

Offering Memorandum

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

Date: September 30, 2019

The Issuer: Libertas Capital Ltd. (the "Corporation")
Address: 301 – 1665 Ellis Street, Kelowna, BC V1Y 2B3
Phone: 1-866-218-4469
Email: Info@LibertasCapital.ca

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	6% 1-Year Unsecured Debentures ("6% Debentures") 8% 2-Year Unsecured Debentures ("8% Debentures") See Item 5.1, Terms of Securities, for details regarding the Debentures.
Price Per Security	\$1,000 per Debenture
Minimum Offering	\$200,000 (200 Debentures)
Maximum Offering	\$5,000,000 (5,000 Debentures)
Minimum Subscription Amount Per Subscriber	\$5,000 (5 Debentures)
Payment Terms	Payment in full by certified cheque, money order, bank draft or wire transfer of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. Please note that personal cheques will not be accepted. See Item 5.2 Subscription Procedure.
Proposed Closing Date(s)	Closings will take place periodically at the Corporation's discretion.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Tax Plan Eligibility.
Purchasers' Rights	You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.
Resale Restrictions	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions.
Selling Agents	Where allowed by applicable securities legislation, the Corporation intends to pay total compensation of up to 3% of the gross proceeds realized on the sale of Debentures under this Offering as sales commissions where permitted. The Directors and Officers of the Corporation are not eligible to receive any sales commissions. See Item 7 Compensation Paid to Sellers and Finders.

TABLE OF CONTENTS

NOTE REGARDING FORWARD-LOOKING STATEMENTS	4
GLOSSARY OF TERMS	5
ITEM 1: USE OF AVAILABLE FUNDS	7
1.1 Available Funds	7
1.2 Use of Available Funds	7
1.3 Reallocation	7
1.4 Future Cash Calls.....	8
ITEM 2: BUSINESS OF THE CORPORATION	8
2.1 Structure	8
2.1.1 Voting Control – Knightswood Inc.	8
2.2 Our Business	9
2.2.1 Business of 198 Loans.....	9
2.2.2 Related Party Matters.....	10
2.2.3 Investment Flow Charts.....	11
2.3 Development of Business	11
2.4 Long Term Objectives	12
2.5 Short Term Objectives and How the Corporation Intends to Achieve Them	12
2.6 Insufficient Funds.....	12
2.7 Material Agreements	13
ITEM 3: DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS	14
3.1 Compensation and Securities Held	14
3.2 Management Experience of Libertas Capital	14
3.3 Management Experience of 198 Loans.....	15
3.4 Penalties, Sanctions and Bankruptcy	16
ITEM 4: CAPITAL STRUCTURE	16
4.1 Share Capital	16
4.2 Long Term Debt	18
4.3 Prior Sales	18
ITEM 5: SECURITIES OFFERED.....	19
5.1 Terms of Securities.....	19
5.2 Subscription Procedure.....	20
ITEM 6: INCOME TAX CONSEQUENCES AND DEFERRED TAX PLAN ELIGIBILITY	20
ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS.....	21
ITEM 8: RISK FACTORS.....	21
ITEM 9: REPORTING OBLIGATIONS	24
9.1 Reporting to Debenture holders.....	24
9.2 Information Available from Securities Regulator.....	24
ITEM 10: RESALE RESTRICTIONS.....	24
10.1 General Statement.....	24
10.2 Restricted Period	24
10.3 Manitoba Resale Restrictions	24
ITEM 11: PURCHASERS' RIGHTS	25
11.1 Two Day Cancellation Right for a Subscriber	25
11.2 Statutory and Contractual Rights of Action in the Event of a Misrepresentation	25
11.3 Statutory Rights of Action for Subscribers in the Province of British Columbia	25
11.4 Statutory Rights of Action for Subscribers in the Province of Alberta.....	26
11.5 Statutory Rights of Action for Subscribers in the Province of Manitoba	27
11.6 Statutory Rights of Action for Subscribers in the Province of Ontario	28

	11.7	Statutory Rights of Action for Subscribers in the Province of Saskatchewan	29
ITEM 12:		FINANCIAL STATEMENTS.....	31
	12.1	Audited Financial Statements of the Corporation	31
ITEM 13:		DATE AND CERTIFICATE.....	46

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

GLOSSARY OF TERMS

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

"198 Loans" means 1989167 Alberta Ltd, operating as 198 Loans.

"Administrative Agreement" means the Administrative Services Agreement between the Corporation and Knightswood dated June 14th, 2019, the terms of which are referred to in **Item 2.7 – Material Agreements**.

"Debenture holder" means a holder of Debentures purchased by a Subscriber pursuant to this Offering Memorandum.

"6% Debentures" 6% - 1 - year unsecured debentures.

"8% Debentures" 8% - 2 - year unsecured debentures.

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

"Debenture Holder(s)" means a holder of Debentures purchased by a Subscriber pursuant to this Offering Memorandum.

"Debentures" means collectively the 6% 1-year unsecured debentures and the 8% 2-year unsecured debentures offered by the Corporation pursuant to this Offering Memorandum.

"Borrowers" means those individuals who meet 198 Loans lending criteria to borrow funds.

"XLY" means Auxly Cannabis Group Inc., a publicly traded company listed on the TSX Venture Exchange, trading under the symbol "XLY". Knightswood presently holds 60% of all outstanding voting shares (600 Class A Voting Common Shares of the Corporation).

"CRA" means the Canada Revenue Agency.

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

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

"GSA" means General Security Agreement dated June 10th, 2019 between the Corporation, as secured party, and 198 Loans, as debtor.

"Knightswood" means Knightswood Holdings Ltd., a wholly owned subsidiary of XLY.

"Knightswood Shares" means the 600 Class A Voting Common Shares of the Corporation held by Knightswood as of the date of this Offering Memorandum.

"Lender Fee" means the percentage of the Loan amount charged by the Corporation to a Borrower to process, approve and provide a Loan to a Borrower. The Lender Fee will be deducted from the Loan proceeds advanced to the Borrower. A Lender Fee may be charged on personal and/or corporate Loans. Lender Fees will be determined by the amount of available funds the Corporation has to utilize, the situation and circumstances of the Borrower including the Borrower's ability to repay the Loan.

"Maximum Offering" means 5,000 Debentures (\$5,000,000).

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

"Offering" means the offering of up to 5,000 Debentures pursuant to the terms of this Offering Memorandum.

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

"Offering Jurisdictions" means the Provinces and Territories of Canada.

"Quarterly Fee" means the quarterly fee payable by the Corporation in cash to Knightswood in an amount equal to: (i) \$3,750 per calendar quarter (\$15,000 per annum) if the aggregate principal amount value of the Debentures issued and outstanding at the end of any calendar quarter is less than \$3,000,000; or (ii) \$5,000 per calendar quarter (\$20,000 per annum) if the aggregate principal amount value of the Debentures issued and outstanding at the end of any calendar quarter is greater than \$2,999,999 and less than \$5,000,000; or (iii) \$6,250 per calendar quarter (\$25,000 per annum) if the aggregate face value of *the Debentures issued and outstanding at the end of any calendar quarter is equal to or greater than \$5,000,000; plus applicable taxes.*

"Offering Memorandum" means this amended and restated offering memorandum dated June 30th, 2019 as amended or supplemented.

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

"Regulations" means the Tax Act regulations.

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

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

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

"Subscribers" means parties who subscribe for Debentures pursuant to this Offering.

"Subscription Agreement" means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Debentures by a Subscriber under this Offering

"Knightswood Agreement" means the agreement between the Corporation and Knightswood dated June 14th, 2019.

"Knightswood Shares" means the 600 Class A Common Voting Shares of the Corporation held by Knightswood as of the date of this Offering Memorandum.

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

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

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised pursuant to this Offering	\$200,000	\$5,000,000
B	Selling commissions and fees	\$6,000	\$150,000
C	Estimated Offering Costs	\$20,000 ⁽¹⁾	\$20,000 ⁽¹⁾
D	Available funds: D = A - B - C	\$174,000	\$4,830,000
E	Additional sources of funding required	NIL ⁽²⁾	NIL
F	Working Capital Deficiency	NIL	NIL
G	Total: H = D + E - F	\$174,000	\$4,830,000

(1) Estimated, auditing costs, trust fees and Knightswood fee. All other offering costs were paid by 198 Loans.

(2) The Corporation does not anticipate requiring additional funds to pursue its business objectives. Additional sources of funding are required to cover expenses if only the minimum offering is reached, in which case 198 Loans will cover expenses not covered by the annual interest payments from 198 Loans.

1.2 Use of Available Funds

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

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
The available funds of this Offering shall be loaned by the Corporation to 198 Loans. 198 Loans will use these funds for the operation and administration 198 Loans to provide loans that meet the 198 Loan Lending criteria.	\$174,000	\$4,830,000
Quarterly Knightswood Fees	\$7,875 ⁽¹⁾	\$11,025 ⁽¹⁾
Total	\$166,125	\$4,818,975

(1) Pursuant to the terms of Knightswood Agreement, the Corporation is obligated to pay Knightswood fees related to capital raising. If 100% of the capital raised is held in Deferred Tax Plans and the maximum offering is reached in the second quarter the Knightswood Quarterly fees for the first year can reach \$11,025 during the first year of operations after the credit for Knightswood fees is applied.

1.3 Reallocation

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

1.4 Future Cash Calls

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

ITEM 2: BUSINESS OF THE CORPORATION

2.1 Structure

Libertas Capital Ltd. (formerly 1205432 B.C. Ltd.) (the “Company”) was incorporated under the British Columbia Business Corporations Act on April 16, 2019. The head office and registered office is located at 301-1665 Ellis Street Kelowna BC V1Y 2B3, Canada. On June 11, 2019, the Company changed its name to Libertas Capital Ltd. The Company intends to raise capital in the form of debentures which will be loaned to 1989167 Alberta Ltd., a company which is in the business of microlending.

2.1.1 Voting Control – Knightswood Inc.

The Corporation is controlled by Knightswood, a wholly owned subsidiary of Auxly Cannabis Group Inc. a public corporation listed on the TSX Venture Exchange trading under the symbol “XLY”. Knightswood owns 100% of the issued and outstanding Class A Common Voting Shares of the Corporation.

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

Knightswood’s control and interest in the Corporation is to earn fees and not to participate in the management, operations and profits of the Corporation. **See Administrative Agreement under Item 2.7 – Material Agreements.**

Subscribers of the Debentures of the Corporation should understand that the assets and management of Knightswood, and its parent company, Auxly Cannabis Group Inc. (“XLY”), are not in any way committed to the activities of the Corporation other than Knightswood voting its shares at shareholder meetings of the Corporation. Both Knightswood and XLY do not encourage or discourage an investment in the Corporation.

Release of Knightswood and Auxly Cannabis Group Inc. (“XLY”)

As part of the terms of this Offering, Subscribers acknowledge that:

- (a) The assets and management of Knightswood and XLY are not in any way committed to the activities of the Corporation other than Knightswood voting its shares at shareholder meetings of the Corporation. Further, the Subscriber acknowledges that neither Knightswood nor XLY has performed any due diligence on the Corporation, its assets or management and neither Knightswood nor XLY encourages or discourages an investment in the Corporation;
- (b) Neither Knightswood nor XLY owes a fiduciary duty of care or any other duty to Subscribers in connection with the Debentures issued under this Offering;
- (c) Neither Knightswood nor XLY shall 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 Knightswood and XLY, together with their 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.

For additional information with respect to Auxly Cannabis Group Inc., please see www.sedar.com.

2.2 Our Business

The Corporation is in a start up phase and has no business prior to this offering. Since the date of incorporation, the Corporation has been engaged in preparation of this offering. The Corporation uses the funds loaned to it to finance the operations of 198 Loans "Related Party" that makes small consumer loans.

2.2.1 Business of 198 Loans

198 Loans is a private lending company and was founded by Jonathan Jacobson and Cheryl Aniceto in 2016. 198 Loans makes micro loans mainly to immigrants who have culturally established a custom of sending remittances back to their home countries. 198 Loans makes loans to borrowers in multiple provinces. **See Item 2.2.2 Related Party Matters.**

The clientele for 198 Loans has grown as immigration to Canada has increased over the years. Most of these clients are married and working for less than the national average pay. They are typically religious; they have strong ties in their own respective immigrant communities and typically very strong family and community ties. The clients are very industrious and have demonstrated high willingness to work. Consequently, the unemployment rates in these communities are very low as clients are working to gain a foothold in the society and willing to accept lower paying jobs. As demonstrated by the low unemployment rates these clients are typically described as industrious within their community.

The market for alternative lending among immigrants has been a result of limited availability of loans from banks and credit unions. While loans from traditional lending institutions are less expensive and used when available, the banks and credit unions are less willing to loan money to new immigrants with limited work and credit history hence creating a demand for alternative lending sources.

198 Loans has established a strong foothold among the communities where it is a lender. 198 Loans has a currently over \$2 million dollars of capital that is currently deployed in loans.

Client Characteristics and Lending Process

A typical client of 198 Loans are 25 to 55 years old female or male. The borrowers often have more than one job and they typically work providing janitorial services or health care. These clients can borrow from one thousand dollars up to five thousand dollars for a term of one year. Loans are amortized and charged and interest of 47.5% APR, with interest calculated daily. Borrowers are charged a \$25 NSF fee.

Each borrower must have two separate co-borrowers. All three borrowers will have their job status confirmed and their last three months of bank statements and cash flows reviewed with emphasis on any history of collections, late payments, NSF fees, and the security of the overall cash flow. If more than two NSF fees are present in the past three months, the co-borrowers are required to have superior credit and cash flow for the application to be approved.

The loan date is entered into 198 Loans loan management software, which automatically calculates the payment schedules and the interest. The borrower's banking information is entered in the system and the loan payments are then automatically debited using an electronic payment provider. Each co-borrower is required to give consent to automatically debit the funds from their accounts, and each promissory note is signed for principal plus interest to mitigate lending risks.

While there are multiple clients that make late payments, 198 Loans unrecoverable loans have been limited to 2% of the total lending book as most borrowers catch up to their late payments over the loan term or refinance the delinquent amount. The realized loan losses have been well below the projected 6% unrecoverable capital since 198 Loans operations were started in 2016.

198 Loans has made 1,800 loans since its inception and has a little over 1,000 loans outstanding. The total principal outstanding is \$2.56M, while an average loan balance is currently \$2,550. The average loan term is 12 months, while recently 198 Loans has started offering 18-month loans. Since inception there have been less than 10 loans that have been referred to collections. Currently there are seven loans that have been referred to collections for a total principal outstanding of \$14,500. There have been two loans that have been written off on compassionate grounds in addition to the loans listed above.

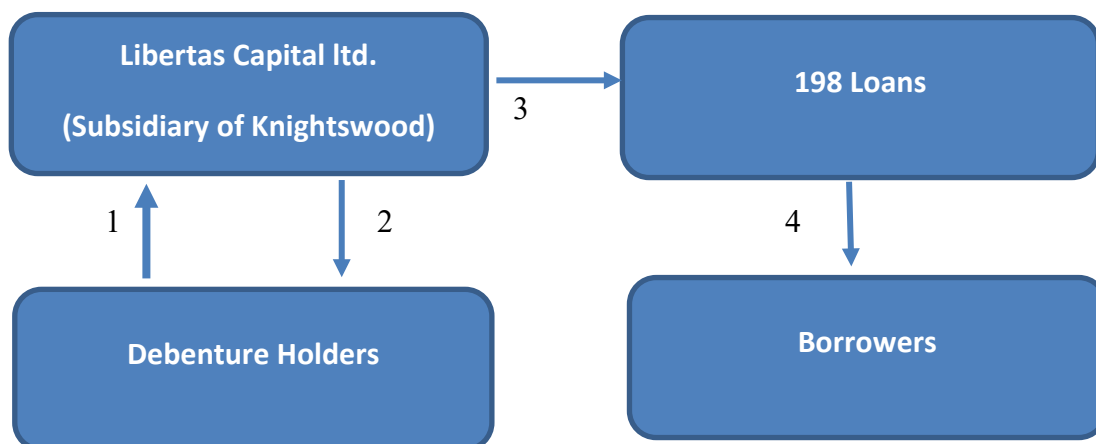
This offering is a blind pool offering as the borrowers looking for loans from 198 Loans have not been identified. 198 Loans will have full discretion in selecting its borrowers. 198 Loans will have full discretion and authority in respect to the borrowers to whom the funds are advanced and the terms and conditions of such loans, which discretionary authority may be exercised at any time without notice to or consent from any debenture holders of the Corporation.

2.2.2 Related Party Matters

Sean Claremont and Jonathan Jacobson, directors and officers of Libertas Capital Ltd., are also directors and/or officers of 198 Loans. Sean Claremont and Jonathan Jacobson are shareholders of Libertas Capital Ltd., and Jonathan Jacobson is a shareholder of 198 Loans.

2.2.3 Investment Flow Charts

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



1. Subscribers purchase Debentures.
2. The Corporation issues Debentures to Subscribers.
3. The Corporation will loan the available funds of this Offering to 198 Loans.
4. 198 Loans will use the available funds to provide fund its operations and make loans to borrowers.

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



1. Borrowers repay Loans to 198 Loans.
2. 198 Loans pays interest (14%p.a.) and principal (when due) on the 198 Loans loan to Libertas Capital Ltd.
3. Libertas Capital repays principal and interest to its Debenture holders after first paying all outstanding liabilities.

2.3 Development of Business

Libertas Capital Ltd. is in the business of lending funds to 198 Loans, which in turn is in the business of micro consumer lending. The Corporation is a new issuer and it does not have an operating history.

198 Loans is a related entity that has been an operating consumer loan business since 2016. It has funded over 1,800 consumer loans and has currently over \$2.5M of consumer loans outstanding.

Libertas Capital Ltd. Entered into a loan agreement with 198 Loans on June 10th, 2019. 198 is the borrower of the funds raised by Libertas Capital Ltd. The funds raised by Libertas Capital will used by 198 Loans to finance its consumer loan portfolio in accordance to 198 Loans lending criteria. The lending agreement between Libertas Capital Ltd. and 198 Loans is exclusive and 198 Loans is the only borrower of Libertas Capital Ltd. The term of the lending agreement is open, and it can be terminated with a 12-month notice unless there is a material breach of the lending agreement, in which case the agreement can be terminated within 30 days' notice.

Material Terms: The maximum loan amount is up to \$5,000,000. The principal is payable annually from the loan date and the interest on the loan is payable monthly at a rate equal to (14%/12) 1,166667% per month of the outstanding principal. The extension of the loan, or a part of to loan, is at the sole discretion of Libertas Capital Ltd. 198 Loans is obligated to make monthly interest payments and principal payments on the outstanding principal as required by the lender. 198 Loans has a right to prepay all or a portion of the principal and outstanding principal at any time during the loan term. The corporation has a right to demand repayment of the outstanding principal and accrued interest with a minimum of 90-day notice.

198 Loans executed a General Security Agreement ("GSA") as a part of the loans agreement in favor of Libertas Capital Ltd as security against the funds provided to 198 Loans. Libertas Capital Ltd. has a security interest in all of 198 Loans all assets, rights or title or interest in all present and after acquired personal property regardless if is owned, leased, licenced, acquired, or 198 has a right to use, possess, income, royalty, intellectual property, or ownership to it regardless is the property was acquired after signing the loan agreement and GSA.

2.4 Long Term Objectives

The Corporation's long term goal is to raise \$5,000,000 by selling 5,000 debentures, the available funds of which will be used to finance 198 Loans operations as outlined in **Item 2.2 Our Business**.

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

The Corporation's goal for the next 12 months is to raise up to \$5,000,000 for the purpose of loaning the available funds to 198 Loans.

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

What we must do and how we will do it	Target number of months to complete	Our cost to complete
Raise up to \$5,000,000 and loan the available funds to 198 Loans.	12 months	Commissions, capital raising fees and audits costs associated with the offering up to approximately \$181,000 if the Maximum Offering is completed.

2.6 Insufficient Funds

The funds raised from this Offering will lent to 198 Loans. The Corporation does not intend to hold any significant cash reserves, other than those amounts necessary to pay for all administration and operating expenses incurred by the Corporation in the conduct of its business. The Corporation does not anticipate requiring additional funds to pursue its objectives.

2.7 Material Agreements

The Corporation has entered and will enter into material agreements, including:

Administrative Agreement

The Corporation has entered into an Administrative Services Agreement (the “**Administrative Agreement**”), dated June 14th, 2019, with Knightswood, the parent company of the Corporation, pursuant to which Knightswood has agreed to maintain its good standing under applicable securities legislation. In consideration therefore, and in consideration for the other covenants in the Administrative Agreement, the Corporation will pay Knightswood a fee (the “**Quarterly Fee**”) as follows:

- (i) \$3,750 per calendar quarter (\$15,000 per annum) if the aggregate principal amount value of the Debentures issued and outstanding at the end of any calendar quarter is less than \$3,000,000; or
- (ii) \$5,000 per calendar quarter (\$20,000 per annum) if the aggregate principal amount value of the Debentures issued and outstanding at the end of any calendar quarter is greater than \$2,999,999 and less than \$5,000,000; or
- (iii) \$6,250 per calendar quarter (\$25,000 per annum) if the aggregate face value of the Debentures issued and outstanding at the end of any calendar quarter is equal to or greater than \$5,000,000.

Option Agreement

60% of the voting Shares of the Corporation are held by Knightswood, a corporation resident in Canada and a wholly owned subsidiary of Auxly Cannabis Group Inc. (“XLY”), whose shares are listed on the TSX Venture Exchange. Knightswood and the Corporation have entered into an option agreement (the “**Option Agreement**”) dated June 14th, 2019, pursuant to which Knightswood has granted an option to Libertas to purchase all of the shares of the Corporation held by Knightswood at a price of \$.01 per share. The option is exercisable by the Corporation at any time after the happening of certain events including any order to cease or suspend trading in the securities of XLY, or XLY ceasing to be a reporting company whose shares are listed and posted for trading on a prescribed stock exchange in Canada as contemplated by the *Income Tax Act* (Canada), or Knightswood or XLY passing any resolution or any orders made for its winding up or dissolution, or a receiver or receiver manager being appointed for Knightswood or XLY. In order to facilitate the transfer of the Corporation’s shares pursuant to this option, Knightswood has placed the duly endorsed share certificate representing all of the Corporation’s shares in escrow with the Corporation’s solicitors.

Pursuant to the Option Agreement, Libertas has also granted Knightswood the right to require Libertas to purchase Knightswood’s shares of the Corporation on 60 days written notice at \$.01 per share. If this option were to be exercised, Libertas intends to find a purchaser for such shares so that the Debentures remain a qualified investment for Registered Plans or to otherwise qualify the Debentures. Knightswood has also agreed not to sell, transfer, assign or otherwise dispose of the shares of the Corporation to any person except to an affiliate who is a company resident in Canada whose shares are listed on a prescribed stock exchange in Canada and who has agreed to be bound by the Option Agreement.

Under the Option Agreement, the board of directors of the Corporation is to consist of two (2) directors, two (2) of whom are to be nominated by Libertas.

ITEM 3: DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "Principal Holder"). Where the Principal Holder is not an individual, the note to the table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder.

Name and municipality of principal residence	Position held	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after the completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held after the completion of the Maximum Offering
Knightswood Inc. ⁽¹⁾ Calgary, Alberta	Shareholder	\$ 25,500 ⁽²⁾	600 Class A Common Voting Shares (60%)	600 Class A Common Voting Shares (60%)
Jonathan Jacobson Lacombe, Alberta	Director, Chairman, and Shareholder	Nil	175 Class B1 Common Voting Shares (17.5%)	175 Class B1 Voting Common Shares (17.5%)
Sean Claremont Red Deed County, Alberta	Director, President, Chief Executive Officer, and Shareholder	Nil	175 Class B2 Common Voting Shares (17.5%)	175 Class B2 Common Voting Shares (17.5%)

(1) Knightswood Inc. is a subsidiary of Auxly Cannabis Group Inc. a public company listed on the TSX-V (XLY).

(2) Estimate that assumes the maximum fee payable pursuant to the Knightswood Agreement including less credits given to the Corporation (50% of the initial \$15,750 Knightswood due diligence fee).

3.2 Management Experience of Libertas Capital

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

Name and Position	Principal Occupation and Related Experience
Jonathan Jacobson Director, Chairman, and Shareholder	Mr. Jacobson is one of the founders of Libertas Capital. He is primarily responsible for the maintenance of the relationship between Libertas Capital and 198 Loans; the latter being the primary source of income for the company.
Sean Claremont Director, President, Chief Executive Officer, and Shareholder	Mr. Claremont is one of the founders of Libertas Capital. In his role as President and Chief Executive Officer (CEO) of the company, he has overall responsibility for the business systems related to investor acquisition, investor retention, and developing the internal controls necessary for the business to properly function.

3.3 Management Experience of 198 Loans

The names and principal occupations of management of 198 Loans over the past five years are as follows:

Name and Position	Principal Occupation and Related Experience
<p>Jonathan Jacobson</p> <p>Director and President</p>	<p>Mr. Jacobson founded 198 Loans in 2016 with Alejandra De Bastos Franco in response to demonstrated market demand for micro-loans. With a background in real estate development, Mr. Jacobson was very familiar with how to set up people and teams to succeed, regardless of the product.</p> <p>In his job as President of 198 Loans, he oversees overall 198 Loans operations, including loan growth, underwriting, investor relations, legal compliance, and strategic direction.</p> <p>Prior to founding 198 Loans, Mr. Jacobson spent ten years as director and President of a custom home building and boutique real estate development company, Broder Homes, in Central Alberta – a position he still holds.</p>
<p>Sean Claremont</p> <p>Vice President of Information Technology</p>	<p>Mr. Claremont is the Vice President of Information Technology with 198 Loans. He is responsible for the information systems that 198 Loans uses to operate its business, including client databases, loan management, and communications.</p> <p>Prior to that, he worked for High Arctic Energy Services – a publicly traded oilfield services company – for 13.5 years, where he held a variety of Management positions including: Quality Assurance Manager, Quality Control/Shop Manager, Purchasing and Inventory Manager, Process Improvement Manager, Information Technology Manager, Manager of Planning and Infrastructure, QHSE (Quality, Health, Safety, Environment, and Transportation) Manager, and QHSE Manager – Corporate Compliance.</p> <p>Mr. Claremont holds a certificate in Occupational Health and Safety from the University of New Brunswick, a Business Administration: General diploma from Red Deer College, and an Executive Masters of Business Administration (EMBA) with a specialization in Occupational Health and Safety from the University of Fredericton.</p>
<p>Alejandra De Bastos Franco</p> <p>Vice President of Operations</p>	<p>Ms. De Bastos Franco is the Vice President of Operations for 198 Loans. In this role she is responsible for all day to day operations of 198 Loans, including client communication, data entry, loan management, investor payments, sales management, and accounts payable.</p> <p>Prior to joining 198 Loans, Ms. De Bastos Franco held junior administrative positions at AFSC (Agriculture Financial Services Corporation), Maersk Shipping International, and Corposalud (Venezuelan Ministry of Health).</p> <p>Ms. De Bastos Franco holds the designation of Economist from the University of Carabobo in Venezuela.</p>

3.4 Penalties, Sanctions and Bankruptcy

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

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

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

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at June 14, 2019	Number outstanding assuming completion of Maximum Offering
Class A Common Voting Shares	Unlimited	\$.01	600	600
Class B1 Common Voting Shares	Unlimited	\$.01	175	175
Class B2 Common Voting Shares	Unlimited	\$.01	175	175
Class B3 Common Voting Shares	Unlimited	\$.01	50	50

Class A Common Voting Shares and Class B1, B2 & B3 Common Voting Shares

The Corporation is entitled to issue an unlimited number of shares for each share class. A summary of the conditions, privileges, rights, and restrictions, attached to the Class A, B1, B2 & B3 Common Voting Shares of the Corporation is below.

(a) Class A Common Voting Shares (the "**Class A Shares**")

Voting Rights

The holders of the Class A Shares (the "**Class A Shareholders**") shall be entitled to one vote for each Class A Share at all shareholder meetings of the Corporation other than voting for decisions where only the holders of another series of shares are entitled to vote separately as a class.

Dividends

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

Dissolution or Winding-Up

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

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

(b) Class B1, B2 & B3 Common Voting Shares (the "**Class B Shares**)

Voting Rights

The holders of the Class B Shares ") shall be entitled to one vote for each Class B Share at all shareholder meetings of the Corporation other than voting for decisions where only the holders of another series of shares are entitled to vote separately as a class.

Dividends

The right to receive dividends, subject to any preferential rights attaching to any other class or series of shares of the Corporation, as, when and if declared on the Class B Shares by the Corporation. Dividends, when declared and paid by separately to each Class B1, B2 or B3 shares may not be in equal amounts per share between the series. No dividend may be declared or paid on the Class B Shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities (including the amount required to redeem the Debentures outstanding and subject to redemption notice that has been given to the Corporation).

Dissolution or Winding-Up

The right, subject to any preferential rights attaching to any debentures issued by the Corporation, to share in the remaining property of the Corporation upon dissolution after all the Class B Shareholders have received payment of the aggregate amount of paid up capital held by each Class B Shareholder.

4.2 Long Term Debt

As of September 30th, 2019, the Corporation has no outstanding long-term debt. In the event the Corporation is successful in raising the maximum amount of this Offering, it will have the following debt obligations to Subscribers through the issue of Debentures offered by the Corporation pursuant to this Offering:

Description of Security	Number authorized to be issued	Number outstanding as at the date hereof	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
6% and/or 8% Debentures	5,000	Nil	200	5,000

4.3 Prior Sales

The Corporation has not issued any of the Debentures contemplated by this Offering Memorandum within the past 12 months.

ITEM 5: SECURITIES OFFERED

5.1 Terms of Securities

The securities being offered pursuant to this Offering are 1-Year 6% ("**6% Debentures**") and 2-Year 8% unsecured debentures ("**8% Debentures**"). Debentures do not entitle the debenture holders to vote. The price of each Debenture is \$1,000.

Each Debenture will entitle the holder thereof to simple interest of 6% or 8% per annum payable monthly within ten (10) business days of the First day of each month during the term of the Debenture, commencing on the first of such dates that ends at least 30 days after the date of a particular Debenture is issued to a Subscriber.

Subject to the redemption rights of the Corporation and the Debenture holders, The Subscriber may redeem the bonds by providing Libertas Capital Ltd. a written notice (a "**Redemption Notice**") at least 60 days prior to the First Maturity Date, as applicable, of their intention to redeem their Debentures on the applicable date set out below in full or in part and the Corporation will redeem the Subscriber's Debentures on the applicable maturity date ("**First Maturity Date**")

The subscribers will be provided a copy of the redemption notice as a part of the subscription materials and they are available to the investors by request from the Libertas Capital Ltd. as well as 198 Loans.

In the absence of a Redemption Notice from the Subscriber, that Subscriber's investment in the Debentures will be deemed to have been reinvested for a same length of a term as the debenture that was invested originally. The subscriber will receive a new replacement debenture certificate with a new maturity date ("**Subsequent Maturity Date**"). On each Subsequent Anniversary Date the Corporation shall redeem all 6% or 8% Debentures that are outstanding on that date by payment of the principal amount of the Debentures and all accrued and unpaid interest thereon.

The Corporation may redeem some or all of a Debenture holder's Debentures by payment of the principal sum of the Debentures, plus any unpaid and outstanding accrued interest to the date of redemption, at any time during the term of the Debentures by giving the Debenture holders 90 days prior written notice of its intention to redeem. The Corporation, in its sole discretion, may redeem Debentures from individual Debenture holders without offering early redemption to other Debenture holders.

Early Redemption

Subject to adequate available cash of the Corporation and or 198 Loans, as determined by the directors of the Corporation, any individual Debenture holder may redeem some or all of that Debenture holder's Debentures upon a minimum of 30 days prior written notice (an "**Early Redemption Notice**") delivered to the registered office of the Corporation.

A Debenture holder that redeems some or all of that Debenture holder's Debentures prior to the First Anniversary Date or, if applicable, a Subsequent Anniversary Date is subject to a redemption fee equal to 3% of the Principal Amount of the Debentures being redeemed by the Corporation:

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

Liquidation Priority

The Corporation's debt obligations represented by the Debentures distributed by this offering memorandum are unsecured and will rank pari-passu among themselves. The Corporation has a right to enter into a loan agreement or issue debentures that will rank senior (collectively "**Senior Debt**") to the debentures distributed by this Offering Memorandum. However, the maximum amount of Senior Debt that ranks senior to this offering must be less than 50% of the total amount of debt issued by distributing 6% 1-year and 8% 2-year debentures. On the liquidation, dissolution or winding-up of the Corporation, the Debenture holders shall, in priority any shareholders of the Corporation, but are subordinated to the Senior Debt.

5.2 Subscription Procedure

The minimum subscription amount is \$5,000 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.

Subscribers must complete, execute and deliver the following documentation to the Corporation at: 301 – 1665 Ellis Street, Kelowna, British Columbia, V1Y 2B3, or as directed by the directors of the corporation.

1. one (1) completed and signed copy of the Subscription Agreement;
2. Completed and executed copies of the applicable schedules and appendices to the Subscription Agreement including appropriate investor qualification and risk acknowledgement forms;
3. a certified cheque, bank draft or money order (or by such other method of payment as may be accepted by the Corporation) in an amount equal to the Aggregate Subscription Amount, payable to **Libertas Capital Ltd.**, or wire transfer of the Aggregate Subscription Amount to Libertas Capital Ltd. account, pursuant to wiring instructions set out in the Subscription Agreement;

Subject to applicable securities laws, and the purchaser's two-day cancellation right, a subscription for Debentures, evidenced by a 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.

The Corporation's initial minimum offering is expected to be reached by December 31, 2019. Additional closings will take place periodically at the Corporation's discretion. It is expected that certificates representing the Debentures will be available for delivery within a reasonable period of time after the relevant closing date(s). If the Minimum Offering amount has not been reached prior to January 31st, 2020, the collected funds will be returned to the respective parties by February 15th, 2020 without interest.

ITEM 6: INCOME TAX CONSEQUENCES AND DEFERRED TAX PLAN ELIGIBILITY

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

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

The Corporation is a Canadian corporation controlled by Knightswood. As a result, the Debentures will constitute a "qualified investment" for Deferred Tax Plans provided the shares of Knightswood's parent company remain listed on a stock exchange designated by the Minister of Finance, which they currently are, and as long as Knightswood controls the Corporation. There is no agreement which restricts the ability of Knightswood to vote its Class A Shares of the Corporation or to appoint a majority of the board of directors of the Corporation. As such, Knightswood 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 10% or greater interest in the Corporation together with non-arm's length persons. Assuming the account holder meets the above requirements, the Debentures will not be a "prohibited investment".

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

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

This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Debentures. Consequently, Subscribers should seek independent professional advice regarding the income 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 may pay compensation of up to 3% of the gross proceeds realized on the sale of Debentures under this Offering as sales commissions where permitted. The Directors and Officers of the issuer are not eligible to receive any sales commissions. Such compensation may be payable to such parties at the time of sale of the Debentures and/or as an annual Trailer Fee on the Debentures outstanding after the first year of subscription as determined by the Corporation in its discretion.

ITEM 8: RISK FACTORS

Investment in the Debentures involves risk and there are no assurances of a return of capital. The offering should only be considered by subscribers who are able to make investments and assume a possibility of a total loss and an investment that is illiquid during the investment term. Subscribers should fully understand and be capable of assuming the risks investing in the Corporation. Subscribers should consider several risk factors before investing in the debentures including the following:

Investment and Issuer Risk

1. **Control by Knightswood:** Voting control of the Corporation by Knightswood is to ensure that the Debentures issued pursuant to this Offering are a qualified Deferred Tax Plan investment. Knightswood's control and interest in the Corporation is to earn fees and it is not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Neither Knightswood nor its parent corporation, XLY, owes any fiduciary duty of care or any other duty to Subscribers in connection with the Debentures issued under this Offering. Neither Knightswood nor XLY shall 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. Knightswood has majority voting control of the Libertas Capital Ltd. and no agreement exists that limits Knightswood's ability to vote its Class A Common Voting Shares and change the Directors of the Libertas Capital Ltd.
2. **Not Reviewed by Regulator:** This Offering has not been reviewed by any securities regulatory authority or regulator.
3. **No Fiduciary:** There is no trustee being used in connection with Debentures issued pursuant to this Offering. Debenture holders must rely on the Corporation to make all payments to Debenture holders pursuant to the terms of the Debentures.
4. **No Security Against Corporation's Assets:** The Debentures are unsecured, in the event that the Corporation defaults in its obligations the Debenture holders will have no security against the assets of the Corporation and the assets of the Corporation may not have a sufficient value to satisfy any outstanding debt obligations to the Debenture holders.

5. **Key Employee and Management Retention Risk:** The Corporation is dependent on the performance of the key employees and management of 198 Loans. Loss of a key employee or management could have a material adverse effect on 198 Loans and Libertas Capital Ltd.
6. **Lack of History:** The Corporation has no operating history. The Corporation is in the early stage of its business and, therefore, is subject to all risks associated with early stage companies. There can be no assurance that the Corporation will be successful in doing what it is required to do. No assurance can be given that the Corporation's business activities will be successful.
7. **Highly Speculative and no insurance against a loss:** The purchase of the Debentures is highly speculative. A potential Subscriber lose his/her entire investment. The Debentures are not insured against a loss by Canadian Deposit Insurance Corporation or any other insurance company.
8. **Illiquidity of Investment:** An investment in the Debentures of the Corporation is an illiquid investment. There is currently no market through which the Debentures of the Corporation may be sold. The Debentures are subject to a few restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws.
9. **Use of Proceeds lent to 198 Loans:** 198 Loans will use the proceeds of loans from the Corporation to fund 198 Loans lending operations in accordance to its lending guidelines and operational needs.
10. **Regulatory and Policy Risk:** Eligibility of the debentures to tax deferred and tax-free plans such as RRSP, LIRA or TFSA are subject to changes in federal or provincial tax laws, tax regulations and taxation policies. These laws, regulations and policies may be changed without a warning and the debentures may become ineligible for tax deferred and tax-free plans.
11. **Interest Liquidity and Debenture Redemption:** While the Corporation expects to pay interest and redeem the Debentures, there is no guarantee that this may occur and, therefore, an investment in the Debentures is unsuitable for those who require guaranteed repayment of principal or regular payments of interest of the Debentures. Should the Corporation exercise its right to redeem some or all the Debentures prior to the First Maturity Date, no bonus or penalty will apply, and Debenture holders will have no right to retain their Debentures following the redemption.
12. **Interest Rate Risk:** The interest rate return for the Debentures are fixed for the term of the Debentures and are not subject to increase in the event of a general rise in domestic interest rates for other investments.
13. **Loss of Capital:** Investment in debentures involves risks of loss of all or part of the investor's investment.
14. **General Economic Risk:** Financial markets are subject to economic slowdowns and market risk. These risks and slowdowns could have an impact on the operations of 198 Loans and its ability to pay the Corporation.
15. **Debt Securities:** The Debentures offered by the Corporation are not a direct investment in the Loans or 198 Loans loans, but an investment in debt securities of the Corporation.
16. **Dependence on 198 Loans:** The success of the Corporation will solely depend upon the performance of 198 Loans operations and performance of its lending portfolio for the 198 Loans' ability to pay the principal and interest to the Debenture holders.
17. **No Security or Insufficient Security Against Borrowers' Assets:** The loans made by 198 Loans may have guarantors or other security or no security against borrower's assets. If the Borrower defaults in its obligations there is no guarantee that the loan can be collected in part or full. The ability to collect the unsecured loan may stand lower in priority to other lenders, therefore reducing the possibility of collecting the loan from the borrower. Further, the Borrower's assets may be insufficient to repay the unsecured loan.

18. **Redemption Risk:** There no assurance that the Corporation is able to redeem the Debentures. If the Corporation requires additional funding to redeem any or all of the Debentures, there is no guarantee that there is additional financing available to the Corporation. If the Corporation does not have sufficient funds to redeem any or all of the Debentures without additional financing, it may not be able to redeem any or all of the Debentures.
19. **Investment Risk in Respect of 198 Loans:** The Corporation's short and long term objectives are to raise funds to be loaned to 198 Loans to ultimately facilitate the lending, administration, and operation of the 198 Loans. A return on investment for a purchaser of Debentures is dependent upon the ability of 198 Loans to manage its operations and loan portfolio.
20. **Directors' Interests:** The directors and officers of the Corporation will not be devoting all their time to the affairs of the Corporation but will be devoting such time as required to effectively manage the Corporation. The directors and officers of the Corporation are engaged and will continue to be engaged in the search for business prospects on their own behalf and on behalf of others.
21. **Conflict of Interest:** Jonathan Jacobson and Sean Claremont, directors and officers of the Corporation, are also directors and officers of 198 Loans. As a result, there may be an inherent conflict of interest with respect to the officers and directors of the Corporation. There are other potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation.
22. **Lending Risk:** 198 Loans is in the business of funding consumer loans to Borrowers who may not qualify for financing from conventional lenders. The risk of non-repayment of the loans made by 198 Loans can be significantly higher than loans that are typically made by a major Canadian Financial Institutions and consequently these loans could result in losses for 198 Loans.
23. **Tax Risk:** No advance income tax ruling has been received in respect to the eligibility of the Debentures for tax-deferred or tax-free plans. The tax consequences associated with an investment in Debentures may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not have a negative impact on the Corporation or will not fundamentally alter the income tax consequences to investors purchasing, holding or disposing of Debentures. If Knightswood ceases to control the Corporation, XLY 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 Debenture holder 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 Bonds 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 Debenture holders in respect of their investment in the Debentures.

ITEM 9: REPORTING OBLIGATIONS

9.1 Reporting to Debenture holders

The Corporation is not a “reporting issuer” as such term is defined in applicable securities legislation and accordingly is not subject to most of the continuous reporting obligations imposed on reporting issuers by such securities legislation. **“The Corporation is not required to send you any documents on an annual or ongoing basis.”**

As a Debenture issuer is required to file audited annual financial statements within 120 days after the end of each financial year with the applicable securities commissions. The Corporation will also make its financial statements available to subscribers.

9.2 Information Available from Securities Regulator

Prospective purchasers can find information about the Corporation on the British Columbia Securities Commission website (<http://www.bcsc.bc.ca>), such as exempt distribution reports, offering memorandums, and other information that may be available there.

ITEM 10: RESALE RESTRICTIONS

These Debentures are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the 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, Ontario and Saskatchewan, these securities will be subject to several resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities 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, Ontario and Saskatchewan, unless permitted under securities legislation, you cannot trade the securities 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.

10.3 Manitoba Resale Restrictions

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

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

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

ITEM 11: PURCHASERS' RIGHTS

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

11.1 Two Day Cancellation Right for a Subscriber

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

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

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

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

11.3 Statutory Rights of Action for Subscribers in the 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 Shares; 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 (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

11.4 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:

- (f) the Corporation to cancel their agreement to buy the Shares; or
- (g) 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 defenses available to the persons or companies that the purchaser has the right to sue. In particular, the Corporation would have a defense if the purchaser knew of the misrepresentation when the purchaser purchased the Shares.

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

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

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Corporation;
- (b) the Corporation is not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;

- (c) in an action for damages pursuant to subsection (a), the Corporation is not liable for all or any portion of the damages that the Corporation proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

11.5 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 Shares 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 Shares 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 Shares as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Shares were offered for sale.

A purchaser of Shares 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 Shares to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Shares 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 Shares.

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:

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

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

11.6 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).

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.

11.7 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 defenses as more particularly described in The Securities Act, 1988 (Saskatchewan).

ITEM 12: FINANCIAL STATEMENTS

12.1 Audited Financial Statements of the Corporation

**Libertas Capital Ltd.
(formerly 1205432 B.C. Ltd.)**

Financial Statements

For the period from incorporation on April 16, 2019 to July 31, 2019

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Libertas Capital Ltd. (formerly 1205432 B.C. Ltd.):

We have audited the accompanying financial statements of Libertas Capital Ltd., which comprise the statement of financial position as at July 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the period from incorporation on April 16, 2019 to July 31, 2019, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019, and its financial performance and its cash flows for the period from incorporation on April 16, 2019 to July 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 30, 2019

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

Libertas Capital Ltd.
(formerly 1205432 B.C. LTD.)
Statement of Financial Position
(Expressed in Canadian Dollars)

As at	July 31, 2019
Assets	
Current assets	
Cash	\$ 5
Accounts Receivable	8,061
Total assets	\$ 8,066
Liabilities	
Accounts payable and accrued Liabilities (Note 4)	\$ 11,067
Shareholders' deficiency	
Share capital (Note 5)	10
Subscription receivable (Note 5)	(6)
Deficit	(3,005)
Total shareholders' deficiency	(3,001)
Total liabilities and shareholders' deficiency	\$ 8,066

Nature of operations (Note 1)

Subsequent events (Note 9)

Approved on behalf of the Board:

/s/ "Jonathan Jacobson"

Jonathan Jacobson, Director

/s/ "Sean Claremont"

Sean Claremont, Director

The accompanying notes are an integral part of these financial statements.

Libertas Capital Ltd.**(formerly 1205432 B.C. LTD.)**

Statement of Loss And Comprehensive Loss

(Expressed in Canadian Dollars)

	For the period from incorporation on April 16, 2019 to July 31, 2019	
Operating expenses		
Professional fees	\$	3,000
Bank charges		5
Net loss and comprehensive loss for the period	\$	(3,005)
Loss per share – basic and diluted	\$	(4.51)
Weighted average number of common shares outstanding		666

The accompanying notes are an integral part of these financial statements.

Libertas Capital Ltd.**(formerly 1205432 B.C. LTD.)**

Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Subscription receivable	Deficit	Shareholders' deficiency
Balance, April 16, 2019	-	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash (Note 4)	400	4	-	-	4
Subscription receivable (Note 5)	600	6	(6)	-	-
Net loss and comprehensive loss for the period	-	-	-	(3,005)	(3,005)
Balance, July 31, 2019	1,000	\$ 10	\$ (6)	\$ (3,005)	\$ (3,001)

The accompanying notes are an integral part of these financial statements.

Libertas Capital Ltd.
(formerly 1205432 B.C. LTD.)
Statement of Cash Flows
(Expressed in Canadian Dollars)

For the period from
incorporation on
April 16, 2019 to
July 31, 2019

Operating activities:

Net loss and comprehensive loss for the period \$ (3,005)
Changes in non-cash working capital items:

Change in non-cash working capital items:

Accounts receivable (8,061)

Accounts payable and accrued liabilities 11,067

Cash provided by operating activities 1

Cash provided by financing activities

Proceeds from issuance of common shares 4

Cash provided by financing activities 4

Increase in cash 5

Cash, beginning of period -

Cash, end of period \$ 5

The accompanying notes are an integral part of these financial statements.

Libertas Capital Ltd.**(formerly 1205432 B.C. LTD.)**

Notes to Financial Statements

For the period from April 16, 2019 (incorporation date) to July 31, 2019

(Expressed in Canadian Dollars)

1. Nature of Operations

Libertas Capital Ltd. (formerly 1205432 B.C. Ltd.) (the “Company”) was incorporated under the British Columbia Business Corporations Act on April 16, 2019. The head office and registered office is located at 301-1665 Ellis Street Kelowna BC V1Y 2B3, Canada. On June 11, 2019, the Company changed its name to Libertas Capital Ltd. The Company intends to raise capital in the form of debentures which will be loaned to 1989167 Alberta Ltd., a company which is in the business of microlending.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The proposed business of the Company involves a high degree of risk and there is no assurance that it will be able to operate profitably. Additional funds may be required to enable the Company to pursue such business opportunities and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. The Company has not generated revenue to date and has an accumulated deficit of \$3,005 as at July 31, 2019. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months by raising capital through equity financing. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Basis of Preparation

The financial statements were authorized for issuance on September 30, 2019 by the directors of the Company.

(a) Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Use of Estimates and Judgments

The preparation of the Company’s financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Areas requiring a significant degree of estimation and judgment include the Company’s ability to continue as a going concern and deferred income taxes.

3. Significant Accounting Policies

(a) Financial Instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* as of incorporation on April 16, 2019. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). The Company does not have any financial assets as at July 31, 2019 classified in this category.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Accounts receivable and accounts payable are carried at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss). Cash is carried at FVTPL.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

3. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit and loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized at the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

(c) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Libertas Capital Ltd.

(formerly 1205432 B.C. LTD.)

Notes to Financial Statements

For the period from April 16, 2019 (incorporation date) to July 31, 2019

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(c) Income Taxes

Deferred income tax (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(d) Foreign Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit and loss.

(e) Income/ Loss Per Share

Basic income and loss per share amounts are calculated by dividing income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted income or loss per share amounts are determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Libertas Capital Ltd.**(formerly 1205432 B.C. LTD.)**

Notes to Financial Statements

For the period from April 16, 2019 (incorporation date) to July 31, 2019

(Expressed in Canadian Dollars)

4. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities are comprised of the following:

	July 31, 2019
Accounts payable	\$ 5,400
Accrued liabilities	3,000
Due to directors and companies related to directors	2,667
Balance, July 31, 2019	\$ 11,067

Due to directors and companies related to directors are due on demand and bear no interest. These amounts are related to expenses incurred on behalf of the Company.

5. Share Capital

(a) *Authorized*

Class	Authorised number	Par Value	Rights
A	Unlimited	\$0.01	Voting Shares
B1, B2, B3, B4, B5, C	Unlimited	\$0.01	Voting Common Shares
D, E	Unlimited	\$0.01	Non-Voting Common Shares
F, G, H	Unlimited	No Par Value	Non-Voting Common Shares
I, J, K, L	Unlimited	\$0.0001	Non-Voting Preferred Shares
M, N, O	Unlimited	\$0.001	Non-Voting Preferred Shares
P, Q, R, S, T	Unlimited	\$0.01	Non-Voting Preferred Shares
U, V	Unlimited	\$0.01	Voting Preferred Shares
W, X	Unlimited	\$0.001	Non-Voting Preferred Shares
Y, Z	Unlimited	\$1.00	Non-Voting Preferred Shares

Libertas Capital Ltd.**(formerly 1205432 B.C. LTD.)**

Notes to Financial Statements

For the period from April 16, 2019 (incorporation date) to July 31, 2019

(Expressed in Canadian Dollars)

5. Share Capital (continued)*(b) Issued*

As at July 31, 2019, 1,000 common shares are outstanding.

During the period from incorporation on April 16, 2019 to July 31, 2019, the Company issued 1,000 common shares as follows:

- On April 16, 2019, the Company issued 175 Class B1 common voting shares, 175 Class B2 common voting shares and 50 Class C common voting shares, pursuant to the incorporation of the Company at a price of \$0.01 per share.
- On June 14, 2019, the Company issued 600 Class A voting shares with a par value of \$0.01. The subscription proceeds of \$6.00 are receivable as at July 31, 2019.

6. Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2019
Loss for the year	\$	(3,005)
Statutory rate		27%
Computed income tax recovery at statutory rate		(811)
Unrecognized deferred income tax asset		811
Deferred income tax recovery	\$	-

As at July 31, 2019, the Company has non-capital losses of \$3,005 available for carry forward until 2039. At July 31, 2019, management considers that it is "more likely than not" that these losses will not be utilized and accordingly no deferred income tax asset has been recognized.

7. Management of Capital

The Company's capital structure consists of share capital.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company will raise additional amounts. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since incorporation. The Company is not subject to external capital requirements.

Libertas Capital Ltd.

(formerly 1205432 B.C. LTD.)

Notes to Financial Statements

For the period from April 16, 2019 (incorporation date) to July 31, 2019

(Expressed in Canadian Dollars)

8. Financial Instruments

(a) Fair Value Risk

The three levels of fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data

The Company considers that the carrying amount of all its financial instruments recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

(b) Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the Company's maximum exposure to any potential credit risk. The risk is assessed as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has \$11,067 of liabilities as at July 31, 2019.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company assess foreign exchange risk as low.

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Notes to Financial Statements

For the period from April 16, 2019 (incorporation date) to July 31, 2019

(Expressed in Canadian Dollars)

8. Financial Instruments (continued)

(b) Management of Financial Risks

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

9. Subsequent events

The Company is preparing an offering memorandum, whereby it plans to issue up to \$5,000,000 of debentures. The debentures issued which have a maturity of one year and will bear interest at 6% premium per annum and are unsecured, and the debentures which have a two year maturity will bear interest at 8% per annum and are unsecured.

On August 31, 2019, the Company entered into a debenture agreement with 1989167 Alberta Ltd. ("198 Loans") whereby the Company will lend up to \$5,000,000 to 198 Loans, for which the amounts mature between one year and two years, bear interest at 14% per annum, payable monthly and are collateralized by a general security agreement covering all assets of 198 Loans.

ITEM 13: DATE AND CERTIFICATE

Dated: September 30, 2019

This Offering Memorandum does not contain a misrepresentation.

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a final downward stroke.

Jonathan Jacobson

A handwritten signature in black ink, featuring a series of loops and a long, horizontal trailing stroke.

Sean Claremont