the general partner. WWC VI is considered a related party due to common management. The Corporation received \$117,248 (2015 -\$9,156) from WWC VI as return of capital during the year ended December 31, 2016. The Corporation did not receive investment income from WWC VI for the year ended December 31, 2016 (2015 - \$12,051 loss).

During the year ended December 31, 2015, the Corporation purchased 155,000 limited partnership units in Western Wealth Capital X Limited Partnership ("WWC X") at a price of \$1USD per unit, for an aggregate Canadian dollar amount of \$204,273.51. Distributions from WWC X will be made;

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firstly to the unreturned capital of the Class A limited partners, secondly to the unreturned capital of the Class B limited partners, thirdly to the limited partner holders until a cumulative return of 8% is paid, and fourthly an amount equal to 15% to the Class A unit holders, and lastly to the general partner. WWC X is considered a related party due to common management. The Corporation received 54,722 (2015 - \$6,752) from WWC X as return of capital during the year ended December 31, 2016. The Corporation did not receive investment income from WWC X for the year ended December 31, 2016 (2015 - \$10,104).

During the year ended December 31, 2016, the Corporation purchased 110,000 limited partnership units in Western Wealth Capital XVIII Limited Partnership ("WWC XVIII") at a price of \$1USD per unit, for an aggregate Canadian dollar amount of \$143,666. Distributions from WWC X will be made; firstly to the unreturned capital of the Class A limited partners, secondly to the limited partner holders until a cumulative return of 8% is paid, and thirdly an amount equal to 60% to holders of limited partnership units and 40% to the general partner. WWC VI is considered a related party due to common management. The Corporation received \$7,293 from WWC XVIII as return of capital during the year ended December 31, 2016. The Corporation did not receive any investment income from WWC XVIII for the year ended December 31, 2016..

During the year ended December 31, 2016, the Corporation purchased 132,500 limited partnership units in Western Wealth Capital XX Limited Partnership ("WWC XX") at a price of \$1USD per unit, for an aggregate Canadian dollar amount of \$172,245. Distributions from WWC XX will be made; firstly to the unreturned capital of the limited partners, and secondly 65% to the holders of limited partnership units and 35% to the general partner. WWC XX is considered a related party due to common management. The Corporation received an aggregate of \$132 of investment loss from WWC XX which will be included on the Corporation's tax return for the year ended December 31, 2016.

**7. Accounts payable and accrued liabilities**

The amounts relate to professional fees payable in relation to the annual audit.

**8. Due to related party**

The amount are due to Western Wealth Capital Management Ltd. are unsecured, non-interest bearing and are expected to be repaid from proceeds received from the offering (note 14).



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**9. Bonds**

The bonds are unsecured participating series A bonds, issued pursuant to an offering memorandum dated March 9, 2016). Each bond pays interest at fixed simple interest rate per annum of 6%. Each bond's interest rate payments will be made at maturity, subject to early payment at the sole discretion of the Corporation. The bonds shall mature on the tenth anniversary from their date of issuance, subject to early redemption by the Corporation.

During the year ended December 31, 2016, 4,327 (2015 - 5,157) bonds were issued at a price of \$100 per bond for total gross proceeds of \$432,700 (2015 - \$515,697). Interest in the amount of \$46,416 (2015 - \$18,296) was accrued with respect to the bonds for the year ended December 31, 2016 and finance costs in the amount of \$4,880 have been expensed for the year ended December 31, 2015 (2015 - \$3,565).

**10. Income tax expense**

The Corporation has \$196,995 (2015 - \$43,749) of available estimated non-capital losses which expire in 2036 (2015 - 2035), and for which no tax asset has been recorded.

**11. Share capital**

11.1 Authorized

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

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

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

11.2 Issued and outstanding

	2016	
	Number	Amount
Class A preferred shares	10,000	\$ 100
Class B common shares	1	\$ 1

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11.3 The Corporation was formed on October 21, 2014 and issued 10,000 Class A preferred shares issued at \$0.01 per share and 1 Class B common share issued at \$1 per share.

**12. General and administrative**

General administrative expenses related to marketing and corporate expenses incurred during the year ended December 31, 2016.

**13. Related party transactions**

On October 21, 2014, the Corporation signed an agreement with Ground Floor Capital Management Ltd. ("GFCM"), a minority shareholder of the Corporation whereby the Corporation agrees to pay GFCM (i) an initial fee on first closing of sale of Bonds, in an amount equal to 1% of the cash proceeds by the corporation in connection with the closing of the sale of the Bonds, and (ii) thereafter an annual fee payable on December 31st of each calendar year, in an amount equal to 1% of the cash proceeds received in connection with sales of Bonds during that calendar year which has just ended. This transaction is in the normal course of operations and is measured at the exchange amount of consideration established and agree to by the related parties.

On October 22, 2014, the Corporation signed an agreement with Target Capital Inc. ("Target"), the majority shareholder of the Corporation, whereby the Corporation agrees to pay Target: a capital raise fee equal to \$2,500 plus ½ of 1% of the amount of capital raised from the offering (note 14) in excess of \$500,000; and, an annual fee equal to \$2,500 plus ½ of 1% of the amount of capital raised from the offering (note 14) in excess of \$500,000 through deferred plans (any one of, or collectively, a Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan and Tax-Free Savings Account, all as defined under the Income Tax Act). The minimum term of the agreement is two years but is expected to be renewed until the Bonds issued as a result of the offering (note 14) either mature or are redeemed by the Corporation. This transaction is in the normal course of operations and is measured at the exchange amount of consideration established and agreed to by the related parties.

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**14. Subsequent event**

The Corporation has prepared an offering memorandum (the "offering"), for the offer of a series (series A, B and C) of unsecured participating bonds (collectively the "Bonds"), with up to an aggregate maximum of 120,000 Bonds at a price of \$100 per Bond for total gross proceeds of \$12,000,000, with no minimum offering. The Bonds will be issued in series (series A being sold first and series C being sold last) with a maximum of 40,000 Bonds per series, until the maximum number of Bonds per series has been reached. Each Bond pays interest at fixed simple interest rate per annum as follows: series A - 6%, series B - 5%, and series C - 4%. Each Bond's interest rate payments will be made at maturity, subject to early payment at the sole discretion of the Corporation. The Bonds shall mature on the tenth anniversary from their date of issuance, subject to early redemption by the Corporation. The bondholders may request early retraction, as outlined below:

The bondholder is required to provide advance written notice on or before July 1 in each year to the Corporation, indicating the number of Bonds to be retracted. On January 15 in each year the Corporation will retract Bonds in accordance with the following terms: the directors of the Corporation, in their sole discretion, may decline any or all of the retraction if the directors of the Corporation determine that the retraction would have an adverse effect on the financial position of the Corporation; the Corporation shall not be obligated to retract in excess of 5% of the issued and outstanding Bonds in any calendar year; and, the retraction price shall be equal to the subscription price paid by the retracting bondholder plus any accrued and unpaid interest up to December 31 of the year of redemption, less any costs incurred by the Corporation with respect to the retraction of the Bonds which are to be retracted (including costs incurred in realizing the Corporation's assets to fund the retraction).

The bondholders are entitled to participate, on a pro-rata basis, in the net profits of the Corporation in the form of interest, in addition to the aforementioned fixed interest.

The Corporation does not intend to pay any commissions to selling agents in connection with the sale of Bonds under this offering.

Closing of the offering is set to take place periodically at the Corporation's discretion.

**Item 13: DATE AND CERTIFICATE**

Dated March 15, 2017.

**This offering memorandum does not contain a misrepresentation.**

**Signed**

A handwritten signature in black ink, appearing to read "D. Steele", written over a horizontal line.

**David Steele, Director and President**

**SCHEDULE A – Subscription Agreement**

*(Subscription Agreement begins on the following page)*

**PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

TO: **ARIZONA 88 OPPORTUNITY FUND LTD.** (the “Company”)

This is a subscription agreement for bonds of the Company (“**Bonds**”), issued pursuant to the Bondholders Agreement dated effective November 27, 2014 in respect of Series A Bonds of Arizona 88 Opportunity Fund Ltd. (the “**Bondholders Agreement**”). The rights of the holders of Bonds and the Company, and the terms and conditions upon which the Bonds are issued and held, are described in the Bondholders Agreement.

**Purchaser Information:**

<i>Full legal name of Purchaser – please print</i>
X
<i>Signature of Purchaser or Authorized Signatory</i>
<i>Official Title or Capacity</i>
<i>Name of Signatory (please print name of individual whose signature appears above if different than Purchaser name)</i>
<i>Date of Execution</i>
Address:
<i>(Street, No.)</i>
<i>(City, Province, Postal Code)</i>
<i>(Telephone)</i> <i>(E-mail)</i>
<i>(Social Insurance Number / Business Number)</i>

**Subscription Details:**

<b>Subscription Amount :</b> \$ _____
<b>Number of Series A Bonds :</b> _____

*If the person signing this Subscription is not purchasing, nor deemed by applicable securities regulation to be purchasing, as principal and is signing as agent for one or more principals, complete the following for each such principal (attach additional pages if required):*

<i>(Name of Principal)</i>
<i>(Address of Residence)</i>
<i>(Telephone)</i> <i>(E-mail)</i>

**Registration Instructions:**

Same as Purchaser Information <input type="checkbox"/> or
<i>(Name – please print)</i>
<i>(Account reference, if applicable)</i>
<i>(Address)</i>

**Delivery Instructions:**

Same as Purchaser Information <input type="checkbox"/> or
<i>(Name – please print)</i>
<i>(Account reference, if applicable)</i>
<i>(Address)</i>

**FOR OFFICE USE ONLY**

ACCEPTANCE: The Company hereby accepts this Subscription.

<b>ARIZONA 88 OPPORTUNITY FUND LTD.</b>	<b>Date of Acceptance:</b>	Subscription No.
Per: _____ Name and Title:	_____	

By executing this Subscription, the Purchaser (a) acknowledges and agrees to the terms of this Subscription, including Schedule A – Terms and Conditions; and (b) agrees to be bound as a “Bondholder” by the terms of the Bondholders Agreement under which its Bonds are being issued, as from time to time amended and in effect, as if it were an original party thereto.

The Purchaser hereby represents and warrants as follows.

**Insider Status**

The Purchaser either [check appropriate box]:

- is an “Insider” of the Company, as such term is defined in the *Securities Act* (British Columbia); or
- is not an “Insider” of the Company.

**Registrant Status**

The Purchaser either [check appropriate box]:

- is an “Registrant”, as such term is defined in the *Securities Act* (British Columbia); or
- is not a “Registrant”.

**PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES two signed copies of each of the following documents:**

- (a) Pages 1, 2 and 3 of the Private Placement Subscription Agreement
- (b) Acknowledgement of receipt of Offering Memorandum
- (c) Schedule I – Target Release
- (d) The appropriate investor qualification form(s):

Applicable Jurisdiction or Exemption

Form

**Residents of all jurisdictions of Canada** purchasing under the “offering memorandum” exemption from the prospectus requirements afforded by Section 2.9 of NI 45-106.

Risk Acknowledgement (Schedule C1 or C2, as applicable)

**Residents of Alberta, Manitoba, Northwest Territories, Nunavut, Ontario, Quebec, Prince Edward Island, Yukon, New Brunswick or Saskatchewan**, if the subscription price payable for the Bonds exceeds \$10,000

Eligible Investor Certificate (Schedule D)

**Investors** purchasing Bonds pursuant to the “accredited investor” exemption from the prospectus requirements afforded by Section 2.3 of NI 45-106

Exempt Purchaser Certificate (Schedule B)

**Residents of Alberta, British Columbia, Saskatchewan, Manitoba, Northwest Territories, Nunavut or Yukon** purchasing Bonds from a person exempt from the dealer registration requirement under an order issued by the applicable Securities Commission in implementation of the so-called “Northwest Exemption”

Risk Acknowledgement - NWE (Schedule E)

- 2. Enclose payment of the Subscription Price, by solicitor's trust cheque, RRSP or RRIF Trustee cheque, TFSA Trustee cheque, certified cheque, bank draft or cashier’s cheque drawn on a chartered bank made payable in immediately available funds to “ARIZONA 88 OPPORTUNITY FUND LTD.” Payment may also be sent my wire transfer in accordance with the instructions provided by the Company on request.
- 3. Return one copy of the completed and signed documents (keep one for your records) together with the payment of the Subscription Price to:

ARIZONA 88 OPPORTUNITY FUND LTD.  
201 – 197 Forester Street  
North Vancouver, BC V7H 0A6

**SCHEDULE A  
TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

**Terms and Conditions**

**1. Subscription**

- 1.1 This subscription, including this Schedule A -Terms and Conditions and the other Schedules and appendices (duly completed and executed as applicable) attached hereto, are collectively referred to as the “**Subscription**”.
- 1.2 The purchaser signing on the first page of this Subscription (the “**Purchaser**”, unless the person is signing as agent for the principal(s) disclosed hereunder in which event each such principal is the “**Purchaser**”) hereby subscribes for and agrees to purchase from the Company, on the terms and conditions set forth herein, the number, tranche and series of Bonds of the Company set forth on the first page of this Subscription, for the aggregate Subscription Price set forth on the first page of this Subscription (the “**Subscription Price**”).
- 1.3 The Purchaser acknowledges that this Subscription forms part of a continuous offering by the Company of Bonds, at a price of \$100 per Bond (the “**Offering**”) and that closings will take place periodically at the Company’s discretion.
- 1.4 For purposes hereof, “**Agreement**” means the agreement between the Purchaser and the Company resulting from the Company’s acceptance of this Subscription.

**2. Terms and Conditions of Bonds**

The terms and conditions which govern the Bonds, including the rights of the Bondholders and the Company, and provisions regarding interest, maturity and redemption, are described in the Bondholders Agreement, in respect of Bonds issued thereunder and designated as “Series A Bonds.

**3. Conditions of Subscription**

The Purchaser acknowledges that the Company’s obligation to sell the Bonds to the Purchaser is subject to, among other things, the conditions that:

- 3.1 the Purchaser duly completes, executes and returns to the Company this Subscription, together with all documents required by applicable securities legislation for delivery on behalf of the Purchaser, including duly completed and executed certificates or acknowledgements, as the case may be, as required under Section 8 of this Agreement;
- 3.2 payment has been made by the Purchaser of the Subscription Price as provided in Section 5 hereof;
- 3.3 the Company has accepted, in whole or in part, this Subscription;
- 3.4 all necessary regulatory approvals have been obtained by the Company prior to the Closing (as defined below);
- 3.5 the sale of the Bonds is exempt from the requirement to file a prospectus or registration statement under any applicable statute relating to the sale of the Bonds or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or registration statement; and
- 3.6 the representations, warranties, covenants and certifications of the Purchaser in this Agreement, including any exhibits or appendices hereto or other document delivered to the Company in connection with the Purchaser’s subscription hereunder, are accurate and remain true and correct at the Closing.

**4. Closing**

- 4.1 Delivery of the Bonds (the “**Closing**”) shall be completed at 11:00 a.m. (Vancouver time) at the Company’s offices, or at such other time or place, on a day to be determined by the Company (the “**Closing Date**”), which day will be no later than 30 days after the delivery of this Agreement by the Purchaser.
- 4.2 In the event that the Closing does not occur for whatever reason 30 days after the delivery of this Agreement by the Purchaser, this Agreement and the Subscription Price shall be returned (without interest) to the Purchaser by the Company in accordance with the contact and payment information provided by the Purchaser to the Company.



## 5. Payment

- 5.1 Payment of the aggregate Subscription Price for the Bonds subscribed for must accompany this Subscription and shall be paid by solicitor's trust cheque, RRSP or RRIF Trustee cheque, TFSA Trustee cheque, certified cheque, bank draft, cashier's cheque or wire transfer drawn on a chartered bank made payable in immediately available funds to the Company.
- 5.2 Except as provided in section 5.3, the Purchaser acknowledges that payment of the Subscription Price will not be held in trust pending Closing and may be used by the Company in its sole discretion and, until the Bonds are issued and delivered, will constitute an interest free loan to the Company.
- 5.3 In circumstances where the Purchaser has the right to cancel this Agreement described under section 9.1, (a) the Company will hold in trust the Subscription Price until midnight on the 2nd business day after the date on which the Purchaser signs this Agreement, and (b) if the Purchaser exercises its right to cancel the Agreement as so described, the Company will promptly return the Subscription Price to the Purchaser.

## 6. Purchaser's Representations, Warranties and Acknowledgements

The Purchaser hereby represents and warrants to the Company that:

- 6.1 the Purchaser has the legal capacity and competence to execute this Subscription Agreement and to take all actions required pursuant hereto and all necessary approvals by directors, shareholders, and members of the Purchaser, or otherwise, have been given to authorize it to execute this Subscription Agreement and to take all actions required pursuant hereto; and
- 6.2 the Purchaser is resident in the jurisdiction set forth in the "Address of Residence" set out on the first page of this Subscription;
- 6.3 if the Purchaser is resident in a jurisdiction of Canada:
- 6.3.1 the Purchaser has received a copy of the Offering Memorandum dated March 15, 2017 (the "**Offering Memorandum**") and is purchasing the Bonds in reliance on the offering memorandum exemption (the "**OM Exemption**") from the prospectus requirement of applicable securities legislation as set out in section 2.9 of National Instrument 45-106 Prospectus and Registration Exemptions ("**NI 45-106**") and:
- (A) if the Purchaser is resident in Manitoba, Northwest Territories, Nunavut, Prince Edward Island, or Yukon, the Purchaser is an "eligible investor" within the meaning of NI 45-106 (an "**eligible investor**"), or the acquisition cost to the Purchaser does not exceed \$10 000; or
- (B) if the Purchaser is resident in Alberta, New Brunswick, Nova Scotia, Ontario, Quebec or Saskatchewan, the acquisition cost does not exceed \$10,000, or the Purchaser is an eligible investor and:
- (i) if the Purchaser did not receive advice from a portfolio manager, investment dealer or exempt market dealer that the purchase contemplated hereunder is suitable, the acquisition cost of all securities acquired by the Purchaser in the preceding 12 months (including the acquisition cost of the Bonds hereunder) in reliance on the OM exemption does not exceed \$30,000; or
- (ii) if the Purchaser has received advice from a portfolio manager, investment dealer or exempt market dealer that the purchase contemplated hereunder is suitable, the acquisition cost of all securities acquired by the Purchaser in the preceding 12 months (including the acquisition cost of the Bonds hereunder) in reliance on the OM exemption does not exceed \$100,000;
- 6.3.2 the Purchaser is an "accredited investor" within the meaning of NI 45-106 and was not created, nor is it being used, solely to purchase or hold the Bonds as an accredited investor described in paragraph (m) of the definition of "accredited investor" in NI 45-106; or
- 6.3.3 the Purchaser is:
- (A) a director, executive officer or control person of the Company, or of an affiliate of the Company; or
- (B) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the Company, or of an affiliate of the Company; or

- (C) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the Company or of an affiliate of the Company; or
  - (D) a close personal friend of a director, executive officer or control person of the Company, or of an affiliate of the Company; or
  - (E) a close business associate of a director, executive officer or control person of the Company, or of an affiliate of the Company; or
  - (F) a founder of the Company or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Company; or
  - (G) a parent, grandparent, brother, sister, child or grandchild of the spouse of a founder of the Company; or
  - (H) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in subsections 6.3.3(A) to 6.3.3(G); or
  - (I) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons described in 6.3.3(A) to 6.3.3(G); or
- 6.3.4 the Purchaser is an employee, executive officer, director or consultant of the Company or of a related entity of the Company or a permitted assign of such a person as provided in NI 45-106 and the Purchaser's purchase of the Bonds is "voluntary" (as defined in NI 45-106); or
- 6.3.5 the Purchaser is not an individual, is purchasing the Bonds as principal, and is purchasing the Bonds at an acquisition cost to the Purchaser of not less than \$150,000 paid in cash at the time of the distribution and the Purchaser was not created, nor is it being used, solely to purchase or hold securities in reliance on the exemption from the prospectus requirement available under section 2.10 of NI 45-106; and
- 6.4 the Purchaser is purchasing the Bonds as principal for the Purchaser's own account for investment only, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Bonds; and
- 6.5 the Purchaser is not a "U.S. Person" as defined under Regulation S made under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor, administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States; and
- 6.6 the Purchaser acknowledges that the Bonds have not been and will not be registered under the U.S. Securities Act and that the Bonds may not be offered or sold in the United States or to U.S. Persons without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration; and
- 6.7 the Bonds have not been offered to the Purchaser in the United States and the Purchaser was not in the United States when the order was placed and this Subscription Agreement was executed and delivered; and
- 6.8 the Purchaser acknowledges that:
- 6.8.1 no prospectus has been or is intended to be filed by the Company with the British Columbia or any other securities commission in connection with the issuance of the Bonds; and
  - 6.8.2 no securities commission or similar regulatory authority has reviewed or passed on the merits of the Bonds; and
  - 6.8.3 there is no government or other insurance covering the Bonds and there are risks associated with the purchase of the Bonds; and
  - 6.8.4 the Company has advised the Purchaser that the Company is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under applicable securities legislation and, as a consequence of acquiring the Bonds pursuant to these exemptions:
    - (A) certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages, will not be available to the Purchaser; and

- (B) the Purchaser may not receive information that might otherwise be required to be provided to the Purchaser under the applicable securities legislation if the exemption was not being used; and
  - (C) the Company is relieved from certain obligations that would otherwise apply under the applicable securities legislation if an exemption was not being used; and
- 6.9 the Purchaser has relied solely upon its own independent investigation in making a decision to purchase the Bonds and not upon any oral or written representation as to any fact or otherwise made by or on behalf of the Company or any other person associated therewith and the Purchaser acknowledges that, except as provided under applicable law, the Company and its officers, directors, employees, agents and representatives assume no responsibility or liability of any nature whatsoever in respect of the accuracy and adequacy of any material provided to the Purchaser; and
- 6.10 the Purchaser acknowledges that:
- 6.10.1 there are restrictions on the Purchaser's ability to resell the Bonds imposed by applicable securities legislation and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Bonds; and
  - 6.10.2 in addition, it has been independently advised as to restrictions with respect to trading in the Bonds imposed by securities legislation in the jurisdiction in which the Purchaser resides; and
  - 6.10.3 no representation has been made to the Purchaser by or on behalf of the Company with respect to the resale of the Bonds except as set forth herein; and
- 6.11 the Purchaser will not resell the Bonds, except in accordance with the provisions of applicable securities legislation; and
- 6.12 this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Purchaser; and
- 6.13 the Purchaser has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the Purchaser's investment and is able to bear the economic risks of loss of the Purchaser's investment; and
- 6.14 the Purchaser realizes that an investment in the Bonds involves a high degree of risk and will be a highly speculative investment and the Purchaser is able, without impairing the Purchaser's financial condition, to hold the Bonds for an indefinite period of time; and
- 6.15 if required by applicable securities legislation, policy or order or securities commission or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issue of the Bonds as may be required; and
- 6.16 the funds representing the aggregate subscription price for the Bonds which will be advanced by the Purchaser hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* and the Purchaser acknowledges that the Company may in the future be required by law to disclose the Purchaser's name and other information relating to this Subscription Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to such Act. To the best of the Purchaser's knowledge, none of the subscription funds to be provided by the Purchaser (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Purchaser. The Purchaser shall promptly notify the Company if the Purchaser discovers that any of the foregoing representations ceases to be true; and
- 6.17 the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms and provisions of any law applicable to the Purchaser, or any of the Purchaser's constating documents, if applicable, or of any agreement to which the Purchaser is a party or by which the Purchaser is bound; and
- 6.18 the Purchaser is responsible for obtaining such legal, financial and tax advice as it considers appropriate in connection with the execution, delivery and performance by the Purchaser of this Subscription Agreement; and
- 6.19 the Purchaser acknowledges that the Company's legal counsel is acting solely as counsel to the Company and not as counsel to the Purchaser; and

- 6.20 the Purchaser acknowledges that it has received a copy of the Bondholders Agreement under which its Bonds are being issued and has read and fully understands such Bondholders Agreement;
- 6.21 the Purchaser acknowledges and agrees that all costs and expenses incurred by the Purchaser (including any fees and disbursements of any special counsel retained by the Purchaser) relating to the purchase of the Bonds shall be borne by the Purchaser; and
- 6.22 the Purchaser acknowledges that Target Capital Inc. (“**Target**”), as controlling shareholder of the Company, owes no duty of care, fiduciary or otherwise, to the Purchaser and that the Purchaser agrees that Target shall not be liable to the Purchaser for any liabilities, losses or damages incurred or suffered by the Purchaser in connection with this investment, including any default by the Company in the payment of interest and/or the payment of the principal of the Bonds issued pursuant to this Offering. For greater certainty, either the Company or Target shall be entitled to enforce this limitation of liability section without any claim by the Purchaser that Target has not given adequate consideration.

## **7. Agreement to be Bound**

In consideration of the Company accepting this subscription and conditional thereon, the Purchaser hereby undertakes in favour of the Company and the other holders of Bonds to be bound as a “Bondholder” by the terms of the Bondholders Agreement, as from time to time amended and in effect, as if it were an original party thereto.

## **8. Purchaser’s Certificates and Acknowledgements**

- 8.1 If the Purchaser is purchasing the Bonds in reliance on an exemption from prospectus requirement provided by NI 45-106 as set out in section 6.3 (other than the OM Exemption), the Purchaser must duly complete item 1, 2, 3 or 4 of, and execute and deliver to the Company, a **Schedule B – Purchaser Certificate**.
- 8.2 If the Purchaser is resident in a jurisdiction of Canada other than Ontario and is purchasing the Bonds in reliance on the OM Exemption, the Purchaser must execute and deliver to the Company a **Schedule C – Risk Acknowledgement** (C1 or C2, as applicable) and, if the Purchaser is in Alberta, Manitoba, Northwest Territories, Nunavut, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Saskatchewan or Yukon and the aggregate Subscription Price exceeds \$10 000, the Purchaser must duly complete, execute and deliver to the Company, a **Schedule D – Eligible Investor Certificate**.
- 8.3 If the Purchaser is in Alberta, British Columbia, Saskatchewan, Manitoba, Northwest Territories, Nunavut or Yukon and is purchasing the Bonds from a person who is exempt from the dealer registration requirement under an order issued by the applicable Securities Commission in implementation of the so-called “Northwest Exemption”, the Purchaser must duly complete, execute and deliver to the Company, a **Schedule E – Risk Acknowledgement – NWE**.
- 8.4 If the Purchaser is purchasing the Bonds in reliance on an exemption from the prospectus requirement of applicable securities legislation as set out in NI 45-106 that is dependant on the fact that the Purchaser is a person described in subsection 6.3.3(D) or 6.3.3(E), or is a close personal friend or close business associate of a founder of the Company, or is a person described in subsection 6.3.3(H) or 6.3.3(I) based in whole or in part on a close personal friendship or close business association, the Purchaser must, if the Purchaser is resident in Saskatchewan, duly complete and execute, in duplicate, and deliver one copy to the Company of, a **Schedule F – Saskatchewan Risk Acknowledgement**, and if the Purchaser is resident in Ontario, duly complete and execute, in duplicate, and deliver one copy to the Company of a **Schedule G - Ontario Risk Acknowledgement**.

## **9. Purchaser’s Rights – OM Exemption**

- 9.1 If the Purchaser is resident in a jurisdiction of Canada and is purchasing the Bonds in reliance on the OM Exemption, the Purchaser is hereby granted, in addition to, and without detracting from, any other right of the Purchaser, the right to cancel this Agreement by delivering a notice to the Company not later than midnight on the 2nd business day after the date on which the Purchaser signs this Agreement.

## **10. Consent to Collection of Personal Information.**

- 10.1 If the Purchaser is an individual, the Purchaser acknowledges that the Purchaser has provided, in this Subscription Agreement, to the Company information (the “Personal Information”) of a personal nature that may or may not be protected under applicable privacy legislation. This information is being collected, used and may be disclosed by the Company for the following purposes (the “Purposes”):

- 10.1.1 in order to complete the Offering;

- 10.1.2 to be kept in the corporate records of the Company, on its securities registers and Bondholders lists, maintained by the Company and/or the Company's transfer agent;
  - 10.1.3 to be disclosed to securities/tax regulatory authorities or other government bodies as required and in accordance with applicable securities laws and tax laws;
  - 10.1.4 as long as the Purchaser is a security holder of the Company, to be disclosed to other third parties held to an obligation of confidentiality to the Company such as its legal counsel, its accountants, transfer agent, securities depository, or any other entity for: (i) the purpose of sending financial statements and other disclosure documentation required to be sent by law to the shareholders of the Company, and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Company and such other third party; and
  - 10.1.5 to enforce the obligations contemplated by this Subscription Agreement.
- 10.2 The Purchaser or the person subscribing for the Bonds on behalf of a disclosed beneficial purchaser hereby consents to the collection, use and disclosure by the Company of the Personal Information for the Purposes.
- 10.3 Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. In Ontario, the Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone (416) 593-8086, Facsimile: (416) 593-8252 is the public official who can answer questions about the indirect collection of personal information. The Purchaser's personal information may be disclosed by the Company or its counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Company's registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the offering, including legal counsel. By executing this Subscription Agreement, the Purchaser is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Purchaser's personal information as set forth above. The Purchaser also consents to the filing of copies or originals of any of the Purchaser's documents described in this Subscription Agreement as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transactions contemplated hereby.

## **11. Company's Representations and Warranties**

The Company hereby represents and warrants to the Purchaser that:

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

## **12. General**

- 12.1 The Purchaser is aware that the offer made by this Subscription is irrevocable (except as provided by Section 9.1) and requires acceptance by the Company and will not become an agreement between the Purchaser and the Company until accepted by the Company signing in the space above. The Company reserves the right to accept or reject subscriptions in whole or in part at the Company's discretion and to close the subscription books at any time without notice.
- 12.2 In the case of a person signing this Subscription as agent for a disclosed principal, each beneficial Purchaser for whom the agent is acting is purchasing, or is deemed under NI 45-106 to be purchasing, as principal, for the beneficial Purchaser's own account and not for the benefit of any other person, and such person is duly authorized to enter into this Agreement and to execute all documentation in connection with the purchase on behalf of each such beneficial Purchaser.

- 12.3 The representations, warranties, covenants and acknowledgements of the Purchaser contained in this Subscription, and in any schedules or appendices or other documents or materials executed and delivered by the Purchaser hereunder, are made by the Purchaser with the intent that they may be relied upon by the Company and its professional advisors in determining the Purchaser's eligibility to purchase the Bonds. The Purchaser further agrees that by accepting the Bonds the Purchaser shall be representing and warranting that the foregoing representations, warranties, covenants and acknowledgements are true as at the Closing with the same force and effect as if they had been made by the Purchaser at the Closing and that they shall survive the purchase by the Purchaser of the Bonds and shall continue in full force and effect notwithstanding any subsequent disposition by the Purchaser of the Bonds. The Purchaser hereby agrees to indemnify and save harmless the Company, and its directors, officers, employees, advisors, affiliates, shareholders and agents, and its counsel, against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur and which are caused by or arise from any inaccuracy in, breach or misrepresentation by the Purchaser of, any such representation, warranty or covenant. The Purchaser undertakes to immediately notify the Company of any change in any statement or other information relating to the Purchaser set forth herein or in any schedule or appendix or other documents or materials executed and delivered by the Purchaser hereunder that takes place prior to the Closing.
- 12.4 Time shall, in all respects, be of the essence hereof.
- 12.5 The Purchaser authorizes the Company to complete or correct any errors or omissions in this Agreement or any of the Schedules which are required to be completed and executed by the Purchaser and delivered to the Company hereunder.
- 12.6 All references herein to monetary amounts are to lawful money of Canada.
- 12.7 The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.
- 12.8 Except as expressly provided for in this Agreement and in the agreements, instruments and other documents provided for, contemplated or incorporated herein, this Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings. This Agreement may be amended or modified in any respect by written instrument only, signed by the parties.
- 12.9 The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Purchaser, the Company and their respective successors and assigns; provided that, except as herein provided, this Agreement shall not be transferable or assignable by any party without the written consent of the other.
- 12.10 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the parties hereto hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.
- 12.11 This Agreement is intended to and shall take effect on the date of acceptance of the Purchaser's subscription by the Company, notwithstanding its actual date of execution or delivery by any of the parties hereto, and shall be dated for reference as of the date of such acceptance by the Company.
- 12.12 The Company shall be entitled to rely on delivery of a facsimile copy of an executed Subscription, and acceptance by the Company of such Subscription shall be legally effective to create a valid and binding Agreement between the Purchaser and the Company in accordance with the terms hereof. If less than a complete copy of this Subscription is delivered to the Company, the Company and its advisors are entitled to assume that the Purchaser accepts and agrees to all of the terms and conditions of the pages not delivered, unaltered.
- 12.13 The Purchaser acknowledges and agrees that all costs incurred by the Purchaser (including any fees and disbursements of any special counsel retained by the Purchaser) relating to the sale of the Bonds to the Purchaser shall be borne by the Purchaser.
- 12.14 The Purchaser acknowledges that the Purchaser has consented to and requested that all documents evidencing or relating in any way to the issuance of the Bonds be drawn up in the English language only. *Le soussigné reconnaît par les présentes avoir consenti et exige que tous les documents faisant foi ou se rapportant de quelque manière à la vente des titres offerts soient rédigés en anglais seulement.*
- 12.15 Each of the parties hereto upon the request of the other party hereto, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as reasonably may be necessary or desirable to complete, better evidence, or perfect the transactions contemplated herein.

12.16 This Agreement may be executed in any number of counterparts and may be executed and delivered by facsimile, all of which when taken together shall be deemed to be one and the same document.

*(The remainder of this page is intentionally left blank)*

**SUBSCRIPTION AGREEMENT  
EXEMPT PURCHASER CERTIFICATE**

TO: **ARIZONA 88 OPPORTUNITY FUND LTD.** (the “**Company**”)

In addition to the covenants, representations and warranties contained in the Private Placement Subscription Agreement to which this Schedule B – Exempt Purchaser Certificate is attached, the undersigned purchaser (the “**Purchaser**”) represents, warrants and certifies to the Company that the Purchaser is purchasing as principal and qualifies to purchase under National Instrument 45-106 Prospectus and Registration Exemptions (“**NI 45-106**”) by reason of the fact that the Purchaser falls into one or more of the subparagraphs set out below, the Purchaser having initialled the applicable subparagraph or subparagraphs (for purposes hereof, certain definitions are included as Appendix I hereto for convenience):

**1. ACCREDITED INVESTOR**

The Purchaser is:

- \_\_\_\_\_ (a) a Canadian financial institution, or a Schedule III bank; or
  - \_\_\_\_\_ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
  - \_\_\_\_\_ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or
  - \_\_\_\_\_ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer; or
  - \_\_\_\_\_ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person or company referred to in paragraph (d); or
  - \_\_\_\_\_ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, , other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
  - \_\_\_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or
  - \_\_\_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec; or
  - \_\_\_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
  - \_\_\_\_\_ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or
  - \_\_\_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; or
- (Note: please complete 2 originals of the Accredited Investor Risk Acknowledgement Form attached as Schedule H)
- \_\_\_\_\_ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;



- \_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

*(Note: please complete 2 originals of the Accredited Investor Risk Acknowledgement Form attached as Schedule H)*

*(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled.)*

- \_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

*(Note: please complete 2 originals of the Accredited Investor Risk Acknowledgement Form attached as Schedule H)*

- \_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or

- \_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to

(i) a person that is or was an accredited investor at the time of the distribution,

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106, or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or

- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

- \_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

- \_\_\_\_\_ (q) a person acting on behalf of a fully managed account by that person, if that person

(i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and

(ii) in Ontario, is purchasing a security that is not a security of an investment fund; or

- \_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

- \_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

- \_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in National Instrument 45-106); or

- \_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

- \_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

- \_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

## 2. FAMILY AND OTHER RELATIONSHIPS

The Purchaser is:

- \_\_\_\_\_ (a) a director, executive officer or control person of the Company, or of an affiliate of the Company; or
- \_\_\_\_\_ (b) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the Company, or of an affiliate of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ (c) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the Company or of an affiliate of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ \* (d) a close personal friend of a director, executive officer or control person of the Company, or of an affiliate of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ \* (e) a close business associate of a director, executive officer or control person of the Company, or of an affiliate of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ \* (f) a founder of the Company or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend\* or close business associate\* of a founder of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ (g) a parent, grandparent, brother, sister, child or grandchild of the spouse of a founder of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ \* (h) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (g); or
- \_\_\_\_\_ \* (i) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons described in paragraphs (a) to (g).

*\* If the Purchaser is resident in Saskatchewan and is purchasing the Bonds in reliance on an exemption from the prospectus requirement of applicable securities legislation as set out in NI 45-106 that is dependant on the fact that the Purchaser is a person described in subsection paragraphs (d) or (e), or is a close personal friend or close business associate of a founder of the Company, or is a person described in paragraphs (h) or (i) based in whole or in part on a close personal friendship or close business association, the Purchaser must duly complete and execute, in duplicate, and deliver one copy to the Company of, a **Schedule F – Saskatchewan Risk Acknowledgement**.*

*\* If the Purchaser is resident in Ontario and is purchasing the Bonds in reliance an exemption from the prospectus requirement of applicable securities legislation as set out in NI 45-106 that is dependant on the fact that the Purchaser is a person described in the paragraphs above, the Purchaser must duly complete and execute, in duplicate, and deliver one copy to the Company of a **Schedule G - Ontario Risk Acknowledgement**.*

## 3. EMPLOYEES, EXECUTIVE OFFICERS, DIRECTORS AND CONSULTANTS

The Purchaser is:

- \_\_\_\_\_ (a) an employee, executive officer, director or consultant of the Company; or
- \_\_\_\_\_ (b) an employee, executive officer, director or consultant of a related entity of the Company, namely \_\_\_\_\_; or
- \_\_\_\_\_ (c) a permitted assign of a person referred to in paragraphs (a) or (b);

and the Purchaser's purchase of the Bonds is "voluntary" (as defined in NI 45-106).

**4. MINIMUM \$150,000 INVESTMENT**

\_\_\_\_\_ The Purchaser is not an individual, is purchasing the Bonds as principal, and is purchasing the Bonds at an acquisition cost to the Purchaser of not less than \$150,000 paid in cash at the time of the distribution and the Purchaser was not created, nor is it being used, solely to purchase or hold securities in reliance on the exemption from the prospectus requirement available under section 2.10 of NI 45-106.

The representations, warranties, statements and certification made in this Certificate are true and accurate as of the date of this Certificate and will be true and accurate as of the Closing. If any such representation, warranty, statement or certification becomes untrue or inaccurate prior to the Closing, the undersigned Purchaser shall give the Company immediate written notice thereof.

DATED \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
*Signature of Witness*

\_\_\_\_\_  
*Name of Purchaser (Please Print)*

\_\_\_\_\_  
*Name of Witness (Please Print)*

\_\_\_\_\_  
*Signature of Purchaser or Authorized Signatory of Purchaser*

\_\_\_\_\_  
*Address of Witness*

\_\_\_\_\_  
*Name and Office of Authorized Signatory of Purchaser (Please Print)*

\_\_\_\_\_  
*Address of Purchaser*

**APPENDIX I**  
**TO SCHEDULE B**  
**TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**  
**DEFINED TERMS**

For the purposes of this Schedule B, the following terms and expressions have the following meanings:

- (a) “**affiliate**” means, in respect of the relationship of an issuer to another issuer, that
- (i) one of them is the subsidiary of the other, or
  - (ii) each of them is controlled by the same person.
- (b) “**Canadian financial institution**” means
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) “**close business associate**” means, for purposes of the exemptions in this Schedule B, an individual who has had sufficient prior business dealings with a director, executive officer, founder or control person of the issuer to be in a position to assess their capabilities and trustworthiness. An individual is not a close business associate solely because the individual is: (i) a member of the same organization, association or religious group, or (ii) a client, customer, former client or former customer. The relationship between the individual and the director, executive officer, founder or control person must be direct. For example, the exemptions are not available for a close business associate of a close business associate of a director of the issuer;
- (d) “**close personal friend**” means, for purposes of the exemptions in this Schedule B, an individual who knows a director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. The term “close personal friend” can include a family member who is not already specifically identified in the exemptions if the family member satisfies the criteria described above. The relationship between the individual and the director, executive officer, founder or control person must be direct. For example, the exemption is not available to a close personal friend of a close personal friend of a director of the issuer. An individual is not a close personal friend solely because the individual is: (i) a relative, (ii) a member of the same organization, association or religious group, or (iii) a client, customer, former client or former customer;
- (e) “**control person**” has the meaning as ascribed to it in under applicable securities legislation;
- (f) “**director**” means:
- (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
  - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (g) “**eligibility adviser**” means:
- (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
  - (ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

- (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and
  - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
- (h) “**executive officer**” means, for an issuer, an individual who is
- (i) a chair, vice-chair or president,
  - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
  - (iii) performing a policy-making function in respect of the issuer;
- (i) “**financial assets**” means
- (i) cash,
  - (ii) securities, or
  - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (j) “**founder**” means, in respect of an issuer, a person who,
- (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
  - (ii) at the time of the trade is actively involved in the business of the issuer;
- (k) “**foreign jurisdiction**” means a country other than Canada or a political subdivision of a country other than Canada;
- (l) “**fully managed account**” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (m) “**investment fund**” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (n) “**jurisdiction**” means a province or territory of Canada except when used in the term foreign jurisdiction;
- (o) “**local jurisdiction**” means, in a national instrument or multilateral instrument adopted or made by a Canadian securities regulatory authority, the jurisdiction in which the Canadian securities regulatory authority is situate;
- (p) “**non-redeemable investment fund**” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (q) “**permitted assign**” means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,
- (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
  - (ii) a holding entity of the person,
  - (iii) a RRSP, RRIF, or TFSA of the person,
  - (iv) the spouse of the person,
  - (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,

- (vi) a holding entity of the spouse of the person, or
- (vii) a RRSP, RRIF, or TFSA of the spouse of the person;
- (r) “**person**” includes
  - (i) an individual,
  - (ii) a corporation,
  - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
  - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (s) “**regulator**” means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 opposite the name of the local jurisdiction;
- (t) “**related entity**” means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;
- (u) “**related liabilities**” means
  - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
  - (ii) liabilities that are secured by financial assets;
- (v) “**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act (Canada)*;
- (w) “**spouse**” means, an individual who,
  - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act (Canada)*, from the other individual,
  - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
  - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act (Alberta)*; and
- (x) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars.

**SCHEDULE C1  
TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT  
RISK ACKNOWLEDGEMENT FORM**

*(For use where the seller is not registered)*

**Form 45-106F4**

**Risk Acknowledgement**

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

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

The Company will pay \$ \_\_\_\_\_ of this to \_\_\_\_\_ as a fee or commission.

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

\_\_\_\_\_  
Date

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

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

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

**W  
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G**

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

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

Issuer Name and Address:

Arizona 88 Opportunity Fund Ltd. (the "Company" or the "issuer")  
201 – 197 Forester Street  
North Vancouver, BC V7H 0A6

Fax: (604) 260-4660

E-mail: [ir@westernwealthcapital.com](mailto:ir@westernwealthcapital.com)

**You are buying Exempt Market Securities**

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

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

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

**You will receive an offering memorandum** Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

**You will not receive advice**

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

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

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

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

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

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

Alberta Securities Commission  
Suite 600, 250–5th St. SW  
Calgary, Alberta T2P 0R4  
Telephone: (403) 297-6454  
Facsimile: (403) 297-6156  
[www.albertasecurities.com](http://www.albertasecurities.com)

Saskatchewan Financial Services Commission  
Suite 601 - 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2  
Telephone: (306) 787-5879  
Facsimile: (306) 787-5899  
[www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)

The Manitoba Securities Commission  
500 – 400 St Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: (204) 945-2548  
Toll free in Manitoba 1-800-655-5244  
Facsimile: (204) 945-0330  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593- 8314  
Toll free in Canada: 1-877-785-1555  
Facsimile: (416) 593-8122  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

New Brunswick Securities Commission  
85 Charlotte Street, Suite 300  
Saint John, New Brunswick E2L 2J2  
Telephone: (506) 658-3060  
Toll Free in New Brunswick 1-866-933-2222  
Facsimile: (506) 658-3059  
<http://www.fcnb.ca>

Nova Scotia Securities Commission  
2nd Floor, Joseph Howe Building  
1690 Hollis Street  
Halifax, Nova Scotia B3J 3J9  
Telephone: (902) 424-7768  
Facsimile: (902) 424-4625  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)

Prince Edward Island Securities Office  
95 Rochford Street, 4th Floor Shaw Building  
P.O. Box 2000  
Charlottetown, Prince Edward Island C1A 7N8  
Telephone: (902) 368-4569  
Facsimile: (902) 368-5283  
[www.gov.pe.ca/securities](http://www.gov.pe.ca/securities)

Government of Newfoundland and Labrador  
Financial Services Regulation Division  
P.O. Box 8700  
Confederation Building  
2nd Floor, West Block  
Prince Philip Drive  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189  
Facsimile: (709) 729-6187  
<http://www.servicenl.gov.nl.ca/securities/index.html>

Government of Yukon  
Department of Community Services

Government of Northwest Territories  
Government of the Northwest Territories



Law Centre, 3rd Floor  
2130 Second Avenue  
Whitehorse, YT Y1A 5H6  
Telephone: (867) 667-5314  
Facsimile: (867) 393-6251  
[http://www.community.gov.yk.ca/corp/securities\\_about.html](http://www.community.gov.yk.ca/corp/securities_about.html)

Government of Nunavut  
Department of Justice  
Legal Registries Division  
P.O. Box 1000, Station 570  
1st Floor, Brown Building  
Iqaluit, Nunavut X0A 0H0  
Telephone: (867) 975-6590  
Facsimile: (867) 975-6594

[http://nunavutlegalregistries.ca/sr\\_index\\_en.shtml](http://nunavutlegalregistries.ca/sr_index_en.shtml)

Office of the Superintendent of Securities  
P.O. Box 1320  
Yellowknife, NT X1A 2L9  
Attention: Deputy Superintendent, Legal & Enforcement  
Telephone: (867) 920-8984  
Facsimile: (867) 873-0243  
[www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry)

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Telephone: (604) 899-6500  
Toll Free: 1-800-373-6393  
Facsimile: (604) 899-6506  
[www.bpsc.bc.ca](http://www.bpsc.bc.ca)

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

**APPENDIX 1 to SCHEDULE C1**

(to be completed by residents of Alberta, New Brunswick, Nova Scotia, Ontario, Quebec & Saskatchewan)

**PART I**

<b>How you qualify to buy securities under the offering memorandum exemption</b>
Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

<b>A. You are an eligible investor because:</b>		<b>Your initials</b>
Eligible Investor	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

<b>B. You are an eligible investor, as a person described in subsection 7.3(3) of the <i>Securities Act</i> (Ontario), because:</b>		<b>Your initials</b>
Accredited investor	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

<b>C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:</b>		<b>Your initials</b>
Family, Friends and Business Associates	<p>You are:</p> <p>(1) [check all applicable boxes]</p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>(2) [check all applicable boxes]</p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
	<p>You are a family member of _____ [Instruction: insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____</p> <p>You are the _____ of that person or that person's spouse. [Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</p>	
	<p>You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for ____ years.</p>	
	<p>You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for ____ years.</p>	

<b>D. You are not an eligible investor.</b>		<b>Your initials</b>
Not an eligible investor	You acknowledge that you are not an eligible investor.	

**PART II**

**SECTION 1 TO BE COMPLETED BY THE PURCHASER**

**1. Investment limits you are subject to when purchasing securities under the Offering Memorandum Exemption.**

You may be subject to annual investment limits that apply to all securities acquired under the Offering Memorandum Exemption in a 12 month period, depending on the criteria under which you qualify as identified in Part I. Initial the statement that applies to you.

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

<b>B. You are an eligible investor, as a person described in subsection 7.3(3) of the Securities Act (Ontario).</b>		<b>Your initials</b>
Accredited investor	You acknowledge that, by qualifying as an eligible investor as a person described in subsection 7.3(3) of the <i>Securities Act</i> (Ontario), you are not subject to investment limits.	

<b>C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.</b>		<b>Your initials</b>
Family, Friends and Business Associates	You acknowledge that, by qualifying as an eligible investor as a person described in Section 2.5 [ <i>Family, friends and business associates</i> ], you are not subject to investment limits.	

<b>D. You are not an eligible investor.</b>		<b>Your initials</b>
Not an eligible investor	<p>You acknowledge that you cannot invest more than \$10,000 in all Offering Memorandum Exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all Offering Memorandum Exemption investments made in the previous 12 months.</p>	

<b>SECTION 2 TO BE COMPLETED BY THE REGISTRANT</b>	
<b>2. Registrant information</b>	
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>	
First and last name of registrant (please print):	
Registered as: <i>[Instruction: indicate whether registered as a dealing representative or an advising representative]</i>	
Telephone:	Email:
Name of firm: <i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	

**SCHEDULE C2**  
**TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

**RISK ACKNOWLEDGEMENT FORM**  
*(For use where the seller is a registered dealer)*

**Form 45-106F4**

**Risk Acknowledgement**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

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

The Company will pay \$\_\_\_\_\_ of this to \_\_\_\_\_ as a fee or commission.

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

\_\_\_\_\_  
Date

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

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

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

**W  
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G**

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

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

Issuer Name and Address:

Arizona 88 Opportunity Fund Ltd. (the "Company" or the "issuer")  
201 – 197 Forester Street  
North Vancouver, BC V7H 0A6

Fax: (604) 260-4660

E-mail: [ir@westernwealthcapital.com](mailto:ir@westernwealthcapital.com)

**You are buying Exempt Market Securities**

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

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

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

**You will receive an offering memorandum** Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

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

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

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

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

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

Alberta Securities Commission  
Suite 600, 250–5th St. SW  
Calgary, Alberta T2P 0R4  
Telephone: (403) 297-6454  
Facsimile: (403) 297-6156  
[www.albertasecurities.com](http://www.albertasecurities.com)

Saskatchewan Financial Services Commission  
Suite 601 - 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2  
Telephone: (306) 787-5879  
Facsimile: (306) 787-5899  
[www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)

The Manitoba Securities Commission  
500 – 400 St Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: (204) 945-2548  
Toll free in Manitoba 1-800-655-5244  
Facsimile: (204) 945-0330  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593- 8314  
Toll free in Canada: 1-877-785-1555  
Facsimile: (416) 593-8122  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

New Brunswick Securities Commission  
85 Charlotte Street, Suite 300  
Saint John, New Brunswick E2L 2J2  
Telephone: (506) 658-3060  
Toll Free in New Brunswick 1-866-933-2222  
Facsimile: (506) 658-3059  
<http://www.fcnb.ca>

Nova Scotia Securities Commission  
2nd Floor, Joseph Howe Building  
1690 Hollis Street  
Halifax, Nova Scotia B3J 3J9  
Telephone: (902) 424-7768  
Facsimile: (902) 424-4625  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)

Prince Edward Island Securities Office  
95 Rochford Street, 4th Floor Shaw Building  
P.O. Box 2000  
Charlottetown, Prince Edward Island C1A 7N8  
Telephone: (902) 368-4569  
Facsimile: (902) 368-5283  
[www.gov.pe.ca/securities](http://www.gov.pe.ca/securities)

Government of Newfoundland and Labrador  
Financial Services Regulation Division  
P.O. Box 8700  
Confederation Building  
2nd Floor, West Block  
Prince Philip Drive  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189  
Facsimile: (709) 729-6187  
<http://www.servicenl.gov.nl.ca/securities/index.html>

Government of Yukon  
Department of Community Services  
Law Centre, 3rd Floor  
2130 Second Avenue  
Whitehorse, YT Y1A 5H6  
Telephone: (867) 667-5314  
Facsimile: (867) 393-6251  
[http://www.community.gov.yk.ca/corp/securities\\_about.html](http://www.community.gov.yk.ca/corp/securities_about.html)

Government of Northwest Territories  
Government of the Northwest Territories  
Office of the Superintendent of Securities  
P.O. Box 1320  
Yellowknife, NT X1A 2L9  
Attention: Deputy Superintendent, Legal & Enforcement  
Telephone: (867) 920-8984  
Facsimile: (867) 873-0243

[www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry)

Government of Nunavut  
Department of Justice  
Legal Registries Division  
P.O. Box 1000, Station 570  
1st Floor, Brown Building  
Iqaluit, Nunavut X0A 0H0  
Telephone: (867) 975-6590  
Facsimile: (867) 975-6594  
[http://nunavutlegalregistries.ca/sr\\_index\\_en.shtml](http://nunavutlegalregistries.ca/sr_index_en.shtml)

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Telephone: (604) 899-6500  
Toll Free: 1-800-373-6393  
Facsimile: (604) 899-6506  
[www.bsc.bc.ca](http://www.bsc.bc.ca)

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



**APPENDIX 1 to SCHEDULE C2**

(to be completed by residents of Alberta, New Brunswick, Nova Scotia, Ontario, Quebec & Saskatchewan)

**PART I**

<b>How you qualify to buy securities under the offering memorandum exemption</b>
Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

<b>A. You are an eligible investor because:</b>		<b>Your initials</b>
Eligible Investor	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

<b>B. You are an eligible investor, as a person described in subsection 7.3(3) of the <i>Securities Act</i> (Ontario), because:</b>		<b>Your initials</b>
Accredited investor	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

<b>C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:</b>		<b>Your initials</b>
Family, Friends and Business Associates	<p>You are:</p> <p>(1) [check all applicable boxes]</p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>(2) [check all applicable boxes]</p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
	<p>You are a family member of _____ [Instruction: insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____</p> <p>You are the _____ of that person or that person's spouse. [Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</p>	
	<p>You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for ____ years.</p>	
	<p>You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for ____ years.</p>	

<b>D. You are not an eligible investor.</b>		<b>Your initials</b>
Not an eligible investor	You acknowledge that you are not an eligible investor.	

**PART II**

**SECTION 1 TO BE COMPLETED BY THE PURCHASER**

**1. Investment limits you are subject to when purchasing securities under the Offering Memorandum Exemption.**

You may be subject to annual investment limits that apply to all securities acquired under the Offering Memorandum Exemption in a 12 month period, depending on the criteria under which you qualify as identified in Part I. Initial the statement that applies to you.

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

<b>B. You are an eligible investor, as a person described in subsection 7.3(3) of the Securities Act (Ontario).</b>		<b>Your initials</b>
Accredited investor	You acknowledge that, by qualifying as an eligible investor as a person described in subsection 7.3(3) of the <i>Securities Act</i> (Ontario), you are not subject to investment limits.	

<b>C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.</b>		<b>Your initials</b>
Family, Friends and Business Associates	You acknowledge that, by qualifying as an eligible investor as a person described in Section 2.5 [ <i>Family, friends and business associates</i> ], you are not subject to investment limits.	

<b>D. You are not an eligible investor.</b>		<b>Your initials</b>
Not an eligible investor	<p>You acknowledge that you cannot invest more than \$10,000 in all Offering Memorandum Exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all Offering Memorandum Exemption investments made in the previous 12 months.</p>	

<b>SECTION 2 TO BE COMPLETED BY THE REGISTRANT</b>	
<b>2. Registrant information</b>	
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>	
First and last name of registrant (please print):	
Registered as: <i>[Instruction: indicate whether registered as a dealing representative or an advising representative]</i>	
Telephone:	Email:
Name of firm: <i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	

To be completed by Purchasers in **Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Northwest Territories, Nunavut, Yukon or Saskatchewan**, purchasing under the OM exemption, if the subscription price payable for the Bonds exceeds \$10,000

**SCHEDULE D  
TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

**ELIGIBLE INVESTOR  
CERTIFICATE**

TO: **ARIZONA 88 OPPORTUNITY FUND LTD.** (the “Company”)

In addition to the covenants, representations and warranties contained in the Private Placement Subscription Agreement to which this Schedule C – Eligible Investor Certificate is attached, the undersigned purchaser (the “Purchaser”) represents, warrants and certifies to the Company that the Purchaser is purchasing as principal and is an “eligible investor” within the meaning of National Instrument 45-106 Prospectus and Registration Exemptions (“NI 45-106”) by reason of the fact that the Purchaser falls into one or more of the subparagraphs set out below, the Purchaser having initialled the applicable subparagraph or subparagraphs (for purposes hereof, certain definitions are included as Appendix I hereto for convenience), and is

- \_\_\_\_\_ (a) a person whose
  - (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400 000,
  - (ii) net income before taxes exceeded \$75 000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
  - (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125 000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
- \_\_\_\_\_ (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors, or
- \_\_\_\_\_ (c) a general partnership of which all of the partners are eligible investors, or
- \_\_\_\_\_ (d) a limited partnership of which the majority of the general partners are eligible investors, or
- \_\_\_\_\_ (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors, or
- \_\_\_\_\_ (f) an accredited investor, or [*Instruction: in such an event, the purchaser should indicate that it is an “accredited investor” in the Purchaser Certificate - see Schedule A, above.*]
- (g) a person described in section 2.5 of NI 45-106 [Family, friends and business associates]:
  - \_\_\_\_\_ (i) a director, executive officer or control person of the issuer, or of an affiliate of the issuer,
  - \_\_\_\_\_ (ii) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the issuer, or of an affiliate of the issuer, namely \_\_\_\_\_,
  - \_\_\_\_\_ (ii) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the issuer or of an affiliate of the issuer, namely \_\_\_\_\_,
  - \_\_\_\_\_ (iv) a close personal friend of a director, executive officer or control person of the issuer, or of an affiliate of the issuer, namely \_\_\_\_\_,
  - \_\_\_\_\_ (v) a close business associate of a director, executive officer or control person of the issuer, or of an affiliate of the issuer, namely \_\_\_\_\_,

- \_\_\_\_\_ (vi) a founder of the issuer or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the issuer, namely \_\_\_\_\_,
- \_\_\_\_\_ (vii) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the issuer, namely \_\_\_\_\_,
- \_\_\_\_\_ (viii) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (i) to (vii), or
- \_\_\_\_\_ (ix) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (i) to (vii), or
- \_\_\_\_\_ (h) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.

The representations, warranties, statements and certification made in this Certificate are true and accurate as of the date of this Certificate and will be true and accurate as of the Closing. If any such representation, warranty, statement or certification becomes untrue or inaccurate prior to the Closing, the undersigned Purchaser shall give the Company immediate written notice thereof.

DATED \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
*Signature of Witness*

\_\_\_\_\_  
*Name of Purchaser (Please Print)*

\_\_\_\_\_  
*Name of Witness (Please Print)*

\_\_\_\_\_  
*Signature of Purchaser or Authorized Signatory of Purchaser*

\_\_\_\_\_  
*Address of Witness*

\_\_\_\_\_  
*Name and Office of Authorized Signatory of Purchaser (Please Print)*

\_\_\_\_\_  
*Address of Purchaser*

**APPENDIX I**  
**TO SCHEDULE D**  
**TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

**DEFINED TERMS**

**For the purposes hereof:**

- (a) “**control person**” has the meaning ascribed thereto under applicable securities legislation;
- (b) “**director**” means:
  - (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
  - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (c) “**eligibility adviser**” means:
  - (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
  - (ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
    - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and
    - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
- (d) “**executive officer**” means, for an issuer, an individual who is
  - (i) a chair, vice-chair or president,
  - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
  - (iii) performing a policy-making function in respect of the issuer;
- (e) “**founder**” means, in respect of an issuer, a person who,
  - (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
  - (ii) at the time of the trade is actively involved in the business of the issuer;
- (f) “**foreign jurisdiction**” means a country other than Canada or a political subdivision of a country other than Canada;
- (g) “**jurisdiction**” means a province or territory of Canada except when used in the term foreign jurisdiction;

- (h) “**local jurisdiction**” means, in a national instrument or multilateral instrument adopted or made by a Canadian securities regulatory authority, the jurisdiction in which the Canadian securities regulatory authority is situate;
- (i) “**person**” includes
  - (i) an individual,
  - (ii) a corporation,
  - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
  - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (j) “**regulator**” means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 opposite the name of the local jurisdiction;
- (k) “**spouse**” means, an individual who,
  - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
  - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
  - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (l) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars.



**SCHEDULE E  
TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

**RISK ACKNOWLEDGEMENT - NWE**

**Risk Acknowledgement under applicable\***  
*Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*

**Name of Issuer:** \_\_\_\_\_

**Name of Seller:** \_\_\_\_\_

**I acknowledge that**

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all my money; and
- I am investing entirely at my own risk.

\_\_\_\_\_  
Date

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

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

**Notes to Purchaser:**

- Sign two copies of this document. Keep one copy for your records.
  - You may be required to sign an additional risk acknowledgement form under National Instrument 45-106 Registration and Prospectus Exemptions.
- You should contact a registered dealer or adviser if you want advice about the merits of this investment and whether these securities are a suitable investment for you.

\*This Risk Acknowledgement is required in your jurisdiction pursuant to:

- British Columbia Instrument 32-513
- Alberta Securities Commission – Blanket Order 31-505
- Saskatchewan Securities Commission – General Order 45-918
- Manitoba Securities Commission – Blanket Order 31-505
- Northwest Territories – Blanket Order 32-501
- Nunavut – Blanket Order 32-501
- Yukon – Order 2010/009 Y.S.A.

**SCHEDULE F  
TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT  
SASKATCHEWAN RISK ACKNOWLEDGEMENT**

**Form 45-106F5**

**Risk Acknowledgement  
Saskatchewan Close Personal Friends and Close Business Associates**

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me. *[Instruction: Delete if sold by registrant]*
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus. I do have a 2-day right to cancel my purchase of these securities if I receive an amended offering document.

I am investing \$ \_\_\_\_\_ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a **close** personal friend or **close** business associate of \_\_\_\_\_ [state name], who is a \_\_\_\_\_ [state title - founder, director, executive officer or control person] of \_\_\_\_\_ [state name of issuer or its affiliate – if an affiliate state “an affiliate of the issuer” and give the issuer’s name].

I acknowledge that I am purchasing based on my close relationship with \_\_\_\_\_ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

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

\_\_\_\_\_ Date

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

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

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

**WARNING**

**You are buying Exempt Market Securities**

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

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

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

**You may not receive any written information about the issuer or its business**

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

**You will not receive advice** *[Instruction: Delete if sold by registrant]*

Unless you consult your own professional advisers, you will not get professional advice about whether the investment is suitable for you.

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

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

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

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>.

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

To be completed by Purchasers in Ontario purchasing under the “Family, Friends and Business Associates” exemption.

**SCHEDULE G  
ONTARIO RISK ACKNOWLEDGEMENT FORM**

<p><b>WARNING!</b>  <b>This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.</b></p>
--

<b>SECTION 1 TO BE COMPLETED BY THE CORPORATION</b>	
<b>1. About your investment</b>	
Type of securities: Bonds	Arizona 88 Opportunity Fund Ltd.
<b>SECTION 2 to 4 TO BE COMPLETED BY THE SUBSCRIBER</b>	
<b>2. Risk acknowledgment</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> - You could lose your entire investment of \$ _____  [Instruction: insert the total dollar amount of the investment.]	
<b>Liquidity risk</b> - You may not be able to sell your investment quickly - or at all.	
<b>Lack of Information</b> - You may receive little or no information about your investment.	
<b>3. Family, friend or business associate status</b>	
You must meet at least <b>one</b> of the following criteria to make this investment. Initial the statement that applies to you.	<b>Your initials</b>
A) You are:	
1) [Check all applicable boxes]	
<input type="checkbox"/> a director of the Corporation or of an affiliate of the Corporation	
<input type="checkbox"/> an executive officer of the Corporation or an affiliate of the Corporation	
<input type="checkbox"/> a control person of the Corporation or an affiliate of the Corporation	
<input type="checkbox"/> a founder of the Corporation	
OR:	
2) [Check all applicable boxes]	
<input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above	
<input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above	
OR:	

B)	<p>You are a family member of _____,  <i>[Instruction: insert name of the person who is your relative either directly or through his or her spouse]</i></p> <p>who holds the following position at the Corporation or an affiliate of the Corporation:</p> <p>_____.</p> <p>You are the _____ of that person or that person's spouse.  <i>[Instruction: To qualify for this investment, you must be (a) a spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	
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OR:

C)	<p>You are a close personal friend of _____,  <i>[Instruction: insert the name of your close personal friend]</i></p> <p>who holds the following position at the Corporation or an affiliate of the Corporation:</p> <p>_____.</p> <p>You have known that person for _____ years.</p>	
----	---	--

OR:

D)	<p>You are a close business associate of _____,  <i>[Instruction: insert the name of your close business associate]</i></p> <p>who holds the following position at the Corporation or an affiliate of the Corporation:</p> <p>_____.</p> <p>You have known that person for _____ years.</p>	
----	---	--

**4. Your name and signature**

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.

First and last name (please print):

Signature:

Date:

<b>SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP, IF APPLICABLE</b>	
<b>5. Contact person at the Corporation or an affiliate of the Corporation</b>	
<i>[Instruction: To be completed by the director, executive officer, control person or founder with whom the Subscriber has a close personal relationship indicated under sections 3B, C or D of this form.]</i>	
By signing this form, you confirm that you have, or your spouse has, the following relationship with the Subscriber: <i>[Check the box that applies]</i>	
<input type="checkbox"/> family relationship as set out in section 3B of this form <input type="checkbox"/> close personal friendship as set out in section 3C of this form <input type="checkbox"/> close business relationship as set out in section 3D of this form	
First and last name of contact person (please print):	
Position with the Corporation or affiliate of the Corporation (director, executive officer, control person or founder):	
Telephone:	Email:
Signature:	Date:
<b>SECTION 6 TO BE COMPLETED BY THE CORPORATION</b>	
<b>6. For more information about this investment</b>	
<b>Arizona 88 Opportunity Fund Ltd.</b> 201 – 197 Forester Street North Vancouver, BC V7H 0A6  Fax: (604) 260-4660 E-mail: <a href="mailto:ir@westernwealthcapital.com">ir@westernwealthcapital.com</a>	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	
Signature of executive officer of the Corporation (other than the Subscriber):	Date:

**Instructions:**

1. The Corporation must complete sections 1, 5 and 6 before the Purchaser can complete the form.
2. The Purchaser, an executive officer who is not the Purchaser and, if applicable, the person who claims the close personal relationship to the Purchaser must sign this form. Each of the Purchaser, contact person at the Corporation and the Corporation must receive a copy of this form signed by the Purchaser (i.e. **three originals must be signed**). The Corporation is required to keep a copy of this form for 8 years after the distribution.
3. The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 *Prospectus and Registration Exemptions*. For guidance on the meaning of "close personal friend" and "close business associate", please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP *Prospectus and Registration Exemptions*.

**SCHEDULE H  
ACCREDITED INVESTOR RISK ACKNOWLEDGEMENT FORM**

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

<b>SECTION 1 TO BE COMPLETED BY THE CORPORATION</b>	
<b>1. About your investment</b>	
Type of securities: Bonds	Arizona 88 Opportunity Fund Ltd.
Purchased from:	
<b>SECTION 2 to 4 TO BE COMPLETED BY THE SUBSCRIBER</b>	
<b>2. Risk acknowledgment</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> - You could lose your entire investment of \$ _____  <i>[Instruction: insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> - You may not be able to sell your investment quickly - or at all.	
<b>Lack of Information</b> - You may receive little or no information about your investment.	
<b>Lack of advice</b> - You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a>	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> of the following criteria to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 of this Risk Acknowledgment Form is responsible for ensuring that you meet the definition of accredited investor. That person, or the sales person identified in section 5 of this Risk Acknowledgment Form, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	

<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the Subscriber with respect to making this investment. That could include a representative of the Corporation, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE CORPORATION</b>	
<b>Arizona 88 Opportunity Fund Ltd.</b> 201 – 197 Forester Street North Vancouver, BC V7H 0A6  Fax: (604) 260-4660 <p style="text-align: right;">E-mail: <a href="mailto:ir@westernwealthcapital.com">ir@westernwealthcapital.com</a></p>	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	

**Instructions:**

- 1. The Corporation must complete sections 1, 5 and 6 before the Purchaser can complete the form.**
- 2. Each of the Purchaser and the Corporation must receive a copy of this form signed by the Purchaser (i.e. two originals must be signed). The Corporation is required to keep a copy of this form for 8 years after the distribution.**



**SCHEDULE I  
TO THE PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

**TARGET RELEASE**

**TO: Target Capital Inc.**

In consideration for Target Capital Inc. ("Target") continuing to act as the controlling shareholder of Arizona 88 Opportunity Fund Ltd. (the "Corporation") and such other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged and confirmed, the undersigned hereby agree as follows:

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

Dated as of the \_\_ day of \_\_\_\_\_, 20 \_\_.

\_\_\_\_\_  
(Signature of Subscriber)

\_\_\_\_\_  
(Name of Subscriber – Please Print)

**SCHEDULE B – Bondholders Agreement**

*(Bondholders Agreement begins on the following page)*

**ARIZONA 88 OPPORTUNITY FUND LTD.**

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**BONDHOLDERS AGREEMENT**

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Providing for the issue of

Series A Bonds  
Series B Bonds  
Series C Bonds

**November 27, 2014**

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**SCHEDULES**

**Schedule “A” – Form of Bond**

**Schedule “B”**

**–Retraction**

**Notice**

THIS AGREEMENT is made as of November 27, 2014

BETWEEN:

**ARIZONA 88 OPPORTUNITY FUND LTD.**, a corporation incorporated under the laws of British Columbia, having an office at 205-930 Harbourside Drive, North Vancouver, BC V7P 3S7

AND:

Each party who from time to time subscribes for and is accepted as a holder of Bonds, or who is a successor of any such person and who becomes a Bondholder upon being registered as such

WHEREAS:

- A. The Company proposes to create and issue Bonds under and pursuant to the provisions of this Agreement;
- B. All necessary resolutions of the directors of the Company have been duly passed, and all other proceedings taken and conditions complied with, to make the creation and issue of the Bonds and the execution of this Agreement by the Company legal, valid and effective; and
- C. The foregoing recitals are made as representations and statements of fact by the Company;

NOW THEREFORE this Agreement witnesses and it is hereby covenanted, agreed and declared as follows:

**1. INTERPRETATION**

**1.1 Definitions**

In this Agreement and the Bonds, unless there is something in the subject matter or context inconsistent therewith, the terms defined in this Section 1.1 or elsewhere herein shall have the respective meanings ascribed thereto in this Section 1.1 or elsewhere herein:

- (a) “**Act**” means the *Business Corporations Act* (British Columbia), as amended from time to time;
- (b) “**Bonds**” means, collectively, the Series A Bonds, the Series B Bonds and the Series C Bonds;

- (c) “**Bond Documents**” means this Agreement, the Bonds, and all other agreements, instruments and documents at any time executed and delivered by the Company pursuant to or in connection with the creation and issuance of the Bonds, and “**Bond Document**” means one of any such Documents;
- (d) “**Bondholder**” means each party who from time to time subscribes for and is accepted as a holder of Bonds, or who is a successor of any such person, and who becomes a Bondholder upon being registered as such;
- (e) “**Business Day**” means a day which is not a Saturday, a Sunday or a civic or statutory holiday in British Columbia, Canada;
- (f) “**Closing**” means a closing of the purchase and sale of any Bonds pursuant to the Offering;
- (g) “**Closing Date**” means the date(s) on which a Closing occurs;
- (h) “**Company**” means Arizona 88 Opportunity Fund Ltd. and includes any successor corporation to or of the Company which shall have complied with the provisions of Section 8 hereof;
- (i) “**Event of Default**” has the meaning ascribed thereto in Section 6.1;
- (j) “**Extraordinary Resolution**” means a resolution of Bondholders passed in the manner specified in either Section 9.12 or Section 9.15;
- (k) “**Interest Rate**” means,
  - (i) in the case of a Series A Bond, 6% per annum,
  - (ii) in the case of a Series B Bond, 5% per annum, and
  - (iii) in the case of a Series C Bond, 4% per annum;
- (l) “**Maturity Date**” means, in respect of a Bond, the time and date upon which such Bond will mature, being 4:00 p.m. (Pacific time) on the day that is the tenth anniversary of the date on which such Bond is issued;
- (m) “**Notice of Redemption**” means a notice of redemption from the Company to the Bondholders containing the information contemplated in Section 3.3;
- (n) “**Offering**” means the offering of the Bonds by way of a private placement in such jurisdictions within Canada as the Company may legally make such offer;
- (o) “**person**” includes an individual, corporation or partnership, trust, joint venture, unincorporated organization, body corporate, personal representative, co-operative association or governmental or regulatory authority, agency, commission or board;



- (p) “**Proportionate Share**” means, in respect of a Bondholder at any particular time, a fraction, the numerator of which is the total principal amount of the Bonds held by such Bondholder and the denominator of which is the total principal amount of all Bonds outstanding, in each case, at that particular time;
- (q) “**Redemption Date**” means, in respect of any of the Bonds, the date fixed for redemption of such Bond in accordance with the provisions of Section 3.3;
- (r) “**Retraction Notice**” means a notice from a Bondholder to the Company given pursuant to Section 4.1, in the form attached as Schedule “B” hereto;
- (s) “**Retraction Date**” has the meaning ascribed thereto in Section 4.2;
- (t) “**Registers**” means one or more registers in which the names and addresses of the Bondholders and particulars of the Bonds held by them respectively are registered, as described in Section 2.6;
- (u) “**Registrar**” means the Company or such other person who is appointed by the Company to act as Registrar in respect of the Bonds;
- (v) “**Series A Bonds**” means the bonds of the Company to be issued hereunder and outstanding from time to time and designated as “Series A Bonds”;
- (w) “**Series B Bonds**” means the bonds of the Company to be issued hereunder and outstanding from time to time and designated as “Series B Bonds”;
- (x) “**Series C Bonds**” means the bonds of the Company to be issued hereunder and outstanding from time to time and designated as “Series C Bonds”;
- (y) “**Taxes**” includes all present and future income, corporation, capital gains, capital, sales, harmonized sales, value-added and goods and services taxes and all stamp, franchise and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever imposed by any governmental authority together with interest thereon and penalties with respect thereto, if any, and charges, fees and other amounts made on or in respect thereof; and
- (z) “**this Agreement**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereto**” and similar expressions refer to this Agreement and not to any particular Part, Section, subsection or other subdivision hereof and include any and every instrument supplemental or ancillary hereto, and the expressions “**Part**”, “**Section**”, “**subsection**” or other subdivision hereof followed by a number or letter mean and refer to the specified Part, Section, subsection or other subdivision of this Agreement.

1.2 Headings, Etc.

The division of this Agreement into Parts, Sections and subsections and other subdivisions, the provisions of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Rules of Construction

Unless the context otherwise requires:

- (a) words importing the singular number only shall include the plural and vice versa and words importing any gender shall include all genders and shall include individuals, firms and corporations and any other incorporated or unincorporated entity;
- (b) reference herein to any agreement, indenture or other instrument in writing means such agreement, indenture or other instrument in writing as amended, modified or supplemented from time to time to the extent permitted by the terms hereof; and
- (c) reference herein to a statute includes any amendment, re-enactment or replacement of that statute, all regulations in force under that statute and any successor to the statute from time to time.

1.4 Currency

Unless the context otherwise requires, all dollar amounts referred to in this Agreement and in the Bonds shall denote the lawful money of Canada.

1.5 Governing Law and Submission to Jurisdiction

This Agreement and the Bonds shall be construed in accordance with the laws of the Province of British Columbia and shall be treated in all respects as British Columbia contracts. All parties hereby irrevocably submit to the jurisdiction of any court in the Province of British Columbia for the purposes of any legal or equitable suit, action or proceeding in connection with this Agreement and the Bonds.

1.6 Calculation of Periods of Time

Unless the context otherwise requires, whenever anything is to be done hereunder within, or before the expiry of, a stated period of time, the first day of the period shall be the day following the event from which the time is stated to be measured and the last day of the period shall include the day by or before which the thing is to be done.

1.7 Business Day

Whenever, under this Agreement, any payment shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on or as of a

day which is not a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, on or as of the next succeeding Business Day.

1.8 Meaning of “Outstanding”

Every Bond certified and delivered hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Company for cancellation or money for the payment or redemption thereof shall have been set aside or deposited in accordance with the terms of this Agreement, provided that:

- (a) Bonds which have been redeemed, purchased or converted shall be deemed to be outstanding only to the extent of any unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Bond has been issued in substitution for a Bond which has been mutilated, lost, stolen or destroyed, only one such Bond shall be counted for the purpose of determining the aggregate principal amount of Bonds outstanding; and
- (c) for the purposes of any provision of this Agreement entitling Bondholders to vote, sign consents, requisitions or other instruments or take any other action under this Agreement, Bonds owned directly or indirectly, legally or equitably by the Company shall be disregarded except that Bonds so owned which have been pledged in good faith other than to the Company shall not be so disregarded if the pledgee shall establish the pledgee’s right to vote such Bonds in his discretion free from the control of the Company.

2. **THE BONDS**

2.1 Original Issue of Bonds

Bonds in a principal amount of \$12,000,000 are hereby created and shall be executed by the Company and delivered to the Bondholders as and when subscribed for pursuant to subscriptions that are accepted by the Company.

2.2 Terms of Bonds

- (a) The Company shall issue three series of Bonds, respectively designated as “Series A Bonds”, “Series B Bonds” or “Series C Bonds”, with each series having the same conditions and limitations, except for those special conditions and limitations that are set out herein in regard to interest rate or otherwise.
- (b) The aggregate principal amount of Bonds authorized to be issued under this Agreement shall be \$12,000,000, comprising \$4,000,000 of each of Series A Bonds, Series B Bonds and Series C Bonds.

- (c) The Bonds shall be issued in multiples of \$100 and shall be dated as of the date of issue thereof.
- (d) Each Bond shall mature on its Maturity Date.
- (e) On the Maturity Date of a Bond, the Company will pay to the Bondholder the principal amount of the Bond then outstanding plus interest accrued and unpaid to the Maturity Date.
- (f) The principal amount of the Bonds and interest shall be payable by the Company in lawful money of Canada at the Company's principal place of business in North Vancouver, B.C., from time to time in the manner set out in Section 3.5.

### 2.3 Interest

- (a) Each Bond shall bear simple interest at its Interest Rate from the date of issue thereof.
- (b) Interest on each Bond will accrue on an annual basis on the anniversary date of the issue of the Bond but will not be payable until the Maturity Date of the Bond. Despite the foregoing, the Company may, in its discretion, make advance payments of interest on the Bonds prior to the Maturity Date on a *pro rata* basis among the Bondholders.
- (c) On the Maturity Date of a Bond, all interest accrued and unpaid will be paid to the Bondholder along with the principal amount of the Bond.
- (d) Unpaid interest in respect of the Bond will accrue but will not compound or otherwise bear interest, either before or after the Maturity Date or the occurrence of an Event of Default.
- (e) For the purposes of the *Interest Act* (Canada) only, the annual rate of interest equivalent to a rate otherwise calculated under this Agreement is equal to the rate so calculated multiplied by the actual number of days included in a given year and divided by 365 days.

### 2.4 Participating Interest

- (a) The directors of the Company may from time to time by resolution determine that the Company will make a payment of an amount from the net profits of the Company to the Bondholders (a "**Participating Interest Payment**"), at such time and in such amounts as the directors of the Company in their absolute discretion see fit. Each Bondholder of record as set out in the Register on the Participating Interest Record Date (as defined in Section 2.4(b)) will be entitled to receive its Proportionate Share of such Participating Interest Payment.
- (b) The directors may set a date as the record date for the purpose of determining Bondholders entitled to receive their Proportionate Share of a Participating

Interest Payment (a “**Participating Interest Record Date**”). If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution approving the payment of the Participating Interest Payment.

- (c) Any Participating Interest Payment will be payable on such date as is fixed by the directors of the Company.
- (d) Each Participating Interest Payment will be paid to each Bondholder of record as set out in the Register on the Participating Interest Record Date, according to each Bondholder's Proportionate Share as at such date.
- (e) No Participating Interest Payment bears interest against the Company.
- (f) For the avoidance of doubt, no Bondholder will have any right to any Participating Interest Payment and no such payment shall be due or payable by the Company, unless and until the directors determine by resolution that the Company will make a Participating Interest Payment.
- (g) If and when the directors determine by resolution that the Company will make a Participating Interest Payment, a Bondholder's Proportionate Share of such payment is deemed to be interest accrued on such Bondholder's Bonds for purposes of this Agreement and for all other purposes.
- (h) The payment of a Participating Interest Payment to a Bondholder, if any, is in addition to and not instead of the Bondholder's right to receive simple interest under Section 2.3.

## 2.5 Form of Bonds

Bond certificates will be issued to each Bondholder in the form attached hereto as Schedule “A” or such other form as may be determined by the Company and shall not be valid unless signed by any one director or officer of the Company.

## 2.6 Registration and Transfer of Bonds

- (a) The Secretary of the Company shall act as Registrar in respect of the Bonds. The Company may hereafter, acting reasonably, appoint one or more other or additional Registrars of the Bonds.
- (b) The Registrar shall cause to be kept by and at its principal offices in North Vancouver, B.C., or in such other place or places as the Registrar, acting reasonably, may designate, a register in which shall be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and of all transfers of Bonds. No transfer of a Bond shall be valid unless made by the registered Bondholder or his executor or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Registrar, upon compliance with such requirements as the Registrar may prescribe and unless

such transfer shall have been duly entered on one of the appropriate Registers or noted on such Bond by the Registrar.

- (c) The Register shall at all times be open for inspection by the Company and any Bondholder.
- (d) A Bondholder may at any time and from time to time have such Bond transferred at the places at which a register of transfers is kept pursuant to the provisions of this Section 2.6 in accordance with such reasonable regulations as the Registrar may prescribe. Neither the Company nor the Registrar shall be required:
  - (i) to transfer or exchange any Bond on the day of any selection of Bonds to be redeemed, or during the ten (10) preceding Business Days or thereafter until after the mailing of any Notice of Redemption; or
  - (ii) to transfer or exchange any Bond selected or called for redemption in whole or in part unless, upon due presentation thereof, such Bond or part thereof called for redemption shall not be redeemed.
- (e) Save as required by law, neither any Registrar nor the Company shall be charged with notice of or be bound to see to the execution of any trust, whether expressed, implied or constructive, in respect of any Bond, and the Registrar or the Company may transfer any Bond on the direction of the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- (f) A Registrar shall, when requested so to do by the Company, furnish the Company with a list of names and addresses of the Bondholders showing the principal amounts of Bonds held by each Bondholder.

## 2.7 Persons Entitled to Payment

- (a) The person in whose name any Bond is registered shall be deemed and regarded as the owner thereof for all purposes of this Agreement and payment of or on account of the principal of, and interest on, such Bonds shall be made only to such Bondholder thereof and such payment shall be a good and sufficient discharge to any Registrar and to the Company and any paying agent for the amounts so paid.
- (b) The Bondholder for the time being of any Bond shall be entitled to the principal money and interest evidenced by such Bond free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof, and all persons may act accordingly and a transferee of a Bond shall, after the appropriate form of transfer is lodged with the Registrar and upon compliance with all other conditions in that behalf required by this Agreement or by any conditions contained in such Bond or by law, be entitled to be entered on the Register as the owner of such Bond free from all equities or rights of set-off or counterclaim between the Company and his transferor or any

previous holder thereof, save in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

- (c) Where a Bond is registered in more than one name, the principal money and interest payable in respect thereof may be paid by cheque payable to all such Bondholders, and such payment shall be a valid discharge to the Registrar, the Company and any paying agent.
- (d) In the case of the death of one or more joint Bondholders, the principal money and interest on any Bond may be paid to the survivor or survivors of such Bondholders whose receipt therefor shall constitute a valid discharge to any Registrar and to the Company and any paying agent.

## 2.8 Mutilation, Loss, Theft or Destruction

In case a Bond shall become mutilated or be lost, stolen or destroyed, the Company shall issue and deliver a new Bond upon surrender and cancellation of the mutilated Bond, or in the case of a lost, stolen or destroyed Bond, in lieu of and in substitution for the same, and the substituted Bond shall be in a form approved by the Company and shall be entitled to the benefits of this Agreement equally with all other Bonds without preference or priority one over another. In case of loss, theft or destruction, the applicant for a substituted Bond shall furnish to the Company and the Registrar such evidence of such loss, theft or destruction as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion and shall pay all reasonable expenses incidental to the issuance of such substituted Bond.

## 2.9 Exchange of Bonds

- (a) Subject to subsection 2.6(d), a Bond of any denomination may be exchanged for Bonds of any other authorized denomination or denominations, any such exchange to be for Bonds of an equivalent aggregate principal amount. Exchanges of Bonds may be made at the offices of the Registrar where the Register is maintained for the Bonds pursuant to the provisions of Section 2.6. Any Bonds tendered for exchange shall be surrendered to the Registrar and shall be cancelled.
- (b) Bonds issued in exchange for a Bond which at the time of such issue has been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption and shall have noted thereon a statement to that effect.
- (c) Except as herein otherwise provided, in every case of exchange of a Bond of any denomination for other Bonds and upon any transfer of a Bond, the Registrar may make a sufficient charge to reimburse it for any stamp tax or other governmental charge required to be paid and, in addition, a reasonable charge for its services for each Bond exchanged or transferred and a reasonable charge for each Bond issued upon such exchange or transfer, and payment of the said charges shall be made by the party requesting such exchange or transfer as a

condition precedent thereto. Notwithstanding the foregoing, no charge (other than for insurance on any Bond forwarded by mail) shall be made to a Bondholder hereunder for:

- (i) any exchange, registration or transfer of any Bond applied for within a period of ninety (90) days from the date hereof; or
- (ii) the exchange after such period of a Bond for Bonds in lesser denominations, provided that the Bond surrendered for exchange shall not have been issued as a result of any previous exchange other than an exchange pursuant to subsection 2.9(a) above.

#### 2.10 Place of Payment

Except as is herein otherwise provided, all sums which may at any time become payable, whether at maturity or on redemption or otherwise, on account of any Bond or any interest thereon shall be payable at any of the places at which the principal of and interest on such Bond are payable.

#### 2.11 Bonds to Rank *Pari Passu*

Each Bond as soon as issued shall, subject to the terms hereof, and except as to the date of issue from which interest will accrue on the principal balance thereof, be equally and proportionately entitled to the benefits hereof as if all the Bonds had been issued simultaneously.

#### 2.12 Unsecured Obligations

The Bonds are unsecured obligations of the Company and rank *pari passu* with all other unsecured obligations of the Corporation.

### **3. REDEMPTION**

#### 3.1 Redemption of Bonds

The Company may, without any fee or penalty, redeem the Bonds either in whole at any time or in part from time to time by paying: (i) the principal amount of the Bonds being repaid or portion thereof, and (ii) all accrued and unpaid interest on such Bonds or portion thereof to the date of payment. The provisions of Sections 3.2 to 3.8 will apply to the redemption of Bonds.

#### 3.2 Partial Redemption of Bonds

- (a) If the Company redeems less than all of the outstanding Bonds prior to the Maturity Date, the Bonds to be redeemed shall be redeemed on a *pro rata* basis, or be drawn by lot, by Series or in such other manner as the Company, acting reasonably, may deem equitable. For this purpose, the Company may make, and from time to time amend, regulations with regard to the manner in which such



Bonds will be selected and such regulations shall be binding upon all Bondholders.

- (b) The holder of any Bond called for redemption in part only, upon surrender of such Bond for payment as required herein, shall be entitled to receive, without expense to such Bondholder, a new Bond for the unredeemed part of the Bond so surrendered, and the Company shall execute and deliver, at the expense of the Company, such new Bond upon receipt of the Bond so surrendered.

### 3.3 Notice of Redemption

Notice of the intention of the Company to redeem any Bonds prior to the Maturity Date shall be given by the Company to the holders of the Bonds which are to be redeemed not less than ninety (90) days prior to the date fixed for redemption in the manner provided in Section 10.2. The Notice of Redemption shall specify: (i) the Redemption Date; (ii) the amount payable to the Bondholder in respect of the redemption, including the payment of accrued and accruable interest thereon, (iii) where less than all of the Bonds are to be redeemed, the designating numbers of the Bonds called for redemption; (iv) where any Bond is to be redeemed in part only, that part of the principal amount thereof to be redeemed; and (v) the places of payment. The Notice of Redemption shall also state that all interest on the Bonds to be redeemed shall be paid to and including the date of redemption.

### 3.4 Bonds Due on Maturity Date or Redemption Date

- (a) Upon either the Maturity Date or upon the Company giving a Notice of Redemption in accordance with Section 3.3 hereof, all Bonds due or called for redemption shall, in respect of such Bonds thereupon be and become due and payable at par plus accrued and accruable unpaid interest to the Maturity Date or such applicable date.
- (b) If payment of the amounts required to be paid in connection with a redemption of a Bond at any time prior to the Maturity Date is not made, all rights attaching to such Bond shall revive and continue as if such Bond had not been called for redemption. If payment of the amounts required to be paid in connection with a redemption of a Bond on the Maturity Date is not made, the Bondholder shall have the right to seek payment of the principal amount and accrued interest thereon by enforcement in accordance with Section 6 hereof.

### 3.5 Payment of Principal and Interest

Upon Bonds having become due and payable or having been called for redemption as hereinbefore provided, the Company shall pay or cause to be paid to the holders of such Bonds due for payment or so called for redemption, upon surrender of such Bonds, the principal and interest to which they are respectively entitled.

3.6 Effect of Redemption

If the money necessary to redeem the Bonds due and payable or called for redemption shall have been paid to the holders of such Bonds due for payment or so called for redemption, such Bonds shall cease to be outstanding hereunder and interest upon such Bonds shall cease to accrue from the date of payment.

3.7 Failure to Surrender Bonds Due or Called for Redemption

In case the holder of any Bond that becomes due and payable or is called for redemption shall within thirty (30) days of the Maturity Date or the Redemption Date, as the case may be, fail so to surrender such Bond or shall not within such time accept payment of the principal amount and accrued interest thereon or of the redemption funds payable in respect thereof, or give such receipt therefor, if any, as the Company may require, such principal amount and accrued interest or such redemption funds shall be set aside and deposited in a separate account established for such purpose by the Company, and such setting aside and depositing shall for all purposes be deemed a payment to the Bondholder of the sum so set aside and deposited and, to that extent, the Bondholder shall have no right except to receive payment out of the money so set aside and deposited upon surrender and delivery up of his Bond of the par value of such Bond plus accrued and unpaid interest to the Maturity Date or the Redemption Date, as the case may be.

3.8 Surrender of Bonds for Cancellation

Upon Bonds having become due and payable or having been called for redemption as hereinbefore provided, the person presenting a Bond for payment must surrender the same for cancellation. All Bonds surrendered for cancellation shall forthwith be delivered to the Company and shall be cancelled by it and, subject to Section 3.2, no Bond shall be issued in substitution therefor.

**4. RETRACTION**

4.1 Retraction Notice

A Bondholder may deliver to the Company on or before July 1 in each year, commencing July 1, 2015, a Retraction Notice setting out the intention of the Bondholder to retract any Bonds, which notice shall specify: (i) the total principal amount of all Bonds held by the Bondholder and their registered number; and (ii) where the Bondholder wishes to retract less than all of its Bonds, the principal amount of the Bonds which it wishes to retract.

4.2 Retraction of Bonds

On January 15 in each year (the “**Retraction Date**”), commencing January 15, 2016, the Company will retract Bonds in accordance with the following terms:

- (a) the obligation of the Company to retract Bonds will be subject to the board of directors of the Company determining in its sole discretion that sufficient funds

are available to the Company for the purposes of retraction and that the retraction will not adversely affect the financial position of the Company;

- (b) the principal amount of Bonds which will be retracted on any one Retraction Date will not exceed 5% of total principal amount of Bonds outstanding on the Retraction Date, unless the board of directors of the Company determines in its sole discretion that the Company will retract a great amount of Bonds;
- (c) if the Company has received Retraction Notices requiring the Company to redeem a principal amount of Bonds in excess of the maximum principal amount set out in Section 4.2(b), or if on a Retraction Date the board of directors of the Company determines that sufficient funds are not available to retract the principal amount of Bonds in respect of which a Retraction Notice has been received or that the retraction will adversely affect the financial position of the Company, then the retraction of Bonds will be made *pro rata* to the principal amount of Bonds specified on Retraction Notices for retraction;
- (d) on the Retraction Date, the Company will pay to each Bondholder who has given a Redemption Notice an amount calculated by the Company that is equal to: (i) the sum of (1) the principal amount of the Bonds being retracted or portion thereof, and (2) all accrued and unpaid interest on such Bonds or portion thereof to the December 31 immediately preceding the Retraction Date, less (ii) the Bondholders Proportionate Share of the costs incurred by the Company in connection with the retraction (including costs incurred in realizing the Company's assets to fund the retraction); and
- (e) the provisions of Sections 4.3 to 4.8 will apply to all retractions of Bonds.

#### 4.3 Partial Retraction of Bonds

The holder of any Bond which is retracted in part only, upon surrender of such Bond for payment as required herein, shall be entitled to receive, without expense to such Bondholder, a new Bond for the unretracted part of the Bond so surrendered, and the Company shall execute and deliver, at the expense of the Company, such new Bond upon receipt of the Bond so surrendered.

#### 4.4 Bonds Due on Retraction Date

If payment of the amounts required to be paid in connection with a retraction of a Bond is not made, all rights attaching to such Bond shall revive and continue as if such Bond had not been called for retraction.

#### 4.5 Deposit of Moneys

Upon Bonds having been called for retraction as hereinbefore provided, the Company shall pay or cause to be paid to the holders of such Bonds so called for retraction, upon surrender of such Bonds, the principal and interest to which they are respectively entitled.

4.6 Effect of Retraction

If the money necessary to retract the Bonds due and payable or called for retraction shall have been paid to the holders of such Bonds due for payment or so called for retraction, such Bonds shall cease to be outstanding hereunder and interest upon such Bonds shall cease to accrue from the date of payment.

4.7 Failure to Surrender Bonds Due or Called for Retraction

In case the holder of any Bond that becomes due and payable or is called for retraction shall within thirty (30) days of the Retraction Date fail so to surrender such Bond or shall not within such time accept payment of the retraction funds payable in respect thereof, or give such receipt therefor, if any, as the Company may require, such retraction funds shall be set aside and deposited in a separate account established for such purpose by the Company, and such setting aside and depositing shall for all purposes be deemed a payment to the Bondholder of the sum so set aside and deposited and, to that extent, the Bondholder shall have no right except to receive payment out of the money so set aside and deposited upon surrender and delivery up of his Bond of the par value of such Bond plus accrued and unpaid interest to the Retraction Date.

4.8 Surrender of Bonds for Cancellation

If the principal monies due upon any Bond shall become payable by retraction or otherwise before the Maturity Date, the person presenting such Bond for payment must surrender the same for cancellation, the Company nevertheless paying or causing to be paid the interest accrued and accruable unpaid thereon. All Bonds so surrendered for cancellation shall forthwith be delivered to the Company and shall be cancelled by it and, subject to Section 4.3, no Bond shall be issued in substitution therefor.

**5. COVENANTS OF THE COMPANY**

5.1 General Covenants

The Company covenants with the Bondholders that, subject to the provisions of this Agreement and so long as any Bonds remain outstanding:

- (a) it will:
  - (i) at all times maintain its corporate existence;
  - (ii) at all times maintain its good standing in all jurisdictions where it carries on business;
  - (iii) carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice;
  - (iv) keep or cause to be kept proper books of account; and

- (v) do all acts and things and execute all agreements, instruments and documents, and to otherwise give full effect to the Bonds, this Agreement, and the transactions contemplated hereby;
- (b) it will duly and punctually pay or cause to be paid to every Bondholder of every Bond issued hereunder the principal thereof and interest accrued thereon (after as well as before each of maturity, default and judgment with interest on overdue interest) at the dates and places, and in the manner mentioned herein and in such Bonds; and
- (c) it will not, without the prior approval of the Bondholders given by Extraordinary Resolution:
  - (i) become a party to any transaction whereby all or substantially all of its undertaking and property would become the property of any other person; or
  - (ii) materially change the nature of its business or operations.

## 5.2 Reporting Obligations

The Bondholders acknowledge that the Company is not required under this Agreement to prepare or send to the Bondholders any financial statements or provide the Bondholders with any other reports. Despite the foregoing, if and to the extent that the Company is required under applicable law to prepare any financial statements for disclosure in any offering memorandum of the Company, the Company agrees to provide a copy of such financing statements to each Bondholder, in the form presented in such offering memorandum, concurrently with or promptly following the first disclosure of such financial statements in such offering document.

## 5.3 Representations

The Company represents and warrants to the Bondholders that:

- (a) the Company is a company validly existing under the Act, and is in good standing as to the filing of all annual reports under the Act;
- (b) the Company has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and as is currently proposed to be conducted by it and to own, lease and operate its assets;
- (c) the Company has full corporate power and authority to undertake the Offering and issue the Bonds. On each Closing Date, the Bonds will be duly and validly created, authorized and issued as fully paid and non-assessable securities of the Company;
- (d) the execution and delivery of the Bond Documents:

- (i) does not require any consent, approval, authorization or order of any court or governmental agency or body;
  - (ii) will not contravene any statute or regulation of the Province of British Columbia or any laws of Canada applicable therein binding on the Company; and
  - (iii) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the memorandum and articles or resolutions of the directors or shareholders of the Company, or any mortgage, note, indenture, contract or agreement (written or oral), instrument, lease or other documents, to which the Company is a party or by which the Company or any of its property is, or will be, at each Closing Date, bound or affected;
- (e) the Company has the authority to execute each of the Bond Documents that it is a party to and to perform its obligations and all related transactions thereunder;
  - (f) the Company is not party to any agreement that restricts or prohibits the Company from issuing securities, and, in particular, the Bonds;
  - (g) each of the Bond Documents has been, or will be upon execution thereof, duly authorized, executed and delivered by the Company, as the case may be, and constitutes, or will constitute when executed, a legal, valid and binding obligation of the Company enforceable in accordance with their respective terms except that: (i) the enforcement thereof may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally, (ii) rights of indemnity, contribution and waiver of contribution thereunder may be limited under applicable law, and (iii) equitable remedies, including, without limitation, specific performance and injunctive relief, may be granted only in the discretion of a court of competent jurisdiction;
  - (h) no action or proceeding is pending or, to the knowledge of the Company, is contemplated or threatened, which questions the validity of the issuance and/or sale hereunder of the Bonds; and
  - (i) all of the representations and warranties made by the Company in this Agreement, will continue to be true and correct as of each Closing Date.

## **6. DEFAULT AND ENFORCEMENT**

### **6.1 Events of Default**

(1) The occurrence of any of the following events shall constitute an “**Event of Default**” under this Agreement:

- (a) if the Company fails to pay when due any amount payable hereunder or under any other Bond Document;
- (b) if the Company neglects to carry out or observe any other condition, covenant or other obligation in this Agreement or any other Bond Document on its part to be observed and performed and the Company fails to make good such default within a period of thirty (30) days, unless the Bondholders, by Extraordinary Resolution, have agreed to a longer period, and in such event, within the period agreed to by the Bondholders;
- (c) if any representation or warranty by the Company contained in any Bond Document shall have been incorrect or misleading in a material respect when made;
- (d) if an order is made or an effective resolution passed for the winding-up or liquidation of the Company (except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Part 8 hereof are duly observed and performed);
- (e) if a distress or execution or any similar process be levied or enforced upon or against any material part of the Company's property and is not discharged or stayed within fifteen (15) Business Days;
- (f) if the Company shall become insolvent or shall be unable to or admit its inability to pay its debts generally as they become due or otherwise acknowledge its insolvency or commits any other act of bankruptcy or if an order shall be made or an effective resolution passed for the winding-up of the Company or if the Company shall make an assignment for the benefit of its creditors or any other acknowledgement of insolvency or if a receiver or receiver and manager or a liquidator or a trustee in bankruptcy of the Company shall be appointed or if the Company shall make a proposal to its respective creditors or file a voluntary petition or assignment in bankruptcy or a proposal seeking a reorganization, compromise, moratorium or arrangement under any bankruptcy or insolvency legislation including, without limitation, the *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act*;
- (g) a final judgment or order, or series of judgments or orders, whether or not related (but subject to no further right of appeal), is rendered against the Company for the payment of money in an aggregate amount in excess of \$100,000 and are not discharged within fifteen (15) Business Days; or
- (h) if the obligations of the Company hereunder or under any other Bond Documents shall cease to constitute the legal, valid and binding obligations of the Company or shall cease to be in full force and effect or the Company shall have contested the validity of any Bond Documents or denied that it has any liability hereunder or thereunder.

(2) At any time that an Event of Default shall have occurred and be continuing, a Bondholder may, provided that it has received the requisition of the Bondholders approved by Extraordinary Resolution, subject to the provisions of Section 6.2 hereof, declare the principal and interest accrued and accruable of all Bonds then outstanding and other moneys immediately due and payable on demand, anything therein or herein to the contrary notwithstanding, and the Company will on such demand forthwith pay to the Bondholders an amount equal to the principal amount and accrued and accruable unpaid interest on the Bonds then outstanding and all other moneys outstanding hereunder, together with subsequent interest thereon at the Interest Rate, payable at the times and places and in the moneys mentioned in and according to the tenor of the Bonds, and such payment when made will be deemed to have been made in discharge of its obligations hereunder and any moneys so paid will be applied in the manner provided herein.

#### 6.2 Waiver of Default

Upon the happening of any Event of Default hereunder, the Bondholders will have power by requisition in writing approved by Extraordinary Resolution to designate and instruct a Bondholder to waive the default upon such terms and conditions as such Bondholders will prescribe.

#### 6.3 Enforcement

Subject to the provisions of Section 6.2 and to the provisions of any Extraordinary Resolution that may be passed by the Bondholders, in case the Company fails to pay to the Bondholders, forthwith after the same will have been declared to be due and payable under Section 6.1, an amount sufficient to pay all principal and interest on all Bonds then outstanding, together with any other amounts due hereunder, any Bondholder may, if he has obtained the approval of the Bondholders by Extraordinary Resolution, proceed hereunder to obtain or enforce payment of the said principal and interest on all the Bonds then outstanding, together with any other amounts due hereunder, by such proceedings authorized by this Agreement or by law or equity, or by such other proceedings, all they will deem expedient.

#### 6.4 Filing of Proof of Debt

Any Bondholder may, if he has obtained the approval of the Bondholders by Extraordinary Resolution, file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Bondholders allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Company or its creditors or relative to or affecting its property.

#### 6.5 Proceedings

All rights of action hereunder will be brought in the name of one or more of the Bondholders subject to the provisions of this Agreement. In any proceeding brought under this Agreement, the party or parties bringing such action will be held to represent all the Bondholders, and it will not be necessary to make all Bondholders parties to any such proceeding.



6.6 Requirement for Suits

No Bondholder will have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Bonds or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy Act* (Canada) or to have the Company wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless:

- (a) such Bondholder will previously have given to the Company written notice of the happening of an Event of Default hereunder; and
- (b) the Bondholders by Extraordinary Resolution will have resolved to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding for such purpose.

6.7 Application of Moneys

Except as herein otherwise expressly provided or as required by applicable law, any moneys received by the Bondholders from the Company pursuant to the foregoing provisions of this Part 6, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Company, will be applied as follows:

- (a) first, in payment, rateably and proportionately to the Bondholders of principal and accrued and unpaid interest and interest on amounts in default on the Bonds which will then be outstanding; and
- (b) secondly, in payment of the surplus, if any, of such moneys to the Company or its assigns,

provided, however, that no payment will be made pursuant to subsection 6.7(a) above in respect of principal and interest of any Bond held, directly or indirectly, by or for the benefit of the Company (other than any Bond pledged for value and in good faith to a person other than the Company but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal and interest due on all Bonds which are not so held.

6.8 Distribution of Proceeds

Payments to Bondholders pursuant to Section 6.7 will be made as follows:

- (a) at least fifteen days' notice of every such payment will be given in the manner provided herein specifying the time when and the place or places where the Bonds are to be presented and the amount of the payment;
- (b) payment of any Bond will be made upon presentation thereof at any one of the places in such notice and any such Bond thereby paid in full will be surrendered, otherwise a memorandum of such payment will be endorsed thereon; and

- (c) from and after the date of payment specified in the notice, interest will accrue only on the amount owing on each Bond after giving credit for the amount of the payment specified in such notice unless the Bond in respect of which such amount is owing be duly presented on or after the date so specified and payment of such amount not be made.

6.9 Remedies Cumulative

No remedy herein conferred upon or reserved upon or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

6.10 Judgment Against the Company

The Company covenants and agrees with the Bondholders that, in case of any judicial or other proceedings to enforce the rights of the Bondholders, judgment may be rendered against it in favour of the Bondholders, for any amount which may remain due in respect of the Bonds and the interest thereon.

6.11 Immunity of Shareholders and Others

The Bondholders hereby waive and release any right, cause of action or remedy, other than for fraud, now or hereafter existing in any jurisdiction against any past, present or future incorporator, shareholder (except any shareholder to whom dividends have been paid or assets transferred in breach of any covenant herein), director or officer of the Company or of any successor company for the payment of the principal of or interest on any of the Bonds or on any covenant, agreement, representation or warranty by the Company herein or in the Bonds contained.

**7. SATISFACTION AND DISCHARGE**

7.1 Cancellation and Destruction

All Bonds shall forthwith after full payment thereof be cancelled by the Company and the Registrar. All Bonds cancelled or required to be cancelled under this or any other provision of this Agreement shall be destroyed by the Company.

7.2 Non-Presentation of Bonds

In case a Bondholder shall fail to present a Bond for payment on the date on which the principal thereof or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Company may require, the Company may pay into a separate account maintained at a chartered bank of the Company's choice the principal money and/or the interest, as the case may be, in trust to be paid to the Bondholder upon due presentation or surrender of the Bond in accordance with the provisions of this Agreement; and thereupon the principal money or the interest payable on or represented by each Bond in respect whereof such

moneys have been set aside shall be deemed to have been paid and the Bondholder shall thereafter have no right in respect thereof except that of receiving payment of the money so deposited into such account upon due presentation and surrender thereof, subject always to the provisions of Section 7.3.

7.3 Repayment of Unclaimed Moneys

Subject to applicable legislation, any moneys set aside under Section 7.2 and not claimed by and paid to Bondholders as provided in Section 7.2 within six (6) years after the date of such setting aside shall be repaid to the Company and, thereafter, the Bondholders in respect of which such moneys were so repaid to the Company shall have no rights in respect thereof.

7.4 Discharge and Termination

The Company will be released and discharged from its covenants under this Agreement and this Agreement will be terminated upon the principal and interest (including interest on amounts in default, if any) on all the Bonds and all other moneys payable hereunder have been paid or satisfied or upon all the Bonds having matured or having been duly called for redemption or retraction, payment of the principal of and interest (including interest on amounts in default, if any) on such Bonds and of all other moneys payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

**8. SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES**

8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company may, subject to the provisions of these presents, and it shall, when so directed by these presents, execute and deliver by its proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) giving effect to any Extraordinary Resolution as provided in Part 9;
- (b) evidencing the succession of successor companies to the Company and the covenants of and obligations assumed by such successor companies in accordance with the provisions of Section 8.3;
- (c) adding to the limitations or restrictions herein or in the Bonds adding to the covenants of the Company herein contained for the protection of the Bondholders; provided that such further limitations, restrictions or covenants shall not be prejudicial to the interests of the Bondholders;
- (d) making such provisions not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions arising hereunder including the making of any modifications in the form of the Bonds which do not affect the substance thereof, provided that such provisions and modifications are not materially prejudicial to the interests of the Bondholders;

- (e) making any addition to, deletion from or alteration of the provisions of this Agreement which does not adversely affect in any substantial respect the interests of the Bondholders and which the Company may deem necessary or advisable in order to facilitate the sale of any of the Bonds or in order to incorporate, reflect or comply with provisions relating to trust indentures or trustees under trust indentures contained in any corporations act, securities act, trust indenture act or similar legislation in any jurisdiction in which the Company may desire to sell any of the Bonds, in which any of its securities are listed for trading on a stock exchange or whose laws apply to the Company or the Bonds including, without limiting the generality of the foregoing, provision for the appointment of an additional trustee or co-trustee in any jurisdiction;
- (f) adding to or altering the provisions hereof in respect of the registration and transfer of Bonds, including provisions for the issue of Bonds of denominations other than those herein provided for, the exchange of Bonds of different denominations and making any modification in the form of the Bonds which does not affect the substance thereof; and
- (g) for any other purposes not inconsistent with the terms of this Agreement, including the correction or rectification of any ambiguity, defective provision, error or omission herein, provided that the rights of the Bondholders are in no way prejudiced thereby.

## 8.2 Correction of Manifest Errors

The Company may correct typographical, clerical and other manifest errors in this Agreement or the Bonds provided that such correction shall in no way prejudice the rights of the Bondholders hereunder, and the Company may execute all such documents as may be necessary to correct such errors.

## 8.3 Successor Companies

- (a) The Company shall not enter into any transaction whereby all or substantially all of its property and assets would become the property of any other person whether by way of reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale or otherwise unless:
  - (i) such other person is a company (herein called a “*successor company*”) incorporated under the laws of Canada or one of its Provinces;
  - (ii) the successor company shall execute and deliver to the Bondholders, prior to or contemporaneously with, or in the case of an amalgamation immediately following, the consummation of such transaction, instruments which are, in the opinion of the Company, acting reasonably, necessary or advisable to evidence the assumption by the successor company of the obligations of the Company hereunder and under the Bonds;

- (iii) immediately after giving effect to such transaction, no Event of Default shall have happened and be then continuing; and
  - (iv) such transaction shall be upon such terms as substantially to preserve and not to impair the charges hereof or any of the rights and powers of the Bondholders hereunder.
- (b) Whenever the conditions of subsection 8.3(a) have been duly observed and performed, the successor company shall possess and from time to time may exercise each and every right and power of the Company under this Agreement in the name of the Company or otherwise and any act or proceeding required by any provision of this Agreement to be done or performed by the directors or officers of the Company may be done and performed with like force and effect by the like directors or officers of such successor company.

## **9. MEETINGS OF BONDHOLDERS**

### **9.1 Right to Convene Meeting**

The Company may at any time and from time to time, and shall on receipt of a written request signed by the holders of not less than 50% in principal amount of the Bonds then outstanding, convene a meeting of Bondholders. In the event of the Company failing within thirty (30) days after receipt of any such request to give notice convening a meeting, such Bondholders may convene such meeting. Every such meeting shall be held in North Vancouver, British Columbia, or at such other place as may be approved or determined by the Company or the holders of a majority in principal amount of the Bonds then outstanding, as the case may be.

### **9.2 Notice of Meetings**

At least twenty-one (21) days' notice of any meeting shall be given to the Bondholders in the manner provided in Section 10.2. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Part. The accidental omission to give notice of a meeting to any Bondholder shall not invalidate any resolution passed at any such meeting.

### **9.3 Chairman**

Some person, who need not be a Bondholder, nominated by the Company shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, the Bondholders present in person or by proxy shall choose some person present to be chairman.

#### 9.4 Quorum

Subject to the provisions of Section 9.12, at any meeting of the Bondholders a quorum shall consist of Bondholders present in person or by proxy and representing at least 50% in principal amount of the outstanding Bonds. If a quorum of the Bondholders shall not be present within thirty (30) minutes from the time fixed for holding any meeting, the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting the Bondholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 50% of the principal amount of the outstanding Bonds. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum be present at the commencement of the meeting.

#### 9.5 Power to Adjourn

The Chairman of any meeting at which a quorum of the Bondholders is present may, with the consent or vote of the holders of a majority in principal amount of the Bonds represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

#### 9.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Bonds, if any, held by him.

#### 9.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Bondholders and/or proxies for Bondholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Bonds represented at the meeting and voted on the poll.

#### 9.8 Voting

On a show of hands every person who is present and entitled to vote, whether as a Bondholder or as proxy for one or more Bondholders or both, shall have one vote. On a poll each Bondholder present in person or represented by a proxy duly appointed by an instrument in

writing shall be entitled to one vote in respect of each \$100 principal amount of Bonds he shall then hold. A proxy need not be a Bondholder. In the case of joint registered Bondholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others; but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Bonds of which they are joint registered Bondholders.

#### 9.9 Regulations

The Company may from time to time make and from time to time vary or revoke such regulations as it shall from time to time think fit providing for and governing:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Bondholder;
- (b) the deposit of instruments appointing proxies at such place as the Company or the Bondholders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same shall be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or faxed before the meeting to the Company at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Bonds, or as entitled to vote or be present at the meeting in respect thereof, shall be Bondholders and persons whom Bondholders have by instrument in writing duly appointed as their proxies.

#### 9.10 Company may be Represented

The Company, by its officers and directors, and the legal advisers of the Company may attend any meeting of the Bondholders, but shall have no vote as such.

#### 9.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provision of this Agreement or by law, a meeting of the Bondholders shall have the following powers exercisable from time to time by Extraordinary Resolution:

- (a) to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Bondholders against the Company, whether such rights arise under this Agreement or the Bonds or otherwise;

- (b) to assent to any modification of or change in or addition to or omission from the provisions contained in this Agreement or the Bonds which shall be agreed to by the Company and to authorize the Company to execute any agreement supplemental hereto embodying any modification, change, addition or omission;
- (c) to sanction any scheme for the reconstruction or reorganization of the Company or for the consolidation, amalgamation or merger of the Company with any other corporation or for the sale, lease, transfer or other disposition of the undertaking, property and assets of the Company or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 8.3 shall have been complied with;
- (d) to waive any default hereunder either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (e) to restrain any Bondholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal or interest on the Bonds, or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy Act* (Canada) or to have the Company wound-up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder;
- (f) to direct any Bondholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted, of the costs, charges and expenses reasonably and properly incurred by such Bondholder in connection therewith;
- (g) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Company;
- (h) to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise such of the powers of the Bondholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee; the resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee; such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Bondholders; subject to the terms of the resolution appointing it, every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally; such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by instrument signed by the number of members thereof necessary to constitute a quorum; all acts of any such



committee within the authority delegated to it shall be binding upon all Bondholders; neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (i) to sanction the exchange of the Bonds for or the conversion thereof into bonds, Bonds or other securities or obligations of the Company or of any company formed or to be formed;
- (j) to grant extensions of time for payment of interest on any of the Bonds, whether or not the interest of which payment is extended is at the time due or overdue;
- (k) to authorize the distribution *in specie* of any shares, bonds, Bonds or other securities or obligations or cash or other consideration received hereunder or the use or disposal of the whole or any part of such shares, bonds, Bonds or other securities or obligations or cash or other consideration in such manner and for such purposes as may be deemed advisable and specified in such Extraordinary Resolution; and
- (l) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Bondholders or by any committee appointed pursuant to subsection 9.11(h).

9.12 Meaning of “Extraordinary Resolution”

- (a) The expression “**Extraordinary Resolution**” when used in this Agreement means, subject as provided in Section 9.15, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Bondholders duly convened for the purpose and held in accordance with the provisions of this Part at which the holders of at least 50% in principal amount of the Bonds then outstanding are present in person or by proxy and passed by the favourable votes of the holders of not less than two-thirds (2/3) of the principal amount of Bonds represented at the meeting and voted on a poll upon such resolution.
- (b) If, at any such meeting, the holders of at least 50% in principal amount of the Bonds outstanding are not present in person or by proxy within thirty (30) minutes after the time appointed for the meeting, then the meeting shall stand adjourned to such date, being not less than twenty (20) nor more than sixty (60) days later, and to such place and time as may be appointed by the chairman. Not less than ten (10) days' notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 10.2. At the adjourned meeting, the Bondholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection 9.12(a) shall be an Extraordinary Resolution within the meaning of this Agreement, notwithstanding that the holders of at least 50% in

principal amount of the Bonds then outstanding are not present in person or by proxy at such adjourned meeting.

- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

9.13 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers and/or any combination of the powers in this Agreement stated to be exercisable by the Bondholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the rights of the Bondholders to exercise the same or any other such power or combination of powers thereafter from time to time.

9.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings had, to have been duly passed and had.

9.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Bondholders at a meeting held as hereinbefore in this Part provided may also be taken and exercised by the holders of at least two-thirds (2/3) of the principal amount of all the outstanding Bonds by an instrument in writing signed in one or more counterparts, and the expression "*Extraordinary Resolution*" when used in this Agreement shall include an instrument so signed.

9.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Part at a meeting of Bondholders shall be binding upon the Bondholders, whether present at or absent from such meeting, and every instrument in writing signed by Bondholders in accordance with Section 9.15 shall be binding upon all the Bondholders, whether signatories thereto or not, and each and every Bondholder shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

9.17 Evidence of Rights of Bondholders

Any request, direction, notice, consent or other instrument which this Agreement may require or permit to be signed or executed by the Bondholders may be in any number of

concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by attorney duly appointed in writing. Proof of the execution of any such request or other instrument or of a writing appointing any such attorney or (subject to the provisions of this Part with regard to voting at meetings of Bondholders) of the holding by any person of Bonds shall be sufficient for any purpose of this Agreement if made in the following manner, namely, the fact and date of execution by any person of such request or other instrument or writing may be proved by the certificate of any notary public, or other officer authorized to take acknowledgements of deeds to be recorded at the place where such certificate is made, that the person signing such request or other instrument in writing acknowledged to him the execution thereof, or by a statutory declaration of a witness of such execution or in any other manner which the Company may consider adequate.

## **10. NOTICES**

### **10.1 Notice to Company**

Any notice to the Company under the provisions of this Agreement shall be in writing and shall be valid and effective if delivered to the Company at 205-930 Harbourside Drive, North Vancouver, BC V7P 3S7, to the attention of the President. The Company may from time to time notify the Bondholders in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Company for all purposes of this Agreement.

### **10.2 Notice to Bondholders**

All notices, demands or other information required to be given hereunder with respect to the Bonds shall be deemed to be validly given to the Bondholders if sent by mail, postage prepaid, by letter or circular addressed to such Bondholders at their respective addresses appearing in any of the Registers, or, if authorized by a Bondholder in writing, given by e-mail to such Bondholder's e-mail address appearing in any of the Registers. Any notice so given shall be deemed to have been given and received, if mailed, on the fifth Business Day following the day of mailing and if given by e-mail, on the first Business Day following the date of giving by e-mail. Accidental error or omission in giving notice or accidental failure to mail or e-mail notice to any Bondholder shall not invalidate any action or proceeding founded thereon.

All notices with respect to any Bond may be given to whichever one of the Bondholders thereof (if more than one) is named first in the Registers, and any notice so given shall be sufficient notice to all holders of and/or persons interested in such Bond.

If there should be at the time of mailing a mail strike, slow down or other labour dispute which might affect the delivery of the notice through the mail, notice will only be deemed to be validly given to the Bondholders if the notice is published once in each of two successive weeks in the city in which a Register is required to be maintained hereunder, each publication to be made in a daily, English language newspaper which is circulated nationally in Canada (or, if no daily newspaper is being published, in such other publication in the area as the Company, acting reasonably, may determine). Any notice given by publication will be deemed to have been given on the day on which publication was required, a publication having been

effected at least once contemporaneously or previously in all other of the newspapers. In determining under any provision hereof when the date when notice of any meeting, retraction or other event must be given, the date of giving the notice will be included and the date of the meeting, retraction or other event will be excluded.

**11. MISCELLANEOUS**

11.1 Evidence of Ownership

The Company may treat the registered Bondholder as the owner thereof without actual production of such Bond for the purpose of any request, requisition, direction, consent, instrument or other document to be made, signed or given by the Bondholder.

11.2 No Merger

The acceptance and holding of this Agreement and the enforcement of the rights of the Bondholders hereunder shall not constitute any merger or in any way limit or affect the rights of the Bondholders under any other security held for the payment and performance of any indebtedness or liability of the Company.

11.3 Remedies Subject to Applicable Law

All rights, remedies and powers provided herein may be exercised or enforced only to the extent that the exercise or enforcement thereof does not violate any applicable provision of law, and all the provisions of this Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling in the circumstances and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. Any provision hereof contrary to applicable law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Agreement.

11.4 No Amendment

This Agreement may not be amended except as contemplated in Part 8 hereof.

11.5 Formal Date

This Agreement may be referred to as bearing the formal date of November 27, 2014, irrespective of the date of execution hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under their respective corporate seals and the hands of their proper officers in that behalf.

**The Company:**

**ARIZONA 88 OPPORTUNITY FUND LTD.**

By:   
David Steele, Director and President

This is page 31 of the Bondholders Agreement dated effective November 27, 2014 in respect of Series A Bonds, Series B Bonds and Series C Bonds of Arizona 88 Opportunity Fund Ltd.

**SCHEDULE “A”**

Form of Bond

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

Principal Amount: \$ \_\_\_\_\_

Date of Issue: \_\_\_\_\_

**Unless permitted under securities legislation, the holder of this Bond must not trade the Bond before the date that is 4 months and a day after the later of (i) the date of issue of this Bond, and (ii) the date the Company became a reporting issuer in any province or territory of Canada. Since the Company is not a reporting issuer in Canada, this Bond may be subject to an indefinite hold period in the event no further statutory exemption is available or no discretionary order is obtained.**

**ARIZONA 88 OPPORTUNITY FUND LTD.**

**SERIES [A / B / C] BOND**

**DUE IN 10 YEARS**

**ARIZONA 88 OPPORTUNITY FUND LTD.** (hereinafter referred to as the “**Company**”), for value received, hereby acknowledges itself indebted and promises to pay to the registered holder hereof (hereinafter referred to as the “**holder**”) on the **tenth anniversary** of the date hereof (the “**Maturity Date**”), or on such earlier or later date as the principal amount hereof may become due in accordance with the provisions of the Bondholders Agreement hereinafter mentioned, on presentation and surrender of this Bond, the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) in lawful money of Canada at the offices of the Company in North Vancouver, British Columbia and to pay interest up to the date of full payment, calculated from the date hereof, on the principal amount hereof at the rate of [6 / 5 / 4] % per annum.

This Bond is one of the Series [A / B / C] Bonds of the Company (herein collectively referred to as the “**Bonds**”) issued or issuable under an Agreement (the “**Bondholders Agreement**”) made effective as of the 27<sup>th</sup> day of November, 2014 between the Company and each party who from time to time subscribes for and is accepted as a holder of Bonds, or who is a successor of any such person and who becomes a Bondholder upon being registered as such.

All capitalized terms not otherwise defined in this certificate shall have the meanings ascribed thereto in the Bondholders Agreement.

Interest on each Bond will accrue on an annual basis on the anniversary date of the issue of the Bond but will not be payable until the Maturity Date of the Bond. Despite the foregoing, the Company may, in its discretion, make advance payments of interest on the Bonds prior to the Maturity Date on a pro rata basis among the Bondholders.

The directors of the Company may from time to time by resolution determine that the Company will make a payment of an amount from the net profits of the Company to the Bondholders (a "Participating Interest Payment"), at such time and in such amounts as the directors of the Company in their absolute discretion see fit. Each Bondholder of record as set out in the Register on the Participating Interest Record Date (as defined in Section 2.4(b) of the Bondholders Agreement) will be entitled to receive its Proportionate Share of such Participating Interest Payment. For the avoidance of doubt, no Bondholder will have any right to any Participating Interest Payment and no such payment shall be due or payable by the Company, unless and until the directors determine by resolution that the Company will make a Participating Interest Payment. If and when the directors determine by resolution that the Company will make a Participating Interest Payment, a Bondholder's Proportionate Share of such payment is deemed to be interest accrued on such Bondholder's Bonds for purposes of this Agreement and for all other purposes.

The Company may, without any fee or penalty, redeem the Bonds either in whole at any time or in part from time to time by paying: (i) the principal amount of the Bonds being repaid or portion thereof, and (ii) all accrued and unpaid interest on such Bonds or portion thereof to the date of payment.

A Bondholder may deliver to the Company on or before July 1 in each year, commencing July 1, 2015, a Retraction Notice setting out the intention of the Bondholder to retract any Bonds. On January 15 in each year, commencing January 15, 2016, the Company will retract Bonds in accordance with the terms set out in Section 4 of the Bondholders Agreement. Among others, (a) the obligation of the Company to retract Bonds will be subject to the board of directors of the Company determining in its sole discretion that sufficient funds are available to the Company for the purposes of retraction and that the retraction will not adversely affect the financial position of the Company; and (b) the principal amount of Bonds which will be retracted on any one Retraction Date will not exceed 5% of total principal amount of Bonds outstanding on the Retraction Date, unless the board of directors of the Company determines in its sole discretion that the Company will retract a great amount of Bonds. On the Retraction Date, the Company will pay to each Bondholder who has given a Redemption Notice an amount calculated by the Company that is equal to: (i) the sum of (1) the principal amount of the Bonds being retracted or portion thereof, and (2) all accrued and unpaid interest on such Bonds or portion thereof to the December 31 immediately preceding the Retraction Date, less (ii) the Bondholders Proportionate Share of the costs incurred by the Company in connection with the retraction (including costs incurred in realizing the Company's assets to fund the retraction).

This Bond and all other Bonds heretofore, now or hereafter certified and issued under the Bondholders Agreement rank *pari passu* and are equally and proportionately entitled to the benefits of, the Bondholders Agreement, to which reference is made for a description of the nature and extent of the respective rights of the Bondholders and the Company, and the terms and conditions upon which the Bonds are issued and held, all to the same effect as if the

provisions of the Bondholders Agreement were herein set forth, to all of which provisions the holder of this Bond, by acceptance hereof, assents.

In the event of any conflict or inconsistency between the terms of this Bond Certificate and the terms of the Bondholders Agreement, the terms of the Bondholders Agreement will govern.

IN WITNESS WHEREOF the Company has caused this Bond to be signed by any one director or officer of the Company, manually, by facsimile signature or by electronic delivery in portable document format (“.pdf”), as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

**ARIZONA 88 OPPORTUNITY FUND LTD.**

by: \_\_\_\_\_  
[Name / Title]

**REGISTRATION PANEL**

The Company certifies that the person named below is entered in the Register of Bondholders as the holder of this Bond as of the date of registration set out below.

*(No writing on this panel except by the Registrar)*

Date of Registration	In Whose Name Registered	Signature of Company or other Registrar



**SCHEDULE "B"**

**RETRACTION NOTICE RE: ARIZONA 88 OPPORTUNITY FUND LTD.**

**TO: ARIZONA 88 OPPORTUNITY FUND LTD.**

205-930 Harbourside Drive  
North Vancouver, BC V7P 3S7  
(the "Company")

Reference is made to the Bondholders Agreement made effective as of the 27<sup>th</sup> day of November 2014 between the Company and each party who from time to time subscribes for Bonds of the Company (the "**Bondholders Agreement**"). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bondholders Agreement.

This is a "Retraction Notice" given in accordance with Section 4.1 of the Bondholders Agreement. The undersigned registered holder hereby irrevocably gives notice of its intention to retract the following Bonds held by it:

Bond. No.:

Total principal amount of Bonds :

Principal amount of the Bonds which it wishes to retract (if less than total):

DATED: \_\_\_\_\_

\_\_\_\_\_  
*Name of Bondholder (Please Print)*

\_\_\_\_\_  
*Signature of Witness (If Bondholder is an individual)*

\_\_\_\_\_  
*Signature of Bondholder or Authorized Signatory of Purchaser*

\_\_\_\_\_  
*Name of Witness (Please Print)*

\_\_\_\_\_  
*Name and Office of Authorized Signatory of Bondholder (Please Print)*

\_\_\_\_\_  
*Address of Bondholder*

**SCHEDULE C-1 – Financial Statements for Western Wealth Capital VI Limited Partnership**

*(Financial Statements for Western Wealth Capital VI Limited Partnership ending December 31, 2016 begin on the following page.)*

# Western Wealth Capital VI LP (Brookside Apartments)

(Unaudited)

USD

## Balance Sheet

	<u>Dec 31, 2016</u>
Cash: Scotia Bank - FX Rate 1.2119	6,697.28
Due from WWC VI US Investor LP	17,771.83
Due from Wealth Capital Managem	110,725.53
Inv in WWC VI US LP	
Amount Invested	1,010,217.56
Other LT Asset (Financing Fees)	111,316.93
A/A	-14,842.26
Other LT Asset (Financing Fees)	4,900.00
<b>Total Assets</b>	<b><u>1,246,786.87</u></b>
Distribution Payable	2,343.19
<b>Total Liabilities</b>	<b><u>2,343.19</u></b>
Partner Contributions	1,245,307.13
Current Year Earnings	-863.45
<b>Total Equity</b>	<b><u>1,244,443.68</u></b>
<b>Liab and Equity</b>	<b><u>1,246,786.87</u></b>

## Income Statement Jan. 1- Dec 31, 2016

Office Exp	-300.43
Bank Charges	-563.02
<b>Net Income</b>	<b><u>-863.45</u></b>

**SCHEDULE C-2 – Financial Statements for Western Wealth Capital X Limited Partnership**

*(Financial Statements for Western Wealth Capital X Limited Partnership ending December 31, 2016 begin on the following page.)*

# Western Wealth Capital X LP (Oakridge Apartments)

(Unaudited)

USD

## Balance Sheet

Dec 31, 2016

Cash: Scotia Bank	16,137.62
Cash: Undeposited Nov Pmt	4,200.00
Distribution Receivable	4,340.00
Inv in WWC X US LP (AZ Partns)	
Amount Invested - USD	465,736.71
<b>Total Assets</b>	<b>490,414.33</b>

Due to WWC X LLLP	5,500.00
Due to Wealth Capital Managm	10,184.93
	0.00
Distribution Payable	8,675.56
<b>Total Liabilities</b>	<b>24,360.49</b>

Partner Contributions 473,907.43

Current Year Earnings	-7,853.59
Retained Earnings	0.00
	0.00

**Total Equity** 466,053.84

**Liab and Equity** 490,414.33

## Income Statement Jan 1 - Dec 31, 2016

Financing Fee	-6,473.15
Other Exp	-1,380.44
<b>Net Income</b>	<b>-7,853.59</b>

**SCHEDULE C-2 – Financial Statements for Western Wealth Capital XVIII Limited Partnership**

*(Financial Statements for Western Wealth Capital XVIII Limited Partnership ending December 31, 2016 begin on the following page.)*

# Western Wealth Capital XVIII LP (Las Vistas at Papago Park Apartments)

(Unaudited)

USD

<b>Balance Sheet</b>	<u>Dec 31, 2016</u>
Cash: Scotia Bank	16,208.62
Contribution Receivable	50,000.00
Distribution Receivable	3,444.47
Inv in WWC XVIII US LP	
Amount Invested	474,777.78
Other LT Asset (Financing Fees)	<u>16,500.00</u>
<b>Total Assets</b>	<b><u>560,930.87</u></b>
Due to WWC XVIII LLLP	55,025.00
Due to Wealth Capital Managem	47.03
Distribution Payable	<u>7,320.00</u>
<b>Total Liabilities</b>	<b><u>62,392.03</u></b>
Partner Contributions	512,760.00
Current Year Earnings	<u>-14,221.16</u>
<b>Total Equity</b>	<b><u>498,538.84</u></b>
<b>Liab and Equity</b>	<b><u>560,930.87</u></b>

## Income Statement Jan 1- Dec 31, 2016

Magagement Fee	-8,500.00
Advertising and Promotion	-5,500.01
Office Exp	-47.03
Bank Charges	<u>-174.12</u>
<b>Net Income</b>	<b><u>-14,221.16</u></b>

**SCHEDULE C-4 – Financial Statements for Western Wealth Capital XX Limited Partnership**

*(Financial Statements for Western Wealth Capital XX Limited Partnership ending December 31, 2016 begin on the following page.)*



# Western Wealth Capital XX LP (Arcadia Walk Apartments)

(Unaudited)

USD

## Balance Sheet

Dec 31, 2016

Cash: Scotia Bank	184,291.14
Cheques in Transit	-500.00
Inv in WWC XX US LP	
Amount Invested	3,110,000.00
Partner Contrib Receivable	50,000.00
Other LT Asset (Financing Fees)	162,625.00
<b>Total Assets</b>	<b>3,506,416.14</b>
A/P (Capital Raise Fees 1250 on hold; 1250 Jan 2017)	2,500.00
Due to Wealth Capital Managem	209.71
Due to WWC XX US Investor LP	24,818.00
<b>Total Liabilities</b>	<b>27,527.71</b>
Partner Contributions	3,485,000.00
Current Year Earnings	-6,111.57
<b>Total Equity</b>	<b>3,478,888.43</b>
<b>Liab and Equity</b>	<b>3,506,416.14</b>

## Income Statement Jan 1 - Dec 31, 2016

Other Exp	-6,111.57
<b>Net Income</b>	<b>-6,111.57</b>