**No securities regulatory authority or regulator has assessed the merits of theses securities or reviewed this offering memorandum (the "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.**

# REAMENDED AND RESTATED OFFERING MEMORANDUM


**Date:** **June 7, 2018**
**The Issuer:** **Solstar Capital Inc./Capital Solstar Inc. (the "Corporation")**
**Address:** **1100 René-Lévesque Blvd. West, Suite 2500**
**Montreal, Quebec H3B 5C9**
**Phone:** **514-567-9725**
**Fax:** **514-800-2145**
**E-mail:** **dennis.baltzis@solstarpharma.com**

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

## The Offering

| | |
|---|---|
| **Securities Offered** | 5-year, 10.5% fixed rate, secured exchangeable debentures of the Corporation (the "**Debentures**"), 50% of the principal amount of which is exchangeable, at the option of the holder upon the occurrence of certain events (the "**Triggering Events**") described below relating to Solstar Pharma Inc. (the "**Operating Entity**"), into Shares at the Exchange Price (defined below). Any remaining portion of the principal amount of the Debentures is exchangeable into Shares at the option of the holder 4 years from the date of issuance of the Debentures at the Exchange Price. See **Item 5 – Securities Offered**. |
| **Price per Security** | $1,000 per Debenture |
| **Minimum Offering** | $200,000 (200 Debentures). As of the date hereof, Debentures in the aggregate principal amount of $1,173,000 have been sold under the Offering. See **Item 4.3 – Prior Sales**. |
| **Maximum Offering** | $5,000,000 (5,000 Debentures) |
| **Subscription and Payment Terms** | If you wish to subscribe for Debentures, you must complete and execute a subscription agreement and all applicable schedules and appendices thereto ("**Subscription Agreement**") and any other required document and send the duly completed documents to the Corporation at the above-mentioned address. You must also ensure that sufficient funds are available in the account specified in your Subscription Agreement or otherwise deliver payment to the Corporation for the total amount of your subscription by wire transfer (or such other method of payment accepted by the Corporation) in accordance with the instructions set out under **Item 5.2 – Subscription and Payment Procedure**. The full amount of your subscription will be held by the Corporation in a separate trust account until midnight on the second business day following the signature of your subscription. This amount will be returned to you in full if you exercise your right to withdraw under **Item 11 – Subscriber's Rights** and **Item 5 – Securities Offered**. |
| **Minimum Subscription Amount** | $1,000 (1 Debenture) |
| **Proposed Closing Date(s)** | Subscriptions will be received subject to the rights of the Corporation to reject or allot them in whole or in part and subject to the right to close the subscription books at any time without notice. Closings shall occur from time to time during the course of the Offering or on any other date the Corporation determines. |
| **Income Tax Consequences** | There are important tax consequences to these securities. See **Item 6 – Tax Consequences and Funds from Tax Deferred Plans**. |
| **Purchaser's Rights** | **You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 – Subscriber's Rights.** |
| **Resale Restrictions** | You will be restricted from selling your Debentures for an indefinite period. You may never be able to resell these securities. See **Item 10 – Resale Restrictions**. |
| **Selling Agents** | Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to ten percent (10%) of the gross proceeds realized on the sale of Debentures under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. **It is anticipated that Whitehaven Securities Inc. ("Whitehaven") will act as a selling agent under the Offering. Whitehaven owns 5% of the issued and outstanding Shares of the Operating Entity, which will be a "related issuer" of the Corporation upon completion of the Offering, and, as such, the Corporation could be considered a "connected issuer" of Whitehaven under applicable Canadian securities laws. See Item 7 – Compensation Paid to Sellers and Finders**. |

| | |
|---|---|
| **Connected Issuer** | Canadian provincial and territorial securities laws provide that registered firms such as Whitehaven and its dealing representatives, may only trade in or advise prospective subscribers with respect to the securities of issuers to which they (or certain parties related to them) are related or connected if they provide certain prescribed disclosures regarding the "connected issuer" status of the issuer of the securities. Prior to trading in such securities or advising their clients, dealers such as Whitehaven are required to inform their clients of the relevant relationships and connections with the issuer of the securities, which in the case of the Offering detailed in this Offering Memorandum is the Corporation.<br><br>Purchasers should refer to the relevant provisions of applicable securities laws for further details regarding these requirements or consult with a legal advisor.<br><br>**Subscribers should note that if they purchase Debentures through Whitehaven, they will not be purchasing securities from a dealer that is independent of the Corporation. See Item 7 – Compensation Paid to Sellers and Finders and the disclosure in bold under "Selling Agents" on the cover page of this Offering Memorandum.** |
| **Marketing Materials** | All marketing materials related to this Offering and delivered or made reasonably available to a prospective subscriber are hereby incorporated by reference into this Offering Memorandum. |

**Please print your name, sign and date below, and submit a copy of this page with your Subscription Agreement.**

**Investor Name:** _____ **Investor Signature:** _____ **Date:** _____

## 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:

"**Administrative Fees**" mean the fees payable by the Operating Entity to the Corporation under the Loan Agreement, which shall be equal to the total amount of Offering costs, selling commissions and Target Fees payable by the Corporation in connection with the Offering and, upon completion of the Offering, equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Debentures by the Corporation and the maturity of the Debentures. See Item 1.1 – Funds

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

"**B-Organic Formulation**" means the patented, compatible biomaterial owned by B-Organic Films Corp, a "related party" to the Operating Entity within the meaning of the term as defined under NI 61-101 by virtue of being a control person of the Operating Entity, and licensed exclusively to the Operating Entity, which has been developed for use as a unique, innovative matrix that is able to enhance the bioavailability of natural product derivatives being developed in the fight against H.Pylori related diseases. See Item 2.2 – Business.

"**Business**" means the business of the Operating Entity, which will be the manufacturing and commercialization of the B-Organic Formulation or other technologies or devices related to life sciences. See Item 2.2 – Business.

"**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.

"**Change of Control**" means any Person (and such Person's affiliates, and any person acting jointly or in concert with such Person) acquiring greater than 50% of the votes attached to the Operating Entity's securities entitled to vote for the election of the Operating Entity's board of directors or greater than 50% of the equity (by value) of the Operating Entity. There is no guarantee that such Change of Control shall occur in the near future or shall occur at all.

"**Class A Shares**" means the voting Class A preferred shares of the Corporation.

"**Class B Shares**" means the non-voting Class B common shares of the Corporation.

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

"**CRO**" means a contract research organization that specializes in clinical-trial services in the form of research services outsourced on a contract basis, which will be engaged to provide clinical trial management, regulatory affairs, and pharmacovigilance services to the Operating Entity.

"**Debentureholder**" means a holder of Debentures.

"**Debentures**" mean the secured exchangeable debentures of the Corporation offered hereunder, bearing interest at a rate of 10.5% per annum, maturing five (5) years from the date of their issuance, and 50% exchangeable, at the option of the holder upon completion of an IPO or a sale of Shares of the Operating Entity resulting in a Change of Control, into Shares at the Exchange Price (defined below). Any remaining portion of the principal amount of the Debentures is exchangeable into Shares at the option of the holder 4 years from the date of issuance of the Debentures at the Exchange Price. See Item 5.1 – Terms of Securities.

"**Deed of Hypothec**" means the deed of movable hypothec to be entered into on or prior to the closing of the Minimum Offering between the Corporation and the Operating Entity, as guarantors, and the Hypothecary Representative, in its capacity as hypothecary representative for the Debentureholders within the meaning of Article 2692 of the *Civil Code of Québec*, and providing for a first-ranking movable hypothec, in favour of the Hypothecary Representative for the benefit of the Debentureholders, to the extent of $6,000,000 with interest thereon at the rate of 25% per annum, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or the Operating Entity.

"**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.

"**Exchange Price**" means the exchange price of the Debentures, which is equal to: (i) the Market Price, less a 10% discount, in the event that the Debentureholder exercises the exchange right within 2 years of the date of issuance of the Debentures; (ii) the Market Price, less a 25% discount, in the event that the Market Capitalization of the Operating Entity is at least $10,000,000 and the Debentureholder exercises the exchange right 3 years after the date of issuance of the Debentures; (iii) the Market Price, less a 15% discount, in the event that the Market Capitalization of the Operating Entity is at least $12,000,000 and the Debentureholder exercises the exchange right 4 years after the date of issuance of the Debentures; and (iv) the Market Price, less a 5% discount, in the event that the Market Capitalization of the Operating Entity is at least $15,000,000 and the Debentureholder exercises the exchange right 5 years after the date of issuance of the Debentures.

"**GMP**" means the Good Manufacturing Practices set out under Part C, Division 2 of the *Food and Drugs Regulations* (Canada), as promulgated in Canada by Health Canada.

**"Hypothecary Representative"** means Paul N. Kamateros, the person appointed as hypothecary representative for the Debentureholders within the meaning of Article 2692 of the *Civil Code of Québec* under the Deed of Hypothec.

"**IPO**" means the consummation of the initial closing of the first underwritten public offering of Shares by way of a prospectus or registration statement under applicable securities legislation and, in conjunction with which, such Shares are listed for trading on a prescribed stock exchange. There is no guarantee that such IPO shall occur in the near future or shall occur at all.

"**Loan Advances**" mean the unsecured loan advances to be made by the Corporation to the Operating Entity under the Loan Agreement from the aggregate gross proceeds of the Offering upon the closing of each tranche thereof in order to fund the Business of the Operating Entity, which Loan Advances are subject to a movable hypothec in favor of the Debentureholders pursuant to the Deed of Hypothec, each of which shall:

(i) bear interest at a rate equal to the corresponding amount of interest payable by the Corporation to the holders of Debentures sold by the Corporation to finance the advance, payable at the time that the interest payments to such Debentureholders become due;

(ii) be repaid by the Operating Entity as the Debentures are sold by the Corporation to finance the advance mature or are otherwise redeemed by the Corporation;

(iii) be deemed repaid by the Operating Entity in proportion to the corresponding amount of principal converted by the holders of the Debentures sold by the Corporation to finance the advance; and

(iv) be subject to the payment of the Administrative Fees by the Operating Entity to the Corporation.

See Item 1.2 – Use of Available Funds and Item 2.7 – Material Agreements.

"**Loan Agreement**" means the non-revolving loan facility agreement to be entered into between the Corporation and the Operating Entity prior to the closing of the Minimum Offering in respect of the Loan Advances.

"**Market Capitalization**" means, as of any date, the Market Price of a Share multiplied by the number of Shares issued and outstanding on such date.

"**Market Price**" means the fair market value of one Share determined as follows: (i) where there exists a public market for the Shares at the time of such exercise, the fair market value per Share shall be the last closing trading price of the Shares on any exchange on which the Shares are listed; and (ii) if the Shares are not listed for trading on any exchange, the higher of (A) the book value thereof, as determined by any firm of independent public accountants of recognized standing selected by the board of directors of the Operating Entity, as at the last day as of which such determination shall have been made, or (B) the fair value thereof determined in good faith by the board of directors as of the date which is within fifteen (15) days of the date as of which the determination is to be made (in determining the fair value thereof, the board of directors shall consider stock market valuations and price to earnings ratios of comparable companies in similar industries).

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

(a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out in the Target Agreement within sixty (60) days of such amounts being owing to Target;

(b) the Corporation failing to deliver signed copies of the Target Release for each Subscriber of the Corporation's securities;

(c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents disclosure on such terms as required by the Target Agreement (the "**Required Disclosure**");

(d) the Corporation failing to deliver a signed copy of the "Consent to Release Information" form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement (the "**Consent to Release Information**");

(e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving a written request from Target to review such documentation; and

(f) the Corporation failing to raise any Deferred Plan Capital within twelve (12) months from the date of the Target Agreement.

"**Maximum Offering**" means the offering, issue, and sale of a maximum of up to 5,000 Debentures at a price of $1,000 per Debenture, on a private placement basis, for maximum gross proceeds of up to $5,000,000, as more particularly described in this Offering Memorandum.

"**Minimum Offering**" means the offering, issue, and sale of a minimum of 200 Debentures at a price of $1,000 per Debenture, on a private placement basis, for minimum gross proceeds of $200,000, as more particularly described in this Offering Memorandum.

"**NI 45-106**" means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and, in Quebec, the corresponding regulation bearing the same number.

"**NI 61-101**" means National Instrument 61-101 *Protection of Minority Shareholders in Special Transactions* of the Canadian Securities Administrators and, in Quebec, the corresponding regulation bearing the same number.

"**Offering**" means the offering, issue, and sale of a minimum of 200 Debentures and a maximum of up to 5,000 Debentures at a price of $1,000 per Debenture, on a private placement basis, for minimum gross proceeds of $200,000 and maximum gross proceeds of up to $5,000,000, as more particularly described in this Offering Memorandum.

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

"**Offering Jurisdictions**" mean each of the provinces and territories of Canada.

"**Offering Memorandum**" means this amended and restated offering memorandum in respect of the Offering, dated June 7, 2018, including any amendment, restatement, or update hereto.

"**Operating Entity**" means Solstar Pharma Inc./Pharma Solstar Inc., a company incorporated under the *Business Corporations Act* (Quebec) on February 22, 2017, which will be financed, in whole or in part, by Loan Advances from the Corporation, using the proceeds of the Offering. See Item 2.2 – Business.

"**Person**" means a company or individual.

"**Prior Sales"** means the prior sales of Debentures completed by the Corporation since the date of its incorporation, on a private placement basis as described under item 4.3 – Prior Sales.

"**Purchase Price**" means, in the event of a sale of Shares of the Operating Entity resulting in a Change of Control, the price per Share paid by the purchaser of the Shares.

"**Regulations**" mean the Regulations under the Tax Act.

"**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.

"**Shares**" mean the common shares in the share capital of the Operating Entity.

"**Subscribers**" mean the purchasers of Debentures under the Offering.

"**Subscription Agreement**" means the subscription agreement to be entered into between a Subscriber and the Corporation in respect of the purchase of Debentures by a Subscriber under the Offering.

"**Target**" means Target Capital Inc., a publicly traded company listed on the TSX Venture Exchange and the Canadian Securities Exchange, trading under the symbol "TCI", which holds 6,000 Class A Shares, representing 60% of the issued and outstanding Class A Shares of the Corporation.

"**Target Agreement**" means the agreement between the Corporation and Target, dated June 16, 2017, as more particularly described under Item 2.6 hereof.

"**Target Fees**" means the Annual Fee and the Capital Raising Fee.

"**Target Release**" means the release to be executed by each Subscriber to this Offering in favour of Target as more particularly described under Item 2.6 hereof.

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

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

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

"**Triggering Event**" means a Change of Control or an IPO of the Operating Entity. There is no guarantee that such Triggering Event shall occur in the near future or shall occur at all.

"**Whitehaven**" means Whitehaven Securities Inc., a registered exempt market dealer in the provinces of Quebec, Ontario, Alberta, and British Columbia and an anticipated selling agent under the Offering.

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

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable Canadian securities laws. Forward-looking information reflects the current view about future events. When used in this Offering Memorandum, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions, as they relate to the Corporation, the Operating Entity, identify forward-looking statements. Such statements, include, but are not limited to, statements contained in this Offering Memorandum relating to the business strategy, future operating results, and liquidity and capital resources outlook of the Corporation and the Operating Entity. Forward-looking information is based on the Corporation's current expectations and assumptions regarding the business of each of the Corporation and the Operating Entity, the economy, and other future conditions. Because forward–looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual results may differ materially from those contemplated by the forward-looking information. They are neither statements of historical fact nor guarantees of assurance of future performance. The Corporation cautions prospective Subscribers against relying on any of the forward-looking information. Important factors that could cause actual results to differ materially from those in the forward-looking information include, without limitation, demand for the B-Organic Formulation; market acceptance of the B-Organic Formulation; the impact of any actions or litigation brought against the Corporation or the Operating Entity; competition from other producers of similar products; the Operating Entity's ability to commercialize the B-Organic Formulation; the Corporation's ability to raise capital to fund the Business; changes in government regulation; the Operating Entity's ability to generate sales; the ability of the Corporation and of the Operating Entity to complete capital raising transactions; exchange risks and other factors (including the risks set out under Item 8 - Risk Factors) relating to the industry and operations of each of the Corporation and the Operating Entity. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for the Corporation to predict all of them. The Corporation cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, the Corporation does not intend to update any of the forward-looking information to conform to actual results.

## ITEM 1. USE OF AVAILABLE FUNDS

### 1.1 Funds

1.1.1 The following table provides the general allotment of funds available as a result of all the Offering under this Offering Memorandum:

| | | Assuming Minimum Offering | Assuming Maximum Offering |
|---|---|---|---|
| A. | Amount to be raised | $200,000 | $5,000,000 |
| B. | Selling commissions and fees[(1)] | $20,000 | $500,000 |
| C. | Estimated costs (lawyers, accountants, auditors) | $60,000 | $60,000 |
| D. | Available funds: D = A – (B + C) | $120,000 | $4,440,000 |
| E. | Additional sources of funding required[(2)] | $92,500 | $632,500 |
| F. | Total : F = D + E | $212,500 | $5,072,500 |

**Notes**:

(1) The Corporation shall offer as compensation to the selling agents up to 10% of the gross proceeds realized on the sale of Debentures. See Item 7 – Compensation Paid to Sellers and Finders.

(2) Pursuant to the terms and conditions of the Loan Agreement, the Operating Entity shall pay Administrative Fees to the Corporation equal to the total amount of selling commissions, Offering costs and Target Fees payable by the Corporation in connection with the Offering and, upon completion of the Offering, equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Debentures by the Corporation and the maturity and/or conversion of the Debentures. See item 2.7 – Material Agreements.

As of the date of this Offering Memorandum, the Corporation has no working capital deficiency.

### 1.2 Use of Available Funds

#### 1.2.1 Use of Available Funds by the Corporation

The following table provides a detailed breakdown of the total use of the available funds:

| Description of intended use of available funds listed in order of priority | Assuming Minimum Offering | Assuming Maximum Offering |
|---|---|---|
| Annual Fee x 5 years (2018 to 2022)[(1)(2)] | $12,500 | $62,500 |
| Capital Raising Fee[(1)(2)] | nil | $10,000 |
| Loan Advances to be made to the Operating Entity to finance the Business[(3)] | $200,000 | $5,000,000 |
| Total: | $212,500 | $5,072,500 |

**Notes**:

(1) Assumes 50% of the aggregate gross proceeds of the Offering are raised with Deferred Plan Capital.
(2) Excludes applicable sales taxes (5% GST and 9.975% QST) payable under the Target Agreement.
(3) See Item 8 – Risk Factors.

After payment of all fees, including without limitation, the Annual Fee and Capital Raising Fee payable by the Corporation to Target Capital Inc. ("**Target**") and payment of all costs incurred by the Corporation with respect to the Offering, the Corporation intends to use the proceeds of the Offering to finance the Business of the Operating Entity, which will be the commercialization of the B-Organic Formulation in Canada. See Item 2.2 – Business.

**Target Agreement**

Pursuant to an agreement between the Corporation and Target entered into on June 16, 2017 (the "**Target Agreement**"), the Corporation has undertaken to pay to Target an annual fee ("**Annual Fee**") 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 that the anniversary of the Target Agreement falls in that is in excess of $500,000; plus (iii) applicable taxes. The capital associated with tax deferred plans means capital of any kind raised by the Corporation from an RRSP, RRIF, RESP or TFSA pursuant to the Offering ("**Deferred Plan Capital**"). The Corporation shall also pay to Target a capital raising fee ("**Capital Raising Fee**") in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the Deferred Plan Capital raised by the Corporation in excess of $500,000 (Annual Fee and Capital Raising Fee are collectively referred to as the "**Target Fees**").

Target controls 60% of the Corporation's voting rights. Pursuant to the Target Agreement, Target's control and interest in the Corporation is to earn the Annual Fee and Capital Raising Fees and not to participate in the profits of the Corporation. See Item 2.1 – Structure.

A tax deferred plan is defined herein as a Registered Education Savings Plan ("**RESP**"), a registered retirement income fund ("**RRIF**"), a registered retirement savings plan ("**RRSP**") and a tax free savings account ("**TFSA**"), each as defined under the *Income Tax Act* (Canada) (the "**Tax Act**"). In connection with the Offering, assuming that 50% of the amount of the Minimum Offering is raised with Deferred Plan Capital, the Annual Fee would total $2,500, plus applicable taxes, and no Capital Raising Fee would be payable to Target. Assuming that 50% of the amount of the Maximum Offering is raised with Deferred Plan Capital, the Annual Fee would total $12,500, plus applicable taxes, and the Capital Raising Fee would total $10,000, plus applicable taxes.

### 1.2.2 Use of Loan Advances by the Operating Entity

The following table provides a detailed breakdown of the anticipated use of the Loan Advances by the Operating Entity over a period of two years:

| **Description of intended use of available funds listed in order or priority** | **Assuming Minimum Offering** | **Assuming Maximum Offering** |
|---|---|---|
| Licensing fees | $20,000 | $600,000 |
| Patent fees | $15,000 | $400,000 |
| Laboratory costs | $10,000 | $400,000 |
| Management and employee salaries | $32,000 | $620,000 |
| In vitro testing | $4,000 | $100,000 |
| In vivo testing | $6,000 | $140,000 |
| GMP production of the B-Organic Formulation | $4,000 | $100,000 |
| Equipment | $2,500 | $70,000 |
| Legal and accounting fees | $4,000 | $100,000 |
| CRO fees | nil | $180,000 |
| Human trial costs | nil | $500,000 |
| Marketing costs | nil | $880,000 |
| Administrative Fees payable under the Loan Agreement | $92,500 | $632,500 |
| Working capital | $10,000 | $277,500 |

| | | |
|---|---|---|
| **TOTAL** | **$200,000** | **$5,000,000** |

### 1.3 Reallocation

The Corporation intends to use the available funds as stated under Item 1.2.1 – Use of Available Funds by the Corporation.

The Operating Entity intends to use the Loan Advances to pursue the objectives set out under Item 1.2.2 – Use of Available Funds by the Operating Entity. The Operating Entity will reallocate funds only for sound commercial and strategic reasons. Unforeseen events or changes in business conditions may result in the application of available funds in a different manner than is described in this Offering Memorandum. There may be circumstances where for sound business reasons, a reallocation of funds is necessary in order for the Operating Entity to achieve their stated business objectives.

## ITEM 2. BUSINESS OF THE CORPORATION

### 2.1 Structure

The Corporation was incorporated on May 25, 2017 under the *Business Corporations Act* (Quebec). Its head office is located at 1100 René-Lévesque Blvd. West, Montreal, Quebec, H3B 5C9.

The Corporation is controlled by Target, a public corporation listed on the TSX Venture Exchange and the Canadian Securities Exchange trading under the symbol "TCI". Target owns 6,000 Class A Shares, representing 60% of the issued and outstanding Class A Shares of the Corporation. See Item 3.1 - Compensation and Securities Held.

Voting control of the Corporation by Target ensures that the Debentures issued by the Corporation pursuant to the present Offering qualify as Tax Deferred Investments. Target's control and interest in the Corporation is to earn financing fees and not to participate in the profits of the Corporation pursuant to the Target Agreement. Specifically:

(a) Target's Class A Shares in the Corporation are non-participating; they are not entitled to dividends;

(b) The Target Agreement states that Target cannot acquire any additional Class A Shares of the Corporation without the approval of a majority of the minority shareholders of the Corporation;

(c) Target cannot increase the Annual Fee or the Capital Raising Fee without the approval of a majority of the minority shareholders of the Corporation;

(d) Target will not sell its Class A Shares of the Corporation while the Target Agreement is in force and will, at the termination of the Target Agreement, return all of its shares to the treasury of the Corporation for a consideration of $60; 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 Target Fees, then the benefit will be returned to the Corporation for a consideration of ten dollars ($10).

**Target's assets and its management are in no way committed to the activities of the Corporation. Target has not performed any due diligence on the Corporation, its assets or its management and neither encourages nor discourages 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 Debentures issued pursuant to the present Offering. Furthermore, by 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 on and/or repayment of the principal of the Debentures issued by the Corporation pursuant to the present Offering.**

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

(a) Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;

(b) Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Debentures 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 Debentures 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 Debentures of the Corporation or the acquisition of the Debentures from the Corporation.

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

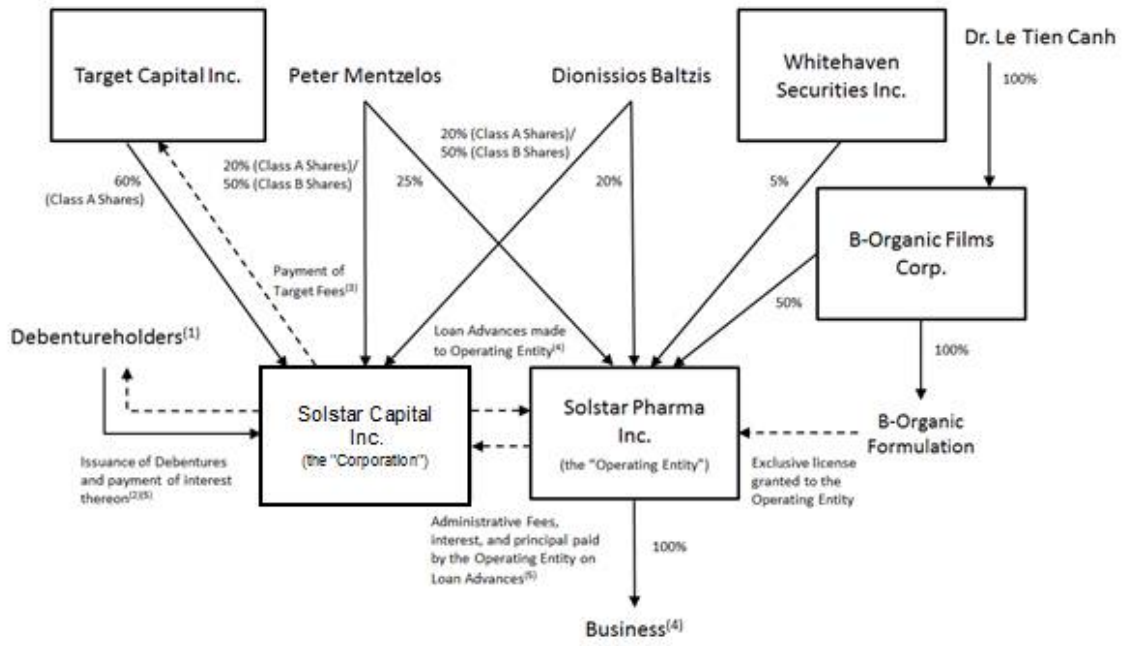
For additional information with respect to Target, please see www.sedar.com.

Dionissios Baltzis, the President and a director of the Corporation, owns 2,000 Class A Shares and 50 Class B Shares, representing 20% of the issued and outstanding Class A Shares and 50% of the issued and outstanding Class B Shares. Dionissios Baltzis is a "related party" to the Operating Entity within the meaning of the term as defined under NI 61-101 by virtue of being an officer, director and control person of the Operating Entity.

Peter Mentzelos, the Treasurer, Secretary, VP Finance, and a director of the Corporation, owns 2,000 Class A Shares and 50 Class B Shares, representing 20% of the issued and outstanding Class A Shares and 50% of the issued and outstanding Class B Shares. Peter Mentzelos is a "related party" to the Operating Entity within the meaning of the term as defined under NI 61-101 by virtue of being an officer, director and control person of the Operating Entity.

### 2.1.2 Corporate Organization and Investment Flow Chart

The following organizational diagram and accompanying notes describes the corporate structure and economic model underlying the Offering and provides an overview of the key transactions between the Debentureholders, the Corporation, the Operating Entity, and Target.




**Notes**:

(1) Subscribers purchase Debentures from the Corporation with funds from Deferred Plans or cash.
(2) The Corporation issues Debentures to the Subscribers and pays interest on the Debentures. See Item 5.1 – Terms of Securities.
(3) The Corporation will use a portion of the Administrative Fees collected from the Operating Entity under the Loan Agreement to pay the Annual Fee and Capital Raising Fee to Target. See Item 1.2 – Use of Available Funds and Item 2.6 – Material Agreements – Target Agreement.
(4) The Operating Entity will use a portion of the gross proceeds of the Offering received from the Corporation in the form of Loan Advances to finance its Business, which will be the manufacturing and commercialization of the B-Organic Formulation in Canada. See Item 2.2 – Business.
(5) The Operating Entity pays Administrative Fees and interest to the Corporation and repays the Loan Advances as they become due, while the Corporation in turn uses such funds to pay interest to the Debentureholders and to repay the principal to the Debentureholders as the Debentures mature or are otherwise redeemed by the Corporation. See Item 5.1 – Terms of Securities.

## 2.2 Business

The Corporation was formed to conduct the Offering and to make Loan Advances to the Operating Entity from the net proceeds of the Offering in order to finance the Business.

The Operating Entity is a start-up speciality pharmaceutical company that has been incorporated to manufacture and commercialize the B-Organic Formulation in Canada, as an innovative matrix which is able to enhance the bioavailability of drugs and natural product derivatives currently used, and being developed, to treat primarily H. pylori and MALT-lymphoma related to H.pylori infection and the parasite disease Leishmaniasis. The B-Organic Formulation is owned by B-Organic Films Corp. and has been exclusively licensed to the Operating Entity for the application identified above (Helicobacter pylori and Leishmania) infections. See Item 2.7 – Material Agreements.

The Operating Entity may also, from time to time, develop other technologies or devices related to life sciences.

It is well established in the literature that poor oral bioavailability is one of the main failure causes in preclinical and clinical development (Van De Waterbeemd, 2001), since many new compounds possess low plasma exposure and high inter-individual variability limiting their successful use in prescribed drugs. Enhancing bioavailability of poorly soluble drugs for oral administration has been a large and growing challenge for the pharmaceutical industry. Poor

bioavailability causes around 40% of failures, often due to low solubility (Hauss, 2007). Additionally, over 90% of projects in development are also faced with this issue and billions of dollars are spent on compounds that have excellent biological activity but eventually that cannot be properly formulated and brought successfully to the market. Several available strategies were developed to address this issue including pH adjustment, solid dispersions, particle size reduction, salts, co-solvents, micellar solutions and emulsions. Despite years of research efforts, there is not a universal solution that can be readily implemented in the market place. Additionally, the actual technologies addressing this issue are generally expensive, complicated (multi-steps) for manufacturing and requiring often the use of toxic solvents and expensive modifications.

The B-Organic Formulation is inexpensive and made from 100% GRAS (Generally Recognized As Safe) raw materials.

**Description of the B-Organic Formulation**

The new platform described herein-after is a process consisting in converting insoluble APIs (Active Pharmaceutical Ingredients) to water soluble (WS) or dispersible (WD) APIs. One of the unique and important aspects of our B-Organic Formulation is that the conversion processing is operated under mild conditions and without modification of APIs. Consequently, there is no alteration of API structure and/or of its biological activity. The converted API in powder forms can be obtained under homogenous liquid form by dispersing in an aqueous medium or under tablet forms by direct compaction.

One of the key features of the B-Organic Formulation is not only to improve the availability and effectiveness of APIs, but also to reduce their undesirable secondary effects. Additionally, the simplicity, compatibility and versatility of our B-Organic Formulation confers to new formulations with WS-API a high competitiveness compared with that of its initial insoluble forms in the field of drug delivery systems in the field of non antibiotic H pylori therapeutic field.

**Proof of Concept**

The solubility of poorly soluble API and natural products such as Omega3, Vitamin A and others have already given excellent results with the B-Organic Formulation during the last 18 months in laboratory tests. Based on the obtained results, experiments are ongoing to optimize the process and scale-up a reproducible and stable formulation that will be adapted to the Operating Entity's planned clinical trials.

**Helicobacter pylori**

Helicobacter pylori H. pylori), is a Gram-negative, microaerophillic, spiral bacillus that was discovered in 1982 by Nobel Prize laureates Marshall and Warren. They isolated and later cultured this previously unidentified bacterium was from biopsies of gastric mucosa obtained from patients with gastritis or peptic ulcer disease (PUD). It is now known that H. pylori is responsible for one of the most prevalent and persistent bacterial infections with an estimated global prevalence of 50%. Prevalence as high as 90% and 40% have been reported for developing and developed countries, respectively. These marked differences in infection rates have been attributed largely to urbanization in western countries and poor sanitation standards in the developing countries. Furthermore, H. pylori infection is primarily acquired via fecal-oral contamination during childhood in the developing countries with horizontal (i.e., interfamilial) transmission as the main route of transmission whereas in the developed countries, vertical (i.e., mother-to-child) transmission is dominant. Once established, infection with H. pylori persists for the lifetime of the patient until it is eradicated with appropriate anti-secretory/antimicrobial combination therapy.

Numerous studies have established that H. pylori is one of the most common causes of PUD (i.e., gastric and duodenal ulcers) and dyspepsia alongside chronic use of non-steroidal anti-inflammatory (NSAID) drugs. In the United States, it has been found to be present in the gastric mucosa of 30-40% of the general population with commensurately significantly higher colonization rates in patients with duodenal (95%) and gastric (70%) ulcers. Moreover, chronic infection with H. pylori is also an important risk factor for several serious gastric pathologies including mucosa-associated lymphatic tissue (MALT) lymphoma and gastric adenocarcinoma which remains the second leading cause of cancer mortality in the world. Interestingly, although it is estimated that 50% of the worldwide population is infected with H. pylori, only about 2% will ever develop gastric cancer. In addition, studies

have shown that H. pylori infection may also play a role in the pathogenesis of several non-gastric conditions such as iron deficiency anemia, vitamin B12 deficiency, idiopathic thrombocytopenia purpura (ITP), neurodegenerative disorders, and, metabolic syndrome.

**Eradication Therapy for H. pylori**

Current treatment modalities for H. pylori infection are generally consist of combination therapy regimens with various anti-secretory agents such as proton pump inhibitors (PPIs), antibiotics and Bismuth salts.

**Figure 1: Drugs Used to Treat H.pylori Infection in North America**

Proton Pump Inhibitors: Omeprazole, lansoprazole, pantoprazole, esomeprazole, rabeprazole

Antibiotics: Clarithromycin**, amoxicillin, metronidazole, tinidazole, tetracycline, rifabutin, ciprofloxacin, azithromycin, furazolidone, levofloxacin**, fluoroquinolones

Bismuth Salts: Bismuth subsalicylate, bismuth subcitrate

** Prevalence of drug resistance to these agents has been reported to be increasing. It is important to note the optimal treatment for H. pylori infection has not yet been definitively established and that eradication with antimicrobial monotherapy is not possible.

**H. pylori infection: Current Therapy**

For first-line triple therapy (e.g., in recently diagnosed patients), a frequently used regimen consists of a proton pump inhibitor (PPI) given in combination with clarithromycin and amoxicillin and that is administered for up to fourteen consecutive days. Eradication rates more than 80% have been successfully reported with this regimen when pre-treatment resistance to clarithromycin is low (i.e., <15 to 20%). However, the increasing prevalence in some geographic regions of reduced susceptibility to clarithromycin is a risk factor regarding the effectiveness of therapy is often associated with unacceptable eradication rates that are less than 80%. As it is also the case with most other infectious diseases, poor patient adherence with therapy is believed to be increasing resistance to antibiotics such as clarithromycin and levofloxacin that are used in H. pylori treatment regimens.

When the usual first-line eradication therapy for H. pylori infection fails, physicians will generally resort to the use of a quadruple (quad) or four-drug second line regimen. These regimens may or may not include a bismuth salt that used in combination with a PPI and antibiotics. An example of a second-line bismuth-containing therapy consists of bismuth subsalicylate/subcitrate, a PPI, metronidazole, and tetracycline which would be taken for 10 to 14 days.

Bismuth-based quad regimens such as the one described above are also indicated for first-line or initial therapy in patients that are known to be infected with H. pylori strains exhibiting reduced susceptibility to clarithromycin or for treatment in geographic regions where there is a relatively high documented prevalence (i.e., >20%) of drug resistance to clarithromycin.

Alternatively, non-bismuth-based quad regimens such as, for example, a PPI, amoxicillin, clarithromycin, and metronidazole or tinidazole can also be prescribed for 10 days as second-line therapy for eradication of H. pylori infection.

There is also data that suggests that levofloxacin-based triple therapy (i.e., PPI, amoxicillin and levofloxacin) may be considered for second-line treatment. However, routine clinical use of these regimens requires further validation, and they should be reserved for salvage or rescue therapy when most other recommended therapeutic options have been exhausted.

Finally, options for third-line or salvage treatment of H. pylori infection are very limited now. In these cases, further treatment with antibiotics that were used earlier during infection is not recommended. Regimens consisting of rifabutin in combination with amoxicillin and ciprofloxacin administered for 14 days have been used with success for salvage treatment despite the occurrence of severe adverse effects. Sequential therapy starting with double dose

PPIs and azithromycin for 3 days followed for 10 days by a quad regimen of double dose PPIs, tetracycline, furazolidone, and bismuth subcitrate has also been used for eradication of H. pylori in salvage settings. The rate of recurrence of infection with this approach has been reported to be approximately 11.5%.

Resistance to antibiotics such as clarithromycin that are commonly used during initial treatment of H. pylori infection can significantly diminish the effectiveness of eradication therapy and limits the number of active drugs that are available for subsequent courses of therapy. The quadruple regimens used for second-line therapy or similarly when reduced susceptibility is present in treatment- naive patients also have higher pill burdens that can be challenging for patient compliance. As previously, suboptimal adherence with therapy promotes the development of drug resistance that further compromises the ability of these regimens to eradicate H. pylori infection. In addition, the frequency and severity of adverse events and potential for drug interactions associated with these complex regimens can further negatively impact compliance. This is of concern for older patients who are frequently prescribed multiple other drugs (e.g., antiplatelet therapy, warfarin, SSRIs, bisphosphonates, etc.) for chronic diseases and which can seriously increase their risk for the development of PUD.

Therefore, in consideration of increasing prevalence of drug resistance to antibiotics and other pharmacological issues associated with complex regimens for eradication of H. pylori, as discussed above, there exists an important need for novel therapeutic agents with improved safety and efficacy to treat this widespread and persistent infection. New antimicrobial drugs with different mechanisms of action (MOA) that are less susceptible to the development of drug resistance, and, that would also allow simplification of the complex and burdensome regimens currently used for the treatment of H. pylori infection are needed.

**Gastric cancer & MALT**

About 550 000 new cases a year of stomach cancer (55% of the worldwide total) are attributable to H. pylori. In 1994, the International Agency for Research on Cancer classified H. pylori as a carcinogen in humans. Since then, it has been increasingly accepted that infection with H. pylori is the primary identified cause of gastric cancer and of gastric mucosa-associated lymphoid tissue (MALT) lymphoma.

Gastric MALT lymphoma is a rare type of non-Hodgkin lymphoma (NHL) that is characterized by the slow multiplication of B cells (type of immune cell), in the stomach lining. This cancer represents approximately 12-18% of the extranodal (outside of lymph nodes) NHLs. The annual incidence of gastric MALT lymphoma in the US is about one case for every 100,000 persons in the population.

Normally, the lining of the stomach lacks lymphoid (immune system) tissue, but development of this tissue is often stimulated in response to colonization of the lining by H. pylori. Only in rare cases does this tissue give rise to MALT lymphoma. However, nearly all patients with gastric MALT lymphoma show signs of H. pylori infection, and the risk of developing this tumor is more than six times higher in infected people than in uninfected people

During a 15 year long-term follow-up of data from a randomized clinical trial carried out in Shandong, China (an area where rates of gastric cancer are very high) found that short-term antibiotic treatment to eradicate H. pylori reduced the incidence of gastric cancer by 40%. Numerous studies have also confirmed that gastric MALT lymphoma can show complete regression according to endoscopic, histologic, and molecular tests after H. pylori eradication.

**Antibacterial Activity of our B-Organic Formulation against H. pylori Strains/Clinical Isolates**

Stable and optimized formulations of our B-Organic matrix will be initially tested in standard in-vitro microbiological assays for activity against wild type H. pylori and strains/clinical isolates that have acquired drug resistance to one or more antibiotics such as, for example, clarithromycin, amoxicillin and metronidazole. Testing will be conducted under standard physiological conditions (i.e., 37°C) at pH 7.0, and additionally, with simulated gastric and duodenal conditions to replicate the acidic and alkaline levels found in-situ in patients with PUD.

The formulation that demonstrates the greatest antibacterial potency against the selected H. pylori strains/clinical isolates will then be retained for further product development. Minimal Inhibitory Concentration (MIC) levels will be determined and used to guide the determination of the dose ranges of product needed for subsequent clinical

studies.

**B-Organic Formulation based non-antibiotic: Preclinical Development for Treatment of H. pylori Infection**

In-vitro synergy studies will also be conducted to assess the potential for additive or synergistic anti-microbial effects between our B-Organic Formulation and several of the anti-microbial agents outlined in Figure 1.

Accordingly, the bioavailability (BA) and pharmacokinetics (PK) of our B-Organic Formulation selected following invitro microbiological testing will be determined after single dose and multiple-dose administration via the oral route in relevant animal models.

**Leishmaniasis**

Leishmaniasis is a parasitic disease caused by infection with Leishmania parasites, which are spread by the bite of infected sand flies. Leishmaniasis is found in parts of the tropics, subtropics, and southern Europe. There are several different forms of leishmaniasis in people with the most common called cutaneous leishmaniasis, which causes skin sores, followed by visceral leishmaniasis, which affects several internal organs (spleen, liver, and bone marrow).

The approximate number of new cases per year for cutaneous leishmaniasis is estimated from 0.7 million to 1.2 million. For visceral leishmaniasis, the range is estimated from approximately 0.2 million to 0.4 million.

**Symptoms of Leishmaniasis**

The majority of people with leishmaniasis have a silent infection, without any symptoms. People who develop clinical evidence of cutaneous leishmaniasis have one or more sores on their skin. The sores can change in size and appearance over time. The sores may start out as bumps or lumps and may end up as ulcers in which may be covered by scab or crust. The sores usually are painless but can be painful if signs of swollen glands appear near the sores.

The other main form is visceral leishmaniasis, which affects several internal organs and can be life threatening. The illness typically develops within months or years of the sand fly bite. People who develop clinical evidence of visceral leishmaniasis usually have fever, weight loss, enlargement of the spleen and liver, and abnormal blood tests (low red/white blood cell and platelet count).

**Treatment of Leishmaniasis**

Treatment decisions are usually determined on a case-to-case basis. Health care providers need to consider several factors before treating an infected individual, such as the form of leishmaniasis, the Leishmania species, the severity of the case, and the patient's underlying health.

The skin sores of cutaneous leishmaniasis usually heal on their own, even without treatment. But this can take months or years, and the sores can leave ugly scars. Some Leishmania types might spread from the skin and cause sores in the mucous membranes of the nose, mouth, or throat (mucosal leishmaniasis). Mucosal leishmaniasis might not be noticed until years after the original sores healed. The best way to prevent mucosal leishmaniasis is to ensure adequate treatment of the cutaneous infection. In instances where severe cases of visceral leishmaniasis are left untreated, they are typically fatal. In general, all clinical cases of visceral leishmaniasis and mucosal leishmaniasis should be treated, whereas not all cases of cutaneous leishmaniasis require treatment.

Some regimens are effective only against certain Leishmania species/strains and only in particular geographic regions. Even data from well-conducted clinical trials are not necessarily generalizable to other settings. Of particular note, data from the many clinical trials of therapy for visceral leishmaniasis in parts of India are not necessarily directly applicable to visceral leishmaniasis caused in other areas, to visceral leishmaniasis caused by other species, or to treatment of cutaneous and mucosal leishmaniasis. Also, special groups (young children, elderly persons, pregnant/lactating women, and immunocompromised people) may need different medications or dosage regimens.

Pentavalent antimonial (SbV) compounds (the traditional methods for treating leishmaniasis since the 1940s) are not

licensed for U.S. commercial use. However, the SbV compound sodium stibogluconate (Pentostam) is available to U.S.-licensed physicians through the CDC Drug Service, under an IND (Investigational New Drug) protocol approved by the FDA. CDC's IND protocol covers intravenous (IV) and intramuscular (IM) administration. In the United States, the most common route of administration is IV, because the volume per dose is relatively high (14 mL for a 70-kg patient). Of note, Pentostam is the only anti-leishmanial medication available through CDC. The standard daily dose is 20 mg of SbV per kg, administered IV or IM. The traditional duration of therapy is 20 days for cutaneous leishmaniasis and 28 days for mucosal or visceral leishmaniasis.

Liposomal amphotericin B (AmBisome), administered by IV infusion, is FDA-approved for treatment of visceral leishmaniasis since 1997 (does not include cutaneous or mucosal leishmaniasis). Conventional amphotericin B deoxycholate traditionally has been used as rescue therapy for cutaneous and mucosal leishmaniasis. Lipid formulations of amphotericin B typically are better tolerated than conventional amphotericin B. However, the data supporting their use for treatment of cutaneous and mucosal leishmaniasis are anecdotal; standard dosage regimens have not been established. When lipid formulations have been used for treatment of cutaneous leishmaniasis, patients typically have received 6 to 10 doses of 3 mg per kg daily IV infusion.

In March 2014, FDA approved the oral agent miltefosine for treatment of cutaneous, mucosal, and visceral leishmaniasis caused by particular Leishmania species, in adults and adolescents at least 12 years of age who weigh at least 30 kg. The FDA-approved treatment regimen consists of one 50-mg oral capsule of miltefosine twice or three times a day (total of 100-150 mg per day) for 28 consecutive days depending on the patient’s weight.

Some medications that might have merit for treating selected cases of leishmaniasis are available in the United States but the FDA-approved indications do not include leishmaniasis. Examples of such medications include the IV agents amphotericin B deoxycholate and pentamidine isethionate, as well as the orally administered "azoles" (ketoconazole, itraconazole, and fluconazole) have been used with mixed results, in various settings. In the United States, pentamidine isethionate is uncommonly used to treat cutaneous leishmaniasis. Its limitations include the potential for irreversible toxicity and variable effectiveness.

Some cases of cutaneous leishmaniasis without risk for mucosal disease might be candidates for local therapy. Examples of local therapies include cryotherapy (with liquid nitrogen), thermotherapy (localized radiofrequency heat), intralesional administration of SbV (not covered by CDC's IND protocol for Pentostam), and topical application of paromomycin (ointment containing 15% paromomycin; not commercially available in the United States). As a note, no vaccines or drugs are currently available to prevent infection.

**B-Organic Formulation based antileishmanial compounds: Preclinical Development for Treatment of Leishmania Infection**

In vitro synergy studies will also be conducted to assess the potential for additive or synergistic anti-parasitic effects between our B-Organic Formulation based antileishmanial compound and several of the anti-parasitic agents mentioned above. The efficacy of our B-organic formulation compound will be conducted in vitro in a experimental visceral leishmaniasis setting. Cytotoxicity and antileishmanial activity of these compounds will be tested ex vivo on murine macrophage-infested Leishmania.

### 2.3 Development of Business

The Corporation was incorporated under the *Business Corporations Act* (Quebec) on February 22, 2017. Since that date, the Corporation has completed the Prior Sales. See **Item 4.3 – Prior Sales.**

The Operating Entity was incorporated under the *Business Corporations Act* (Quebec) on February 22, 2017. Since that date, the Operating Entity and has used the proceeds from Prior Sales to finance its operations pursuant to **Item 2.2 – Business**.

### 2.4 Long Term Objectives

The long term investment objective of the Corporation is to complete the Maximum Offering and generate interest income by making loans to the Borrowers in the form of the Loan Advances.

The Operating Entity's long term objective of the Operating Entity is to manufacture and commercialize the B-Organic Formulation in Canada, as an innovative matrix which is able to enhance the bioavailability of drugs and natural product derivatives currently used, and being developed, to treat primarily H. pylori and MALT-lymphoma related to H.pylori infection and the parasite disease Leishmaniasis.

### 2.5 Short Term Objectives

#### 2.5.1 Short Term Objectives of the Corporation and How It Intends to Achieve Them

The Corporation's objectives for the 12 months following the date of this Offering Memorandum are as follows:

| 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 additional tranches of the Offering and advance one or more additional Loan Advances to the Operating Entity to finance the Business. | On or prior to June 7, 2019 | $200,000 (1) |

**Notes**:

(1) Includes the anticipated amount of additional Loan Advance(s) to be advanced to the Operating Entity, selling commissions, and Target Fees payable from the proceeds of the Offering, and the estimated Offering costs, less the amount of Administrative Fees payable to the Corporation by the Borrowers. See Item 1 – Use of Available Funds and Item 7 – Compensation Paid to Sellers and Finders.

#### 2.5.2 Short Term Objectives of the Borrowers and How They Intend to Achieve Them

The Operating Entity's objective for the 12 months following the date of this Offering Memorandum is as follows:

| 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 |
|---|---|---|
| Receive additional Loan Advances from the Corporation to finance the Business following completion of the Offering. | On or prior to June 7, 2019(1) | $92,500(1) |

**Notes**:

(1) Represents the estimated amount of Administrative Fees payable by the Operating Entity to the Corporation under the Loan Agreement in respect of the Loan Advances to be made to the Operating Entity upon completion of the Offering.

### 2.6 Insufficient Funds

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

Closings shall occur from time to time during the course of the Offering. No alternate financing has been arranged for the Corporation. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Corporation will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum. See Item 8 – Risk Factors.

## 2.7 Material Agreements

The Corporation and the Operating Entity have entered into, or will enter into, the material agreements set out below.

The Operating Entity is a "related party" to the Corporation within the meaning of the term as defined under NI 61-101 by virtue of Peter Mentzelos and Dionissios Baltzis each being an officer, director, and principal shareholder of both companies. As a result, the transactions contemplated by the Deed of Hypothec and the Loan Agreement are each deemed to be a "related party transaction" under NI 61-101.

### 2.7.1 Target Agreement

The Corporation entered into the Target Agreement as of June 16, 2017. The material terms of this Agreement are as follows:

(a) The Corporation shall pay to Target:

(i) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus

(ii) a Capital Raising Fee whenever the Corporation raises Deferred Plan Capital. Notwithstanding the preceding sentence, the Corporation shall not be required to pay any Capital Raising Fee until its total Deferred Plan Capital raised exceeds $500,000.

(b) **Access to Records**. If requested, the Corporation shall promptly provide Target with copies of all corporate records.

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

(d) **Indemnity**. The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target's shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.

(e) **Term**. The Target Agreement shall be in effect from the date of that Agreement until the date on which Target ceases to be the majority shareholder of the Corporation. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target any Annual Fees and Capital Raising Fees that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.

(f) **Termination by the Corporation**. Subject to the two year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.

(g) **Termination by Target**. In the event of a Material Breach of the Target Agreement by the Corporation, such as failure to pay any Annual Fees or Capital Raising Fees within 60 days of invoicing, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for $1.00 per share.

### 2.7.2 Deed of Hypothec

The Debentures to be issued under the Offering shall be collectively secured by the Deed of Hypothec to be entered into prior to the closing of the Minimum Offering between the Corporation and the Operating Entity, as grantors, and the Hypothecary Representative, acting in such capacity for the Debentureholders within the meaning of Article 2692 of the *Civil Code of Québec*, and providing for, *inter alia*, a first-ranking hypothec, in favour of the Hypothecary Representative for the benefit of the Debentureholders, to the extent of $5,000,000 with interest thereon at the rate of 25% per annum, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or the Operating Entity.

### 2.7.3 Loan Agreement

The Corporation, as lender, shall enter into the Loan Agreement with the Operating Entity, as borrower, upon closing of the Minimum Offering. Pursuant to the terms and conditions of the Loan Agreement, the Corporation will provide one or more Loan Advances to the Operating Entity in the aggregate amount of up to $5,000,000 to finance the Business.

Upon the closing of each tranche of the Offering and following payment of an Administrative Fee by the Operating Entity to the Corporation, the Corporation shall disburse a Loan Advance to the Operating Entity in an amount equal to the gross proceeds from the closing. The Corporation will use the Administrative Fees to pay the Offering costs, selling commissions, and Target Fees payable in connection with the Offering. Upon completion of the Offering, the Operating Entity shall continue to pay Administrative Fees to the Corporation equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Debentures by the Corporation and the maturity or exchange of the Debentures.

Each Loan Advance shall bear interest at rate equal to the corresponding amount of interest payable by the Corporation to the holders of Debentures sold by the Corporation to finance the advance, payable at the time that the interest payments to such Debentureholders become due, and shall be repaid by the Operating Entity as the Each Loan Advance is subject to a movable hypothec in favor of the Debentureholders pursuant to the Deed of Hypothec. See Item 5.1 – Terms of Securities.

Upon the exercise of the exchange right by a Debentureholder pursuant to the terms and conditions of the Debentures and the issuance of the underlying Shares by the Operating Entity, a portion of the Operating Entity's outstanding indebtedness under the Loan Agreement equal to the aggregate Exchange Price of the Shares issued by the Operating Entity pursuant to the exchange of the Debentures shall be deemed repaid.

### 2.7.4 Agreements with Selling Agents

The Corporation will sign agreements with selling agents in connection with the issuance of the Debentures. The Corporation intends to offer the following remuneration to the selling agents in connection with the Offering:

| Offered Securities | Selling commissions and fees |
|---|---|
| Debentures | Up to ten percent (10%) of the gross proceeds from the sale of the Debentures. |

**It is anticipated that Whitehaven will act as a selling agent under the Offering. Athanasios Baltzis, director, officer and control person of Whitehaven, is the brother of Dionissios Baltzis, President and director of the Corporation and, as such, the Corporation could be considered a "connected issuer" of Whitehaven under applicable Canadian securities laws.**

**Whitehaven owns 5% of issued and outstanding Shares of the Operating Entity, which will be a "related issuer" of the Corporation upon completion of the Offering, and, as such, the Corporation could be considered a "connected issuer" of Whitehaven under applicable Canadian securities laws.**

## ITEM 3. INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

### 3.1 Compensation and Securities Held

The following table presents the information regarding compensation and securities held for each director, officer and promoter of the Corporation as well as each person who owns, or exercises control or direction over, more than 10% of the voting securities of the Corporation (a "**principal holder**"). Only Class A Shares are voting.

| Name and municipality of principal residence | Position held and date of obtaining that position | Compensation paid by the Corporation in the last financial year and the compensation anticipated to be paid in the current financial year | Number, type and percentage of securities of the Corporation held after completion of min. offering | Number, type and percentage of securities of the Corporation held after completion of max. offering |
|---|---|---|---|---|
| Dionissios Baltzis<br>Laval, Quebec | President, director, and principal holder since May 25, 2017 (date of incorporation) | 2017: $0<br>2018: $0 | 2,000 Class A Shares (20%)<br>50 Class B Shares (50%) | 2,000 Class A Shares (20%)<br>50 Class B Shares (50%) |
| Peter Mentzelos<br>Laval, Quebec | Treasurer, Secretary, VP Finance, and principal holder since May 25, 2017 (date of incorporation) | 2017: $0<br>2018: $0 | 2,000 Class A Shares (20%)<br>50 Class B Shares (50%) | 2,000 Class A Shares (20%)<br>50 Class B Shares (50%) |
| Target Capital Inc.<br>Calgary, Alberta | Principal Holder since May 25, 2017 | 2017: $2,625<br>2018: $12,500[(1)] | 6,000 Class A Shares (60%) | 6,000 Class A Shares (60%) |

**Notes**:

(1) Assumes payment of the maximum amount of Target Fees payable under the Target Agreement assuming completion of the Maximum Offering and assumes that 50% of the gross Offering Proceeds are raised from Deferred Plans.

### 3.2 Management Experience

#### 3.2.1 Directors and Executive Officers of the Corporation

The names and principal occupations of the directors and executive officers of the Corporation from May 25, 2017 (the date of incorporation) to the date of this Offering Memorandum are set out in the table below.

| Name and position | Principal occupation and related experience |
|---|---|
| Dionissios Baltzis, President and Director | Dr. Baltzis worked as an Oncology Clinical Research Associate at Covance, and as an Oncology Clinical Research Coordinator at the Clinical Research Unit of the Jewish General Hospital. He monitored, managed and coordinated various phase I-III Pharmaceutical oncology clinical trials. Dr. Baltzis obtained his PhD degree from McGill University in Experimental Medicine specializing in molecular oncology. He then pursued his post-doctoral training in Immunology at the University of Dundee, Scotland working as a Medical Research Council scientific advisor reporting to pharmaceutical companies. Dr. Baltzis assisted organizational leadership in making decisions based on his research findings, and provided information that helped shape research and development policies regarding drug discovery. Dr. Baltzis has acquired |

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| | the right tools that will assure quality and credibility in managing scientific projects and clinical trials. |
| Peter Mentzelos, Treasurer, Secretary, VP Finance, and Director | Entrepreneur with successful background in project development, finance and operational logistics. Successfully set up, launched and sold several profitable businesses over the past 20 years. Strong aptitude for ascertaining consumer market trends and developing concepts to meet the desired demands. Finished Concordia University with a double major in finance and management. Started career as a financial advisor for RBC the trading arm of the Royal Bank. Ventured off on his own and became a serial entrepreneur and the last few years, has helped finance and develop projects as Executive Vice President for CFRD Inc, a corporate finance and development company. |

### 3.2.2 Directors, Executive Officers, and Consultants of the Operating Entity

The names and principal occupations of the directors, executive officers, and consultants of the Operating Entity are set out in the table below.

| Name and position | Principal occupation and related experience |
|---|---|
| Dionissios Baltzis, President and Director | See Item 3.2.1 |
| Peter Mentzelos, Treasurer, Secretary, VP Finance, and Director | See Item 3.2.1 |
| Dr. Le Tien Canh, Ph.D., Chief Scientific Officer | Dr. Canh is a research scientist with a wide field of academic experience M.Sc. in Biology, M.Sc. in Chemistry and Ph.D. in Biochemistry with diversified experience in both academic and the industrial sectors. Some of his previous professional positions include Vice President and Director Research Development for several biopharmaceutical companies. He specializes in various domains such as pharmaceuticals, biomedical, and food nutrition. Dr. Canh is author of numerous patents, related to novel biotechnologies, biomaterials and medicinal products. Many of these products have reached the marketplace. At the present time his research targets the innovative technologies for oral pharmaceutical drugs and also formulations for solubilizing hydrophobic products and increase their bio-availability. Dr. Canh has successfully developed in the past many products that are currently on the market such as gel formulated ibuprofen, paint-ball formulations and nutraceuticals products that were bought by a large Canadian-based public company. |
| Dr. Patrick Barnabe, MD, Medical Director | Dr. Barnabe graduated with a Doctor in Medicine degree from the University of Ottawa and obtained his Residency in Family Practice at the University of Montreal. For the past 22 years, Dr. Barnabe has worked as a clinical teacher at the University of Ottawa in the School of Medicine, as well as a family doctor at an independent clinical practice in downtown Ottawa. Currently, he is a designated medical consultant to more than thirty embassies in Ottawa including; France, Spain, Italy, Belgium, European Community, and Brazil.<br><br>Dr. Barnabe has also worked as a Technology Scout and Transfer Agent for numerous universities, private and public companies and US states in the biotechnology sector over the past 28 years. Furthermore, he has |

| | |
|---|---|
| | worked with a number of small capital companies to help raise seed capital. During the 1980's, he was an advisor to Canada's Ministry of Health and Health Protection Branch during the AIDS epidemic. In 2002, Dr. Barnabe planned the first synthetic analog of the Antifreeze molecule (AFP) which was later created at the IRCOF laboratory at the University of Rouen in France, one of the best organic chemistry labs in the world, using their proprietary Gem-difluorine technology. The molecule was later named antifreeze glycoprotein (AAGP).<br><br>Dr. Barnabe is a Knight of the National Order of Brazil and Commander of the National Order of Service in Spain. He has obtained a long and very successful career in both medicine and technology. |

### 3.3 Penalties, Sanctions and Bankruptcy

To the knowledge of the Corporation, 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 the Operating Entity, 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 the Operating Entity, 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

The following sets out the capital structure of the Corporation as of the date of this Offering Memorandum.

| Description of Security | Number authorized to be issued | Price per security | Number outstanding as at the date hereof | Number outstanding upon completion of Minimum Offering | Number outstanding assuming completion of Maximum Offering |
|---|---|---|---|---|---|
| Class A Shares | Unlimited | $0.01 | 10,000 | 10,000 | 10,000 |
| Class B Shares | Unlimited | $1.00 | 100 | 100 | 100 |

### 4.2 Long Term Debt Securities

As of the date of this Offering Memorandum, the Corporation has issued the following debt securities:

| Description of long term debt | Interest rate | Repayment terms | Amount outstanding |
|---|---|---|---|
| 1,173 Convertible Debentures[1] | 10.5% per annum compounded | Principal and accrued and unpaid interest due on and after September 11th, 2022. | $1,173,000.00 |

[1] The Debentures are secured. See Item 5.1 – Terms of Securities for the terms of the Debentures offered pursuant to the Offering.

Upon completion of the Offering, the Corporation will have the following number of Debentures outstanding.

| Description of Security | Number authorized to be issued | Price per security | Number outstanding as at the date hereof | Number outstanding upon completion of Minimum Offering | Number outstanding assuming completion of Maximum Offering |
|---|---|---|---|---|---|
| Debentures | 5,000 | $1,000 | 1,173[(1)] | 200 Debentures[(2)(3)] | 5,000 Debentures[(2)(4)] |

**Notes**:

(1) Represents a debt obligation of $1,173,000 to Subscribers under the Offering, plus applicable interest thereon.
(2) See Item 5.1 – Terms of Securities for the terms of the Debentures offered pursuant to the Offering.
(3) Represents a debt obligation of $200,000 to Subscribers under the Offering, plus applicable interest thereon.
(4) Represents a debt obligation of $5,000,000 to Subscribers under the Offering, plus applicable interest thereon.

### 4.3 Prior Sales

The Corporation issued the following Debentures within the last 12 months of the date of the Offering Memorandum:

| Date of issuance (yyyy-mm-dd) | Type of security issued | Number of securities issued | Price per security | Total funds received |
|---|---|---|---|---|
| 2017-09-11 | Convertible Debentures | 203 | $1,000 | $203,000.00 |
| 2017-10-02 | Convertible Debentures | 96 | $1,000 | $96,000.00 |
| 2017-12-22 | Convertible Debentures | 52 | $1,000 | $52,000.00 |
| 2018-02-16 | Convertible Debentures | 303 | $1,000 | $303,000.00 |
| 2018-04-02 | Convertible Debentures | 293 | $1,000 | $293,000.00 |
| 2018-04-30 | Convertible Debentures | 226 | $1,000 | $226,000.00 |
| **TOTAL** | | **1,173** | **$1,000** | **$1,173,000.00** |

## ITEM 5. SECURITIES OFFERED

### 5.1 Terms of Securities

The securities being offered hereunder are secured exchangeable debentures of the Corporation bearing interest at a rate of 10.5% per annum, maturing five (5) years from the date of their issuance, and exchangeable, at the option of the holder upon the occurrence of a Triggering Event, into Shares of the Operating Entity at the Exchange Price. Any remaining portion of the principal amount of the Debentures is exchangeable into Shares at the option of the holder 4 years from the date of issuance of the Debentures at the Exchange Price.

The Exchange Price shall be equal to: (i) the Market Price, less a 10% discount, in the event that the Debentureholder exercises the exchange right within 2 years of the date of issuance of the Debentures; (ii) the Market Price, less a 25% discount, in the event that the Market Capitalization of the Operating Entity is at least $10,000,000 and the Debentureholder exercises the exchange right 3 years after the date of issuance of the Debentures; (iii) the Market Price, less a 15% discount, in the event that the Market Capitalization of the Operating Entity is at least $12,000,000 and the Debentureholder exercises the exchange right 4 years after the date of issuance of the Debentures; and (iv) the Market Price, less a 5% discount, in the event that the Market Capitalization of the Operating Entity is at least $15,000,000 and the Debentureholder exercises the exchange right 5 years after the date of issuance of the Debentures.

The price of each Debenture is $1,000 and the Debentures qualify as Deferred Plan Investments. Interest is payable to the Debentureholders on a quarterly basis at the end of each quarter. Debentureholders may redeem their due interest within twenty (20) days of the end of each quarter. The Debentures do not confer any voting rights upon the holders thereof, unless exchanged for Shares of the Operating Entity in accordance with the terms and conditions of the Debentures. Each holder of Shares of the Operating Entity is entitled to one vote per share.

The Corporation's debt obligations represented by the Debentures shall be secured by the Deed of Hypothec to entered into prior to the closing of the Minimum Offering between the Corporation and the Operating Entity, as grantors, and the Hypothecary Representative, acting in such capacity for the benefit of the Debentureholders, pursuant to which the Corporation and the Operating Entity shall grant first-ranking hypothecs, in favour of the Hypothecary Representative for the benefit of the Debentureholders, to the extent of $5,000,000 with interest thereon at the rate of 25% per annum, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or the Operating Entity.

The Operating Entity will represent to the Corporation in the Deed of Hypothec that:

1. in the event it does an IPO, the listing of the IPO shall be done on a "prescribed stock exchange" as defined under the Tax Act; and
2. in the event of a Change of Control, the Operating Entity will qualify as a an "eligible corporation" as defined in section 5100 (1) of the *Income Tax Regulation* promulgated under the Tax Act and a "specified small business corporation" under section 4901 (2) of the *Income Tax Regulation* at the time of the Change of Control and throughout the relevant period that the securities are held in Deferred Plans of the Subscribers.

**There is no guarantee that such Triggering Event shall occur in the near future or shall occur at all.**

At the date of this offering, 1,173 Convertible Debentures have been issued. Payment on principal and accrued and unpaid interests are due five (5) years after the date of their issuance.

### 5.2 Subscription and Payment Procedure

The minimum subscription amount is $1,000 per Subscriber. Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties covenants, and acknowledgements by the Subscriber that it is duly authorized to purchase the Debentures, that the Subscriber is purchasing the Debentures as principal for investment purposes and not with a view to resale, and that the Subscriber is eligible to subscribe for Debentures pursuant to an exemption from the prospectus requirements under applicable Canadian securities laws.

In order to subscribe for Debentures, Subscribers must complete, execute and deliver the following documentation to the Corporation via its counsel, BCF LLP, at 1100 René Lévesque Boulevard West, 25th floor, Montreal, Quebec H3B 5C9:

1. one duly completed and signed copy of the Subscription Agreement;

2. completed and executed copies of the applicable schedules and appendices to the Subscription Agreement, including the appropriate investor qualification and risk acknowledgement forms. The appropriate form(s) to be completed depend(s) on a Subscriber's place of residence and on the amount of his or her investment (see the cover page to the Subscription Agreement for instructions);

3. payment of the aggregate subscription amount set forth in the Subscriber's Subscription Agreement by wire transfer payable to the following account (or by such other method of payment as may be accepted by the Corporation):

| | |
|---|---|
| For credit to: | National Bank of Canada<br>955, de Maisonneuve Ouest<br>Montreal, Quebec H3A 1M4<br>CANADA |
| Swift Code: | BNDCCAMMINT |
| Bank number: | 0006 |
| Transit number: | 1095-1 |
| Account number: | 07-574-28 |
| Beneficiary's name: | BCF LLP, in trust |
| Beneficiary's address: | 1100 René-Lévesque Blvd. West<br>Suite 2500<br>Montreal, Quebec H3B 5C9<br>CANADA |
| Reference no.: | 43329/1 |

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

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

## ITEM 6. TAX CONSEQUENCES AND FUNDS FROM TAX DEFERRED PLANS

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

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

The Corporation is a Canadian corporation controlled by Target. As a result, the Debentures will constitute a "qualified investment" for tax deferred plans provided the shares of Target remain 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 Series A Shares of the Corporation or to 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, RESP or RRIF in order for the Debentures not to be a "prohibited investment" which would be subject to a special tax under the Tax Act. The Debentures 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 ten percent (10%) or greater interest in the Corporation together with non-arm's length persons. Assuming the Debentureholder does not meet the above requirements, the Debentures will not be a "prohibited investment".

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

In the event of a Triggering Event that results in an IPO, the listing of the IPO shall be done on a "prescribed stock exchange" as defined under the Tax Act. As a result, the Operating Entity will be a public corporation and the shares received by the Debentureholders upon the Triggering Event will be shares of a corporation listed on a prescribed stock exchange. Consequently, the shares of the Operating Entity will constitute a "qualified investment" for tax deferred plans.

In the event of a Triggering Event that results in a Change of Control, the Operating Entity will qualify as a an "eligible corporation" as defined in section 5100 (1) of the Income Tax Regulation promulgated under the Tax Act and a "specified small business corporation" under section 4901 (2) of the Income Tax Regulation at the time of the Change of Control and throughout the relevant period that the securities are held in Deferred Plans of the Subscribers. Consequently, the shares of the Operating Entity will constitute a "qualified investment" for tax deferred plans.

The income tax information contained in this section was provided by Spiegel Sohmer Inc., and it is based on the current provisions of the Tax Act, the regulations thereunder and published administrative practices of the Canada Revenue Agency (the "**CRA**"). This summary does not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

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

## ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

Where allowed by applicable securities legislation, the Corporation intends to offer the Debentures through any one, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives on the exempt market, parties related to the Corporation or consultants of such parties. The Corporation will offer as remuneration to the selling agents a cash commission equal to up to ten percent (10%) of the gross proceeds from sale of the Debentures.

**It is anticipated that Whitehaven will act as a selling agent under the Offering. Athanasios Baltzis, director, officer and control person of Whitehaven, is the brother of Dionissios Baltzis, President and director of the Corporation and, as such, the Corporation could be considered a "connected issuer" of Whitehaven under applicable Canadian securities laws.**

**Whitehaven owns 5% of issued and outstanding Shares of the Operating Entity, which will be a "related issuer" of the Corporation upon completion of the Offering, and, as such, the Corporation could be considered a "connected issuer" of Whitehaven under applicable Canadian securities laws.**

## ITEM 8. RISK FACTORS

Subscribers are cautioned that an investment in Debentures involves risks related not only to the business of the Corporation but also to the Business of the Operating Entity, as the Corporation's sole business objectives are to complete the Offering and generate a high level of interest income by investing in debt obligations of the Operating Entity in the form of the Loan Advances. There is no assurance of a return or benefit on a Debentureholder's investment. This Offering should be considered only by sophisticated Subscribers able to assume the risk of total loss and to make long term investments. An investment in the Corporation is not a complete investment program, and Subscribers should fully understand and be capable of assuming the risks of investing in the Corporation. Subscribers should consider a number of risk factors before investing in the Debentures, including the following:

### 8.1 General Risk Factors Applicable to the Corporation and the Operating Entity

**Sufficiency of Funds**

The Operating Entity is a pre-revenue start-up company. It is not yet profitable and does not generate a positive cash flow. Its continued operation is dependent on obtaining further financing. If the Operating Entity is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those initiatives that can be funded through cash flows generated from its existing operations. There is no assurance that the Operating Entity will be able to operate as a going concern and fulfill its obligations under the Loan Agreement. If the Operating Entity defaults under the Loan Agreement, the Corporation may be unable to make payments of interest and principal to the Debentureholders.

**Diversification**

The Corporation's only assets on closing of the Minimum Offering will be the amounts that invested by Debentureholders and its unsecured interest in the Loan Advances made to the Operating Entity, which Loan Advances are subject to a movable hypothec in favor of the Debentureholders pursuant to the Deed of Hypothec. Accordingly, a Subscriber's investment in the Corporation does not alone provide optimal diversification for a balanced portfolio.

**Key Management Personnel**

The future success of the Operating Entity and of the Corporation is to a great extent dependent on its management team coordination and continuous services. Staff, executive officers, and key consultants and employees leaving the Operating Entity and/or the Corporation could have a material adverse effect on the ability of both companies to implement their business strategies. Neither of the Corporation or the Operating Entity maintains life insurance policies on its officers and employees.

**Liquidity Risk**

Debt securities are not publicly traded and are generally illiquid. It might accordingly prove difficult for the Corporation to access short-term liquidities should it need them. In addition to the effects noted above, this limited liquidity may have an adverse effect on the Corporation's investment performance.

**Loss of Capital**

All investments in securities involve risk of the loss of all or part of the investor's original capital. An investment in the Corporation carries such risk.

**No Resale Market for Debentures**

The Corporation's Debentures are not traded on any exchange or market. The Debentures are also subject to restrictions and conditions on their resale. These restrictions and conditions appear on the Debenture certificate.

**Securities Regulatory Risks**

In the ordinary course of business, the Corporation may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under applicable Canadian securities laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for under securities laws where the regulator considers it necessary to do so to protect investors or the public interest.

While the Corporation believes that its position regarding compliance with applicable Canadian securities laws is appropriate and supportable, it is possible that securities law matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Corporation. There can be no assurance that applicable Canadian securities laws or the securities regulators interpretations thereof

or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Corporation.

**Risk of Changes in the Tax Legislation or in Rulings**

There can be no assurance that changes in the Tax Act, future judicial rulings or the implementation of new taxes will not have a negative impact on the Corporation or will not fundamentally alter the income tax consequences to Debentureholders of purchasing, holding or disposing of the Debentures. The Corporation strongly encourages the Subscribers to consult their tax adviser about the tax consequences of the acquisition, ownership and disposition of the Debentures purchased pursuant to this Offering.

**Eligibility of Debentures for Tax Deferred Plans Risk**

No advance income tax ruling has been applied for or received with respect to the eligibility of the Debentures for tax deferred plans. If Target ceases to control the Corporation, ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for purposes of the Tax Act, there may be adverse tax consequences to a Debentureholder as the Debentures will cease to constitute a "qualified investment" for tax deferred plans unless the Corporation can make suitable arrangements to maintain eligibility for the Debentures. If the Debentures cease to be eligible Deferred Plan Investments, an annuitant which acquires or holds Debentures may be required to include in his or her income the fair market value of the Debentures acquired with funds in a tax deferred plan. The annuitant may also incur penalties and may have the registration of the tax deferred plan revoked. There is also a risk that CRA reassess Debentureholders in respect of their investment in the Debentures.

**No Insurance Against Loss**

The Debentures are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.

**Risk of Challenge**

The structuring of this Offering in general and the fact that Target controls the Corporation justify the eligibility of the Debentures as Tax Deferred Investments. However, this interpretation of "qualified investment" for purposes of the Tax Act may be challenged under the anti-avoidance provisions. No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not the general anti-avoidance provisions would apply to this case.

**Control by Target Risk**

The Corporation's Class A Shares are held by Target, Dionissios Baltzis, and Peter Mentzelos. Pursuant to the *Business Corporations Act* (Quebec) and the incorporation documents of the Corporation, the holders of the Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation.

**Exchange Risk**

Even though there is no guarantee that a Triggering Event shall occur in the near future or at all, a Debentureholder electing to exchange Debentures in the case of a Triggering Event will receive Shares of the Operating Entity. The Shares of the Operating Entity are not currently traded on any exchange or organized market. While Shares will be traded on an exchange or organized market in the case of a Triggering Event resulting in an IPO, there can be no assurance that Shares will be traded on an exchange or organized market following a Triggering Event that results in a change of control and that Shares will have any market liquidity, if at all. A Debentureholder electing to exchange Debentures for Shares shall be subject to all risks affecting a shareholder, including but not limited to, market conditions, possible dilution and regulatory risks.

## 8.2 Specific Risk Factors Applicable to the Operating Entity

Biotechnology research, development, and commercialisation has inherent risks, which may have a material effect on the future performance of the Corporation and of the Operating Entity and the value of their securities. Investors should consider whether the speculative securities offered under this Offering Memorandum are a suitable investment having regard to their own individual investment objectives, financial circumstances, and the risk factors set out below.

**Contract Risks Generally**

The Operating Entity will operate through a series of contractual relationships with suppliers, customers, licensors and independent contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed.

**Risk as to Technical Capacity**

The development of the products which the Operating Entity will commercialise will be undertaken by appropriate scientific research organisations. As such, the Operating Entity will be subject to the risk that staff in those organizations may have greater or lesser technical capacity than needed to achieve the results sought to be obtained from any development program. Not all development programs are thus under the sole control of the Operating Entity. If, for any reason, incompetent staff in such organizations carry out research, then the results sought to be obtained may not be obtained or results apparently obtained may be inaccurate as a result of flawed research or development.

**Intellectual Property and Proprietary Rights**

The Operating Entity's core asset is its exclusive licence to the technology underlying the B-Organic Formulation. The commercial value of the technology is dependent on legal protection provided by a combination of copyright, patent, confidentiality, trade secrecy laws, and other intellectual property rights. These legal mechanisms, however, do not completely guarantee that the technology will be protected or that the Operating Entity's competitive position can be maintained. No assurances can be given that employees and/or third parties will not breach confidentiality agreements, infringe or misappropriate the technology or that competitors will not be able to produce non-infringing competitive technology. Further, no assurance can be given that others will not challenge the ownership or validity of the Operating Entity's rights in the technology or the underlying patents or other intellectual rights in the technology.

Litigation may be necessary, where commercially feasible, from time to time to enforce and protect the Operating Entity's rights in the technology. Such litigation, however, can be costly and could have adverse effects on its activities, business, operating results and financial position. Likewise, a failure to succeed in protecting any such rights may equally have a materially adverse flow on effect on the Operating Entity's activities, business, operating results and financial position.

It is possible that other parties may assert intellectual property infringement, unfair competition or like claims against owner and licensor of the B-Organic Formulation, B-Organic Films Corp., under copyright, trade secret, patent or other laws. While the Operating Entity is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has interests, such claims, if made, may harm, directly and/or indirectly, the Operating Entity's business.

**Technological Development**

The Operating Entity's future success will depend in no small part on the Operating Entity's ability to develop products that are able to compete in a global market place. No assurance can be given that the Operating Entity's research and development activities will lead to the development of such products.

**Competition**

The Operating Entity's current and potential future competitors might include companies with significantly greater resources than the Operating Entity. These competitors may develop products that are more effective and/or cheaper than those being developed by the Operating Entity, and as a consequence, the Operating Entity's products may become uncompetitive, resulting in adverse affects on revenue, margins and profitability.

**Product Development**

There are many risks inherent in the development of biotechnology products. Such products are subject to failure during clinical trials or may fail to achieve sufficient robustness and reliability. The Operating Entity cannot guarantee that the development work being undertaken will result in the development of any products, or even if they do, that those products will be marketed or commercially successful.

**Product Liability**

The Operating Entity has no product liability insurance at this stage. The Operating Entity intends to obtain appropriate product liability insurance before any of its products are produced for use in clinical trials or released to the market.

**Clinical Trial Insurance**

The Operating Entity is not currently conducting any clinical trials and, accordingly, does not have clinical trial insurance in place. The Operating Entity will arrange for appropriate clinical trial insurance before it commences any clinical trials.

**Regulatory Risks**

Operations by the Operating Entity may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Operating Entity. While the Operating Entity has no reason to believe that all requisite approvals will not be forthcoming, Applicants should be aware that the Operating Entity cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Operating Entity to develop or operate any project may be limited or restricted, either in part or absolutely.

**Risk as to Profitability**

The ability of the Operating Entity to pay interest and Administrative Fees under the Loan Agreement will depend on it generating revenue and then deriving sufficient after-tax profits to be able to do so. At present, the Operating Entity does not generate any revenue. The Operating Entity is not presently profitable and it may not at any time be so. The key financial drivers that create risk in generating profit would ordinarily include:

- timing of entry into chosen markets;
- level of market share on entry and beyond;
- acceptance of price structures (in particular for different markets); and
- level of ongoing processing and operating costs.

**No Valuation**

No formal or informal valuation has been completed of the intellectual property or assets of the Operating Entity. The Operating Entity makes no representation as to the value of its intellectual property. All investors and their advisers should make their own assessments as to these matters after having regard to all of the information contained in this Prospectus.

## ITEM 9. REPORTING OBLIGATIONS

The Corporation is not subject to continuous reporting and disclosure obligations which the securities legislation of any province or territory of Canada would require of a "reporting issuer" as defined in such legislation and, as such, except as noted below, there is no requirement that the Corporation make disclosure of its affairs, including, without limitation, through the prompt notification of material changes by way of news releases.

The Corporation is required, however, to file its audited annual financial statements within 120 days after the end of each of its financial years with the applicable securities commissions and provide a copy thereof to each subscriber in Quebec, Ontario, Alberta, Saskatchewan, New Brunswick, and Nova Scotia that subscribes for Debentures pursuant to the "offering memorandum" exemption under subsection 2.9(2.1) of NI 45-106 (the "**OM Exemption**"). Additionally, the Corporation is required to provide:

(i) to the abovementioned subscribers, a notice detailing the use of the aggregate gross proceeds raised by the Corporation under the OM Exemption; and

(ii) to subscribers in Ontario, New Brunswick, and Nova Scotia who subscribe for Debentures pursuant to the OM Exemption, a notice within 10 days of the occurrence of any of the following events: (a) a discontinuation of the Corporation's business; (b) a change in the Corporation's industry; or (c) a change of control of the Corporation.

## ITEM 10. RESALE RESTRICTIONS

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

### 10.1 General Statement

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

The Debentures 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 Debentures unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

### 10.2 Restricted Period

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

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

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

### 10.3 Manitoba Resale Restrictions

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

(i) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or

(ii) you have held the securities for at least 12 months.

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

## ITEM 11. SUBSCRIBER'S RIGHTS

If you purchase Debentures pursuant to the OM Exemption you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

### 11.1 2 Day Cancellation Right

If you purchase Debentures pursuant to the OM Exemption, you can cancel your agreement to purchase these securities. To do so, you must send a notice to the Corporation by midnight on the 2nd business day after you sign the agreement to buy the securities.

### 11.2 Statutory and Contractual Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy the securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. In addition, any marketing materials in respect of the Offering delivered or made reasonably available before the termination of the Offering to Subscribers in Ontario, Quebec, Alberta, Saskatchewan, New Brunswick, and Nova Scotia that purchase Debentures pursuant to the OM Exemption are incorporated by reference into this Offering Memorandum.

Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

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

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

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

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

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

(a) the Corporation to cancel their agreement to buy the Debentures; or

(b) for damages against the Corporation, directors of the Corporation at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the "**Insiders**" for this section).

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

(a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;

(b) the Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in an action for damages pursuant to subsection (b), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;

(d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

(e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

**Statutory Rights of Action for Subscribers in the Province of Alberta**

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

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

(a) the Corporation to cancel their agreement to buy the Debentures; or

(b) for damages against the Corporation, directors of the Corporation at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

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

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

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

Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

(a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Corporation;

(b) the Corporation is not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in an action for damages pursuant to subsection (b), the Corporation is not liable for all or any portion of the damages that the Corporation proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;

(d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

(e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

**Statutory Rights of Action for Subscribers in the Province of Saskatchewan**

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

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

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

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

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

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

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

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

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

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

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

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

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

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

A Director or Signatory will not be liable:

(a) if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Corporation that it was delivered without their knowledge and consent;

(b) if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Corporation of their withdrawal and the reasons therefore;

(c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("**Expert Opinion**"), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or

(d) with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

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

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

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

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

(a) in the case of rescission, 180 days from the day of the transaction that gave rise to the cause of action; or

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

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

**Statutory Rights of Action for Subscribers in the Province of Ontario**

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

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

(a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:

i. 180 days after the investor had knowledge of the facts giving rise to the course of action; or

ii. three years after the date of the transaction giving rise to the cause of action;

(b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;

(d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and

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

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

**Statutory Rights of Action for Subscribers in the Province of Quebec**

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

This right of action is subject to the following limitations:

(a) the right of action for rescission or revision of the price must be exercised within three years of the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission or revision of the purchase price, the earlier of: (i) three years after the plaintiff first had knowledge of the facts giving rise to the cause of action unless the delay in knowledge is caused by the negligence of the plaintiff, or (ii) five years after the Offering Memorandum is filed with the *Autorité des marchés financiers*;

(b) no person or company will be liable if it proves that the Subscriber acquired the Debentures with knowledge of the misrepresentation;

(c) in the case of an action for damages, the officers or directors of the Corporation or the dealer under contract with the Corporation will not be liable if they acted with prudence and diligence; and

(d) a defendant may defeat an action based on a misrepresentation in forward-looking information by proving that

i. the document containing the forward-looking information contained, proximate to that information,

(A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

(B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and

ii. the defendant had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

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

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

(a) the Corporation to cancel your agreement to buy the Debentures; or

(b) for damages against the Corporation and a selling security holder on whose behalf the distribution is made.

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

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

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

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

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

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

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

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

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

(a) the Corporation to cancel your agreement to buy these securities; or

(b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made and any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

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

companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

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

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

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

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

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

**Statutory Rights of Action for Subscribers in Newfoundland and Labrador**

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

(a) to cancel your agreement to buy these Debentures; or

(b) for damages.

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

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

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

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

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

(a) no action may be commenced to enforce a right of action:

i. for rescission more than 180 days after the date of the purchase; and

ii. for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;

(b) where a misrepresentation is contained in an offering memorandum, the Corporation or any person or company is not liable for damages:

i. if the it is proven that the purchaser had knowledge of the misrepresentation;

ii. if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the knowledge and consent of the person or company;

iii. if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;

iv. if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

v. with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;

(c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;

(d) subsection (b)(ii) to (v) do not apply to the Corporation;

(e) in an action for damages, the Corporation or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(f) in no case shall the amount recoverable exceed the price at which the security was offered.

**Statutory Rights of Action for Subscribers in the Northwest Territories**

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

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

(a) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Corporation that it had been sent without the knowledge and consent of the person;

(b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Corporation of the withdrawal and the reason for it;

(c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:

i. there had been a misrepresentation, or

ii. the relevant part of the Offering Memorandum:

(A) did not fairly represent the report, statement or opinion of the expert, or

(B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

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

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

(b) believed that there had been a misrepresentation.

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

(a) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward- looking information; and

(b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(c) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward - looking information.

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

**Statutory Rights of Action for Subscribers in the Yukon Territory**

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

(a) for the Corporation to cancel your agreement to buy these securities; or

(b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

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

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

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

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

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

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

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

(a) 180 days after learning of the misrepresentation, or

(b) three years after the transaction.

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

**Statutory Rights of Action for Subscribers in the Nunavut Territory**

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

(a) the Corporation to cancel your agreement to buy the Debentures; or

(b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made, any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

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

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

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

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

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

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

(a) 180 days after learning of the misrepresentation, or

(b) three years after the transaction.

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

**General**

The foregoing summaries are subject to the express provisions of the applicable securities legislation and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that the Subscriber may have under applicable laws.

## ITEM 12. FINANCIAL STATEMENTS

The audited financial statements dated December 31, 2017 and December 31, 2016 of the Corporation are attached hereto as Schedule A.

**SCHEDULE A**

**AUDITED FINANCIAL STATEMENTS**

(See attached)

**ITEM 13. DATE AND CERTIFICATE**

Dated June 7, 2018.

This Offering Memorandum does not contain any misrepresentation.

| | |
|---|---|
| *(s) Dionissios Baltzis* | *(s) Peter Mentzelos* |
| Dionissios Baltzis | Peter Mentzelos |
| President and Director | Treasurer, Secretary, VP Finance, and Director |