

# Offering Document



Covey Island Boatworks Investment Fund Ltd.  
**5 Bligh St., Dartmouth**  
**Nova Scotia, B3A 1K8**  
**902-209-5911**  
[info@CEDIFMgmt.com](mailto:info@CEDIFMgmt.com)

Form 1  
**Offering Document**

(Pursuant to the *Community Economic-Development Corporations Regulations*)

[This document is to be used only by Associations and Corporations as defined herein that are community economic-development corporations.]

**Glossary**

In this offering document:

1. “Act” means the *Securities Act*;
2. “Association” means an association as defined in the *Co-operative Associations Act*;
3. “CEDC” means a Community Economic-Development Corporation, as defined herein;
4. “Community Economic-Development Corporation” means a Corporation or Association that meets the criteria prescribed by the regulations made pursuant to the *Equity Tax Credit Act* and is registered as a Community Economic-Development Corporation by the Minister of Finance pursuant to Section 11 of the *Equity Tax Credit Act*;
5. “Community Economic-Development Plan” means the community economic-development plan proposed by the Issuer which contains the information prescribed by the regulations made pursuant to the *Equity Tax Credit Act*;
6. “Corporation” means a corporation incorporated pursuant to the laws of the Province of Nova Scotia, another province of Canada or Canada that has its head office located in the Province of Nova Scotia;
7. “Finders” means persons who, for compensation or without compensation, act as intermediaries in obtaining selling agents or otherwise make introductions in furtherance of this Offering;
8. “Issuer” means Covey Island Boatworks Investment Fund Ltd. which is a CEDC;
9. “Investee Corporation” means a corporation in which the Issuer proposes to invest 20% or more of the net proceeds of the offering and where all or substantially all of the fair market value of the corporation’s property is attributable to property used in an active business;
10. “Offering” means this offering of Shares of the Issuer;

11. “Promoter” has the same meaning as in the Act, except that pursuant to subsection 3(3) of the *Community Economic-Development Corporations Regulations* no individual shall be considered as a promoter unless a promoter at the time the offering document is filed with the Director of Securities;
12. “Securities Rules” means the rules of the Nova Scotia Securities Commission made pursuant to the Act;
13. “Security holder” means a person who purchases Shares under this Offering;
14. “Shares” means Common Voting Shares with no par value of the Issuer that qualify as a specified issue as defined in subclause 2(k)(iii) of the Equity Tax Credit Act.

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## CAUTIONS

The Nova Scotia Securities Commission has not assessed:

- X the reasonableness or merit of the Issuer or the Offering;
- X whether the Issuer has sufficient financing and managerial expertise to accomplish its stated objectives;
- X whether management of the Issuer has the reputation and commitment to conduct the Issuer's business with integrity and in the best interest of the Security holders;
- X whether the Promoters and management of the Issuer are receiving unconscionable benefits at the expense of the Security holders; or
- X whether any financial forecast or projection contained in this offering document has a reasonable basis;

Investment in small business involves a high degree of risk, and investors should not invest any funds in this Offering unless they can afford to lose a substantial portion of their investment. Potential investors should read all of this offering document, particularly the risk factors on page 7.

Potential investors should review the information concerning the background of the Issuer's officers, directors and other key personnel and consider whether or not these persons have adequate background and experience to develop and operate the Issuer and to make it successful. In this respect, the experience and ability to manage are often considered among the most significant factors in the success of a business.

After reviewing the "Use of Proceeds" on page 15, potential investors should consider whether the amounts available for future development of the Issuer's business and operations will be adequate.

A Security holder may have rights of rescission or an action for damages in circumstances which are described in this offering document beginning on page 29.

THERE IS NO ORGANIZED MARKET THROUGH WHICH THE SHARES MAY BE SOLD. IT MAY BE DIFFICULT OR EVEN IMPOSSIBLE FOR THE INVESTOR TO SELL THEM.

Potential investors should also consult their professional advisors before investing.

This offering document, together with the documents incorporated herein by reference and forming part of this offering document, and the attachments thereto contain all of the representations by the Issuer concerning this Offering and no person shall make different or

broader statements than those contained herein. Investors are cautioned not to rely on any information not expressly set forth in or attached to this offering document.

All promotional material is incorporated by reference into this offering document as per section 15 of the CEDC Regulations.

This offering document, together with financial statements and other attachments, consists of a total of 40 pages.

### **THE OFFERING**

1. The Shares being offered are:

Fully-paid, newly-issued voting common shares that are non-redeemable, non-retractable, nonconvertible, and not restricted in profit sharing or participation upon dissolution; the price per share is \$1.00.

The minimum number of shares to be purchased by each subscriber under this Offering is 2,000 (\$2,000)

2. The offering price was established by the following method:

negotiation with the investor

arbitrarily by the Issuer

otherwise (explain)

3. Maximum number of Shares offered: 3,000,000

4. Total proceeds if maximum sold: \$3,000,000

5. Minimum number of Shares offered: 100,000

6. Total proceeds if minimum sold: \$100,000

7. Reasons for the selection of the minimum number of Shares offered:

Issuer assumptions respecting minimum offer will cover administration costs of the Fund and permit for returns to its shareholders, sufficient to allow for some initial investments and continuance of the Fund as a vehicle for local community investment.

8. Minimum number of investors required:

The minimum number of investors required for this first offering is 25. This number represents a reasonable number of the community.

9. Total estimated costs of the Offering: Min: \$12,000, Max: \$119,000 (see sec 27, page 15 for detail)

## **RISK FACTORS**

10. Taking into consideration the factors noted below, list in the order of importance the factors which the Issuer considers to be the most substantial risks to an investor in this Offering in view of all known facts and circumstances (i.e., those factors which constitute the greatest threat that the investment will be lost in whole or in part, or not provide an adequate return).

- a) Some of the Board members of the Issuer, as well as key personnel have substantial business interests. Investors should also be aware that some of the Issuer's Board members serve on the boards of companies in which the Issuer may make an investment. These are detailed in #51. None of the directors has a remuneration agreement with Covey Island Boatworks Investment Fund Ltd (CIBIF) as noted under Item#54 "Material Contracts". Potential investors should refer to item #51 for details on all business or personal interests the Directors and key personnel may have.
- b) A Chartered Business Valuator has not prepared a report on the value of any investments owned by the CEDIF. Actual values may differ materially from those stated. Readers are advised to consult with a financial advisor on this specific point before making an investment.
- c) The investments made by the Fund will have returns which are directly attributable to the performance of the companies in which CIBIF will invest. Therefore, the risk associated with an economic downturn in the local community is real and must be factored into the decision. Therefore, investments which were prudent at the time of investment may not prove profitable over the term they are maintained.
- d) The Issuer may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these Shares.
- e) There are limited opportunities available for exiting the Fund - liquidity risk. The reader is instructed to refer to sec.57 for a full disclosure of the limited options for the resale of these securities.
- f) Investors who deposit the Shares in a self-directed RRSP should not depend on selling the Shares or income from the Shares to fund their retirement.
- g) There is a lack of direct investment experience by the Fund, its promoters and its Board which may result in a "learning curve" respecting the placement of equity investments. This, in turn, may reduce the performance of the Fund, and hence is a risk factor identified prior to the offering.
- h) While it has been assumed that there are more potential investments within the community than the Fund can participate in, there remains a risk that the Fund will not be able to access these deals and/or will not be able to negotiate an agreeable financing arrangement with the partners of the target investment.
- i) Another risk factor considered to be potentially material to an investor is the opportunity cost of capital should the offer not close. Depending upon the dates involved in the offering, an investor who chooses this investment may lose the opportunity to invest in

another tax assisted investment (i.e. Labour-Sponsored Venture Capital Corporation's-LSVCC's or CEDIF's) due to the limitation on investment (60 days).

In addition to the above risks, potential investors should consider the following risks before they decide to purchase the Shares being offered:

- j) The Shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a long period of time, and who have the capacity to absorb a loss of some or all of their investment.
- k) There is no organized market through which the Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares.
- l) Tax laws frequently change.

**PLAN OF DISTRIBUTION**

11. (a) The following people (the “selling agents” ) are authorized to sell Shares under the Offering:

<b>Name</b>	<b>Address</b>	<b>Business Phone #</b>	<b>Fax #</b>
Margie Dafoe	107 Montague Street Lunenburg NS B0J 2P0	902-640-3064	902-688-2591
Al Hutchinson	107 Montague Street Lunenburg NS B0J 2P0	902-688-2843	902-688-2591
John R. Steele	107 Montague Street Lunenburg NS B0J 2P0	Ph: 902-640-3064 Fax: 902-482-4238	902-688-2591
Colin O'Toole	107 Montague Street Lunenburg NS B0J 2P0		902-688-2591
Geoffrey M. Tivey	22 Pockwock Rd. Hammonds Plains, NS B4B 1M5	902-476-5755	902-826-9507
Daniel S Bell	83 Fisher Dr. Hammonds Plains NS B4B 1W9	902-820-8000	902 820-8009
Michael L Edwards	1232 Bedford Hwy Bedford, NS B4A 1C6	902-444-3977	902-444-9355
Robert W. Taylor	139 Provost St. New Glasgow NS B2H 5E2	902-752-6325	902-752-6202

11. (b) The following people are the Finders under the Offering:

Name	Address	Business Phone #	Fax #
Randall Burnie	16 Titus St. Halifax NS B3N 2Y9	902-431-9355	
Ben Patey	Evergreen Plaza 530 Portland St. Suite 102, Dartmouth, NS	902-434-6366	902-434-7264

12. (a) Describe any compensation to selling agents or Finders, including cash, securities, contracts or other consideration of any kind direct or indirect.

A sales commission of 3% will be charged subject to the successful close of this Offering as detailed in Sec 27. This commission will be paid to the authorized Sales Agents with the following exception. Prospects who come from Finders will be charged a 2% commission and the Sales person will receive 1% for the follow-up and final sale of the shares.

(b) Also indicate whether the Issuer will indemnify the selling agents or Finders against liabilities, if any, under the securities laws.

The Issuer does not indemnify the selling agents or Finders.

13. Describe any material relationship between any of the selling agents or Finders and the Issuer or its management.  
The people listed in Sec. 11(a) above are all Promoters and Directors of the Issuer. Al Hutchinson and John Steele are also Officers of the Issuer.

**NOTE:** After reviewing the amount of compensation to the selling agents or Finders for selling the Shares, and the nature of the relationship between the selling agents or Finders and the Issuer, a potential investor should carefully consider the following points when evaluating any recommendation by the selling agents or Finders to buy the Shares:

(a) Amount of compensation received by the selling agents or Finders to sell the shares;

(b) The nature of the relationship between the selling agents or Finders and the Issuer; and

(c) Unlike most securities offerings, the selling agents and Finders are not required to be registered under the Act to trade securities and therefore, when investors purchase the Shares through unregistered selling agents or Finders, they should be aware that:

i) They will not have the protections afforded by certain requirements and standards imposed on “registrants” under the Act, including proficiency

**standards, reporting requirements, “know your client” requirements and “suitability” requirements; and**

**ii) Unregistered selling agents and Finders are generally prohibited by the Act from giving investment advice to potential investors unless permitted to do so by an exemption expressly set out in the Act or granted by the Nova Scotia Securities Commission under the Act.**

**Please refer to #45 & #54 for additional information on the relationship between parties.**

14. Describe the procedure by which investors subscribe for Shares under the Offering.

Shareholders will be attracted by print media which has received a “non-objection” letter from NS Securities and by the Finders listed herein. There will be an initial public meeting and/or a private meeting followed by provision of this offering document to prospective investors. The Investor will forward a completed Subscription Form and payment by means of a cheque or money order (cash is not acceptable) to the Issuer, payable to “Concentra Trust In Trust”, to be held in trust until the closing.

Finders will fax a completed Expression of Interest Form to the Covey Island Boatworks Investment Fund Ltd office at 902-405-8954. The office will then forward the contact information of the prospect to a Sales person who is listed in the Offering Document. After discussion if the prospect wishes to receive an Offering Document, the Sales person will notify the office to forward the Offering Document to the prospect. The Sales Agent will follow up with the prospect and the office will track who has Offering Documents.

15. The subscription funds will be held in trust by Concentra Trust and will only become available to the Issuer when the conditions of closing described below have been met and the Offering has closed.

16. The following are conditions of the initial closing of this Offering:

- (a) the Issuer has received the minimum offering amount of \$100,000;
- (b) all material contracts have been signed, and all material consents of third parties have been obtained;
- (c) all necessary and required certificates under the *Equity Tax Credit Act* and regulations and other applicable laws have been obtained and are current including:
  - (i) a non-objection letter issued by the Director of Securities that has not been subsequently revoked; and
  - (ii) the Equity Tax Certificate that has not lapsed or been revoked by the Minister of Finance;

(d) additional conditions of the initial closing are:

- (i) A minimum of 25 shareholders having subscribed (per #8)
- (ii) All subscription funds must be in the possession of the Trustee at the time of the initial closing

17. The minimum offering amount and all other conditions of the initial closing must be achieved on or before 02/ 03/09 (dd/mm/yy).

18. If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the time specified in item 17, and no extension has been granted by the Director, the Offering will be withdrawn and all of the proceeds of subscription, without interest, will be returned to the subscriber within 30 days of the date that the Offering was to close.

19. The following are conditions of each subsequent closing of this Offering:

- (i) there has been no material change in material contracts referred to in item #16(b);
- (ii) all necessary and required certificates under the *Equity Tax Credit Act* and regulations and other applicable laws have been obtained and are current including:
  - a) a non-objection letter issued by the Director of Securities that has not been subsequently revoked; and
  - b) the Equity Tax Certificate that has not lapsed or been revoked by the Minister of Finance;
- (iii) all subscription funds must be in the possession of the Trustee at the time of each subsequent closing

## THE ISSUER

20. Issuer's exact name as it appears in the incorporating document:

Name of CEDC: Covey Island Boatworks Investment Fund Ltd.

Jurisdiction and Date of Incorporation	Nova Scotia, December 4, 2008
Address of Registered Office	5 Bligh St. Dartmouth NS B3A 1K8
Address of Principal Business Address	As above
Issuer's Telephone Number	902-209-5911
Issuer's Fax Number	902-405-8954
Contact Person at Issuer with Respect to the Offering	Al Hutchinson
Telephone Number of Contact Person (if different number from above) and e-mail	902-688-2843 <a href="mailto:al@coveyisland.com">al@coveyisland.com</a>
Fiscal Year End (month/day)	June 30

## **BUSINESS AND PROPERTIES OF A CEDC THAT IS A CORPORATION**

When the Issuer is a Corporation and now operates or proposes to operate an active business or to invest all or substantially all of the proceeds of the offering in shares of a corporation where all or substantially all of the fair market value of that corporation is attributable to property used in an active business (the "Investee Corporation") please complete item 21.

**NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.**

[When the Issuer is a Corporation and has a constitution that restricts it to making specified investments in eligible local business entities in accordance with its Community Economic-Development Plan please go to item 22.]

21. Not Applicable

## **SPECIFIED INVESTMENTS IN ELIGIBLE LOCAL BUSINESS ENTITIES BY A CEDC THAT IS A CORPORATION**

**NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.**

22. [Item 22 must be completed by a CEDC that is a Corporation with a constitution that restricts it to making specified investments in eligible local business entities in accordance with its Community Economic-Development Plan.]
- (a) Set out restrictions as described in the Issuer's constitution.
- (i) Business development focus is on custom yacht building and the infrastructure and services needed for that industry to assist Lunenburg to be a Working Waterfront
  - (ii) The Business must operate in accordance with applicable laws and bylaws
  - (iii) All investments chosen must meet the criteria for eligibility under Section 4 of the Equity Tax Credit Act:
    - authorized capital consisting of shares without par value;

- at least 25% of salaries and wages are paid in the Province of Nova Scotia;
- assets (including affiliates) are less than \$25 million;
- 90% or more of the fair market value of the property of the corporation or association is attributable to property used in active business or shares of a corporation or association that would be an eligible business if it made application under the Act;
- the business is not the professional practice of an accountant, dentist, lawyer, medical doctor, veterinarian or chiropractor.

- (b) Describe the Issuer's investment strategy and objectives as set forth in the Issuer's Community Economic-Development Plan.

The purpose of Covey Island Boatworks Investment Fund Ltd. is to increase the level of economic activity and prosperity on and around the Lunenburg Waterfront. Investment decisions will be made by the Board of Directors of the Issuer. The strategy of the issuer is to invest in new businesses that are in accordance with the investment criteria as outlined in 22(a) above, that meet the objectives of the Issuer as defined in the definition of Community in the CED Plan, and that can provide a satisfactory return on investment. The Fund is a "blind pool" fund and investment decisions will be made by the Board of Directors subject to approval by the Fund's shareholders as specified in Section 20 of the Community Economic Development Corporations Regulations.

- (c) Describe any intended specified investments in eligible local business entities which the Issuer plans to make with the proceeds of the Offering and how they fall within the Issuer's Community Economic-Development Plan. If no such specified investments are planned at the time of the Offering or if further specific investments are contemplated please indicate that fact.

There are several projects currently being contemplated. Among them, to either loan to or purchase common shares from LCSI Management Incorporated (LCSI), which also carries on business as Covey Island Boatworks. The investment would allow them to locate on the Lunenburg Waterfront and continue to build custom boats and yachts. Another potential target is the installation of a newly designed travel lift so that ships can be moved from the water and into the workshop for refit. This might be a new company formed to service several clients needs. These, and any other projects that may come to notice, will be evaluated carefully by the elected Board of the Covey Island Boatworks Investment Fund Ltd. CEDIF before any shareholder funds are committed.

- (d) (i) Does the Issuer have an exit strategy for the investments? No  
(ii) Please describe, if any.

**[Potential investors should note that where specified investments in eligible local business entities are not described in this offering document the Issuer must make such investments in compliance with Section 20 of the *Community Economic-Development Corporations Regulations*.]**

## BUSINESS AND PROPERTIES OF A CEDC THAT IS AN ASSOCIATION

When the Issuer is an Association and now operates or proposes to carry on business or operate as a marketing, producer or employee co-operative as those activities are defined in the regulations to the *Equity Tax Credit Act*, please complete item 23.

**NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.**

[When the Issuer is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made pursuant to the *Equity Tax Credit Act*, please go to item 24.]

23. Not Applicable.

24. Not Applicable. Item 24 must be completed by a CEDC that is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made pursuant to the *Equity Tax Credit Act*.

**NOTE: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering, in an Investee Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.**

## CAPITAL STRUCTURE

25. The following table describes the authorized capital of the Issuer:

Name Of Security	Description of Attributes
Common shares	Voting, non-redeemable, non-convertible, non-retractable and, not restricted in profit sharing or participation upon dissolution

26. The following table describes the capital structure of the Issuer at a date not more than 30 days preceding the date of the offering document and also what the capital structure will be on the conclusion of the Offering:

Name of Security	Number Authorized	Total \$Value and # Outstanding at 08DEC19	Total \$Value and # Outstanding at Initial Closing @ Minimum @ Maximum
[Loans/ Other Indebtedness]	0	0	0
[Preferred Shares]	0	0	0
[Common Shares]	10,000,001	\$1, (1)	@ min \$100,001 (100,001) @ Max \$3,000,001 (3,000,001)

## USE OF PROCEEDS

27. The funds raised in the Offering will be used as indicated in the following table:

	If Minimum Sold	%	If Maximum Sold	%
<b>Total Proceeds</b>	\$100,000	100	\$3,000,000	100
Less: Offering Expenses	6,000	6	9,000	0.3
Commissions @3%	3,000	3	90,000	3
Promoter Fees	0			
Legal & Accounting	1,500	1.5	1,500	0.001
Copying & Other Expenses	1,500	1.5	18,500	0.006
Total Cost of Offering	12,000	12	119,000	3.4
Net Proceeds from Offering	88,000	88	2,881,000	96.6
<b>Use of Net Proceeds</b>				
Investments	80,000	90	2,661,000	92.3
Administration	8,000	10	20,000	0.7
Cash Reserve	0	0	200,000	7
<b>Total Use of Net Proceeds</b>	88,000	100	2,881,000	100

28. Describe the order of priority in which the proceeds set forth under the column "If Minimum Sold" will be used.

The focus of the Fund is to make investments in Lunenburg waterfront projects, primarily ship building and its infrastructure. First, offering expenses must be paid; then, any costs associated with investigating potential investments followed by actual investments made. Annual administration costs will come from General Administration.

The cost of investigating potential investments will, in most instances, be borne by the company seeking capital.

29. If material amounts of funds from sources other than the Offering are to be used in conjunction with the proceeds from the Offering, state the amounts and sources of such other funds, and whether funds are firm or contingent. If contingent, explain the contingent event(s). No further funding will be required.

30. Indicate whether the Issuer is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether it is in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Issuer to make payments. Indicate if a significant amount of the Issuer's trade payables have not been paid within the stated trade term. State whether the Issuer is subject to any and the amount thereof. Indicate the Issuer's plans to resolve any such problems.

There are no cash flow problems anticipated and there are no unsatisfied judgments, liens or settlement obligations to fulfill.

31. Indicate whether proceeds from the Offering will satisfy the Issuer's cash requirements for the next 12 months, and whether it will be necessary to raise additional funds. State the source of additional funds, if known.

There will be no additional funds required in the first year. Subsequent Offerings are anticipated which will dilute existing share holdings.

## **FINANCIAL FORECASTS OR PROJECTIONS**

32. If future-oriented financial information such as forecasts or projections will be provided to potential investors, such information must be attached to the offering document and referred to in this section. The forecast or projection must include all of the assumptions used to calculate the figures shown and be prepared in accordance with section 17 of the *Community Economic-Development Corporations Regulations*.

FOFI are not provided.

## **DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS**

33. Provide particulars of the Issuer's dividend policy, if any.

There is no dividend policy at this time. If and when we are in a position to declare a dividend, a draft policy will be presented to the Shareholders by the Board of Directors for input and subsequent approval.

34. Give details of dividends and other distributions paid by the Issuer to its security holders during the last 5 years.

None - New Business

## PROMOTERS OF THE ISSUER

35. The Promoters of the Issuer are:

a) **Name: Margie Dafoe**

**Business street address:** 107 Montague Street Lunenburg NS B0J 2C0

**Business telephone number:** 902-640-3064, Fax: 902-482-4238

**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**

Covey Island Boatworks, Bookkeeper, April 03/08 - Present

Barnacle Boat Shed, Part-owner- marine consignment store, bookkeeping, etc  
Jan/05-Feb/07

Hydraulic Systems Limited, Bookkeeping, office administration, Sept/04-Dec/07  
(full & part-time)

**Education (degrees, schools and dates):**

University of Guelph, BAsC, 1973-1976

b) **Name: Alan D. Hutchinson**

**Business street address:** 107 Montague St., Lunenburg, NS, BOJ 2P0

**Business Telephone number:** 902-688-2843 Fax: 902-482-4238

**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**

Covey Island Boatworks, General Manager Feb 2008 to present

Excedo Canada Inc., Partner/owner 2005 - present

NCR Canada Ltd., Director of Business Development and Channels, 2001 - 2004

**Education (degrees, schools and dates):**

BBA (Marketing & Finance), Acadia University, 1982

Sales Management, Strategic Selling, Technology, Industry and Product  
Management related courses, NCR Corporation 1983 - 2005

c) **Name: Colin O'Toole**

**Business street address:** 107 Montague St. Lunenburg NS

**Business Telephone number:** 1 902 640 3064 Fax: 902-482-4238

**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**

Covey Island Boatworks, Production manager, 1984 to present

**Education (degrees, schools and dates):**

Shipwright community college Bridgewater NS. 1984

Boatbuilder Nova Scotia Boatbuilder" association 2002

- d) **Name:** John R. Steele  
**Business Street Address:** 107 Montague St, Lunenburg, NS, BOJ 2PO  
**Business Telephone Number:** 902-640-3064 Fax: 902-482-4238  
**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**  
 Covey Island Boatworks, President , 1980 - present  
**Education:** BA, Wilfred Laurier, Waterloo, ON, 1967-1969  
 Graduate work in architecture, UBC Vancouver BC, 1973  
 Boat Builder, Nova Scotia Boat builder Association, 2002

**OFFICERS OF THE ISSUER**

36. The officers of the Issuer are:

- a) **Name: Alan D. Hutchinson, President**  
**Business street address:** 107 Montague St., Lunenburg, NS, BOJ 2PO  
**Business Telephone number:** 902-688-2843  
**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**  
 Covey Island Boatworks, General Manager Feb 2008 to present  
 Excedo Canada Inc., Partner/owner 2005 to present  
 NCR Canada Ltd., Director of Business Development and Channels, 2001 - 2004  
**Education (degrees, schools and dates):**  
 BBA (Marketing & Finance), Acadia University, 1982  
 Sales Management, Strategic Selling, Technology, Industry and Product Management related courses, NCR Corporation 1983 - 2005

Also a director of the Issuer       Yes       No

Indicate amount of time to be spent on Issuer's matters if less than full time: It is expected that 8 hours per month will be spent after initial start up phase

- b) **Name: John R. Steele, Chief Financial Officer**  
**Business Street Address:** 107 Montague St, Lunenburg, NS, BOJ 2PO  
**Business Telephone Number:** 902-640-3064 Fax: 902-482-4238  
**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**  
 Covey Island Boatworks, President , 1980 - present  
**Education:** BA, Wilfred Laurier, Waterloo, ON, 1967-1969  
 Graduate work in architecture, UBC Vancouver BC, 1973  
 Boat Builder, Nova Scotia Boat builder Association, 2002

Also a director of the Issuer       Yes       No

Indicate amount of time to be spent on Issuer's matters if less than full time: It is expected that 4 hours per month will be spent.

## DIRECTORS OF THE ISSUER

37. (a) There are [ 6] directors of the Issuer, all six of whom come from the community. There is provision for a total of 12 Directors
- (b) At least two directors of the Issuer must be independent. Please name them and explain how they are independent. The two independent directors are Rubin Dexter and Maurice Guiton, neither of whom has any direct relationship with the CEDIF other than as a director, nor any material relationship with the CEDIF that might influence his judgment.
38. Information concerning each director of the Issuer, other than those already listed under the heading "Officers of the Issuer" are:
- a) **Name:** Margie Dafoe, Director  
**Business street address:** 107 Montague Street Lunenburg NS B0J 2C0  
**Business Telephone number:** 902-640-3064  
**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**  
Covey Island Boatworks, Bookkeeper, April 03/08 - Present  
Barnacle Boat Shed, Part-owner- marine consignment store, bookkeeping, etc., Jan/05-Feb/07  
Hydraulic Systems Limited, Bookkeeping, office administration, Sept/04-Dec/07 (full & part-time)
- Education (degrees, schools and dates):**  
University of Guelph, B.A.Sc, 1973-1976
- b) **Name:** Rubin Dexter, Director  
**Business Street Address:** 197 Dufferin St., Bridgewater, NS,  
**Business Telephone Number:** (902)543-9621  
**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**  
Lawyer: Dexter, Rubin Barrister Inc 1994 - present  
Education: Osgoode Hall, LL.B., University of Toronto, B.A. 1975
- c) **Name:** Maurice Guitton, Director  
**Business Street Address:** 71 Hall Street, Lunenburg, Nova Scotia, B0J 2C0  
**Business Telephone number:** (902) 634-4475  
**Fax:** (902) 634-3993  
**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**  
President & CEO, Composites Atlantic 2001- present

**Education:** Mechanical Engineering, Technical School, Voiron, France 1963 – 1967  
E. N. P. training programs, Mechanic, Moulding tool and die.  
F.P.A. School - Dessinateur grandes études - training one year.  
B.T.S. - Mechanical training two years  
E-Mail: [mquittton@compositesatlantic.com](mailto:mquittton@compositesatlantic.com)

**d) Name: Colin O'Toole, Director**

**Business street address:** 107 Montague St. Lunenburg NS

**Business Telephone number:** 1 902 640 3064

**Names of Employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:**

Covey Island Boatworks, Production manager, 1984 to present

Responsibilities: Oversee production and supervise staff of up to 15 Shipwrights and subcontractors

**Education (degrees, schools and dates):**

Shipwright community college Bridgewater NS. 1984

Boat builder, Nova Scotia Boat Builders' Association 2002

## KEY PERSONNEL OF THE ISSUER

39. For each key person (i.e. one who is essential to the operations of the Issuer) who is not already named as an officer, director or promoter, please provide the following information:

There is no one who is key to the operation who has not already been named as an officer, director or promoter. CEDIF Management has been contracted to assist in the administration and management of the CEDIF.

40. Describe any arrangements to assure that each key person will remain with the Issuer and not compete with the Issuer upon termination of their relationship with the Issuer.

There are no formal commitments in place to ensure key persons stay with the Issuer, nor are there arrangements to prevent these persons from competing with the Issuer, except as noted below. However, the individuals listed as directors have made personal, oral commitments to the Fund, and each other, to work with this Fund indefinitely. Verbal agreements may be difficult to enforce.

41. Have any of the officers, directors or other key personnel ever worked for or managed a company (including a separate subsidiary or division of a larger enterprise) in the same business as the Issuer?  Yes  No

The Issuer is a blind Pool CEDIF and has a verbal contract with Lunenburg County Shipwrights Management Incorporated.

42. If the Issuer has never conducted business or is otherwise in the development stage, indicate whether any of the officers or directors or other key personnel has ever managed any other business in the start-up or development stage and describe the circumstances, including relevant dates.

All of the Officers and Directors of the Issuer have direct and extensive experience starting, managing and administering small businesses as detailed in the profiles above.

**Margie Dafoe**, Director, Barnacle Boat Shed, Part-owner- marine consignment store, bookkeeping, etc., Jan/05-Feb/07

**Rubin Dexter**, Director, Dexter, Rubin Barrister Inc 1994 - present

**Maurice Guitton**, Director, President & CEO, Composites Atlantic 2001- present

**Alan D. Hutchinson**, President, Covey Island Boatworks, General Manager Feb 2008 to present; Excedo Canada Inc., Partner/owner 2005 - present

**Colin O'Toole**, Director, Covey Island Boatworks, Production manager, 1984 to present

**John R. Steele**, Chief Financial Officer, Covey Island Boatworks, President , 1980 - present

43. If any of the Issuer's key personnel are not employees but are consultants or other independent contractors, state the details of their engagement by the Issuer.

The Issuer has a verbal contract with Lunenburg County Shipwrights Management Incorporated.

44. If a petition under the *Bankruptcy and Insolvency Act* has been filed against any officer, director, key personnel or Promoter, or a receiver or receiver-manager has been appointed by a court for the business or estate of any such persons, or any partnership in which any of such persons was general partner, or any corporation or business association of which any such person was an executive officer within the last 5 years, set forth below the name of such persons, and the nature and date of such actions.

No petition under the Bankruptcy and Insolvency Act has been filed against any officer, director key personnel, or Promoter, nor has a receiver or receiver-manager been appointed by a court for the business or estate of any such person, or any partnership in which any such person was an executive officer within the last 5 years.

## PRINCIPAL SECURITY HOLDERS

45. List below the principal security holders of the Issuer, if any. Principal security holders are those who beneficially own directly or indirectly 10% or more of any securities of the Issuer presently outstanding.

There are no security holders of the Issuer who own directly or indirectly more than 10% of any securities of the Issuer

46. Number of shares beneficially owned by officers and directors as a group.

Before Offering: 0 shares (0 % of total outstanding)

**Note: The officers and directors of the Issuer may subscribe for shares during the offering, in which case the number of shares beneficially owned by officers and directors as a group after the offering will increase.**

## MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION

47. There are no relationships by either blood or marriage of any of the officers, directors, key personnel, Promoters or principal security holders.
48. The Issuer has not made loans to, or received loans from, or is doing business with any of its officers, directors, key personnel, Promoters or principal security holders, or any of their relatives (or any entity controlled directly or indirectly by any such person) within the last two years nor is it contemplating doing so.
49. Officers, directors, key personnel and Promoters of the Issuer are strictly volunteer and no payments are made.
50. There are no employment agreements and none are contemplated with officers, directors, key personnel or Promoters.
51. (a) Does the Issuer have a Conflict of Interest Policy? Yes. If a conflict of interest is identified when the Issuer is considering potential investments, the conflicted parties will leave the discussion.
- (b) Give details of all business or personal interests that the officers, directors, key personnel, Promoters, principal security holders or any related parties such as any of their relatives (or any entity controlled directly or indirectly by any such person) of the Issuer may have which could conflict with the interests of the Issuer even if it is described in answers to other questions.

**Alan Hutchinson** is the General Manager of Lunenburg County Shipwrights Inc., a potential investee corporation.

**John Steele** is the President of Lunenburg County Shipwrights Inc., a potential investee corporation.

**Colin O'Toole** is Production Manager for Lunenburg County Shipwrights Inc., a potential investee corporation and Colin is also Director and Secretary/Treasurer of Lunenburg County Shipwrights Inc.

**Margie Dafoe** is Office Administrator for Lunenburg County Shipwrights Inc., a potential investee corporation.

## LITIGATION

52. The Issuer and its Promoters, officers, directors and key personnel are not currently and have not been subject to any litigation or administrative or criminal action which is or has been material to the Issuer. Nor is the Issuer or its Promoters, officers, directors or key personnel aware that any such litigation or action is pending or threatened.

## CANADIAN INCOME TAX ACT CONSIDERATIONS

53. This commentary is of a general nature only and is not intended to be tax advice to any particular investor.

**Prospective investors are urged to consult with their own professional advisors regarding the tax consequences applicable to them. There may be significant income tax consequences to individuals who are residents of Canada under the Income Tax Act and the Equity Tax Credit Act.**

The following is applicable to any individual (a "Subscriber") who subscribes for and is issued shares of the Issuer pursuant to the Offering and who is:

- i) an individual over 19 years of age.
- ii) resident in Canada for purposes of the Income Tax Act (Canada); and
- iii) resident in Nova Scotia for purposes of the Equity Tax Credit Act (Nova Scotia).

Subject to the assumptions set out in the paragraph above, a Subscriber will be entitled to a credit against the Subscriber's Nova Scotia provincial income taxes payable pursuant to the Equity Tax Credit Act. The amount of the credit is equal to 30% of the amount paid for the Shares, provided that each individual is limited to a maximum credit in any year of \$15,000. Shares subscribed and paid for in the first 60 days of any calendar year will be entitled to a credit in either that year or the immediately prior year. If the credit exceeds the Nova Scotia income tax otherwise payable in that year by the Subscriber, the credit may be carried forward 7 years and back 3 years and applied against Nova Scotia taxes otherwise payable in any of those years by the Subscriber.

These statements are subject to the following assumptions:

- i) The certificate of registration issued to the Issuer under the Equity Tax Credit Act is not revoked by the Minister of Finance prior to the issue of shares under this Offering;
- ii) The Issuer applies for a tax credit certificate after the Offering within the time limits established under the Equity Tax Credit Act;
- iii) The Minister of Finance concludes that the Issuer and its directors, officers and shareholders are conducting the Issuer's business and affairs in a manner that is in accordance with the spirit and intent of the Equity Tax Credit Act;
- iv) The Minister of Finance concludes that the Issuer and the Subscribers are complying with The Equity Tax Credit Act;
- v) The Minister of Finance does not form the opinion that the shares are issued as part of a transaction or event or series of transactions or events the main purpose of which is to claim the tax credit pursuant to the Act.

#### **Transfer of Shares to an RRSP**

Provided that the registration of the Issuer is not revoked under the Equity Tax Credit Act, the Shares will be qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans. The transfer of shares to an RRSP will normally be done at the adjusted carrying value of the securities. This may result in a taxable capital gain or a non-deductible loss. Individuals who plan to purchase shares outside their RRSP, but transfer them later to their self-directed plan should consider the possible tax consequences of such transactions prior to finalizing any agreement.

#### **Taxation of dividends or income received by Security holders on the Shares**

Shareholders who hold shares within their RRSP need not be concerned with the manner in which the Fund distributes earnings. However, for individuals who purchase shares outside of the RRSP, consideration must be given to the tax implications of dividends versus interest income versus capital gains. Dividends received or deemed to be received on the Shares will be included in computing the Subscriber's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

#### **Treatment of Capital Gains or Losses Realized by Security Holders on Disposition**

Persons holding shares within their RRSP need not concern themselves with the form returns are paid. For individuals who choose to hold these shares outside of their registered holdings, 50% of any capital gain (the "taxable capital gain") realized on a sale or other disposition of the Shares will be included in the Subscriber's income for the year of disposition. 50% of any capital loss so realized (the "allowable capital loss") may be deducted by the holder against taxable capital gains for the year of disposition. Any

excess of allowable capital losses over taxable capital gains of the Subscriber for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years.

**Applicability of Alternative Minimum Tax to Security Holders**

Investors are advised to seek professional advice from a qualified individual should they be in a position which may expose them to alternative minimum tax treatment. Capital gains realized by the Subscriber may give rise to alternative minimum tax under the Income Tax Act (Canada).

**Deductibility of Interest Expense on Money Borrowed to Purchase Shares**

Interest incurred to earn income on investments held outside of ones RRSP is deductible against the income earned thereon; interest incurred on loans to purchase RRSP assets is not deductible.

**Transfer of Shares to a Tax Free Savings Account (TFSA)**

CEDIF shares **cannot** be held in a Tax Free Savings Account (TFSA).

**Availability of tax credits**

Purchase of eligible shares entitles the investor to a non-refundable provincial tax credit in the amount of 30% of the funds invested.

Subsequent tax credits will be issued to investors in either of the following two sets of conditions:

1. a) shares have been held 5 years by the investor
- b) the community economic-development corporation has subsequently raised additional capital through other specified issues registered pursuant to Section 11 of the Equity Tax Credit Act.
- c) the market value of the community economic-development corporation fund at the time of the application for the subsequent 20% tax credit is greater than sixty-five per cent of the original book value of invested capital raised at the time of the issue of shares to the eligible investor from the specified issue
- d) the Community Economic Development Investment Fund has complied with all the requirements of the Equity Tax Credit Act and Regulations.
- e) the Community Economic Development Investment Fund has applied to the Minister of Finance for the 20% tax credit and provided all requested information.

Or

2. a) shares have been held 10 years by the investor

b) the community economic-development corporation has subsequently raised additional capital through other specified issues registered pursuant to Section 11 of the Equity Tax Credit Act.

c) the market value of the community economic-development corporation fund at the time of the application for the subsequent 10% tax credit is greater than fifty per cent of the original book value of invested capital raised at the time of the issue of shares to the eligible investor from the specified issue

d) the Community Economic Development Investment Fund has complied with all the requirements of the Equity Tax Credit Act and Regulations.

e) the Community Economic Development Investment Fund has applied to the Minister of Finance for the 10% tax credit and provided all requested information.

and

### **Repayment of Tax Credits**

Except as set out herein, if a Subscriber fails to hold the Shares for 5 years after their issue, then all Credits earned in relation to the subscription for such Shares must be repaid. For any shares for which subsequent tax credits are issued, the shares must be held for an additional period of time to avoid repaying these tax credits.

The requirement to repay the Credits does not apply in cases where the Subscriber has died or in cases where the Subscriber transfers the shares to a trustee under a registered retirement savings plan. This also applies to the subsequent tax credit conditions in 1 (a) and 2(a) above.

**No professional advisors have been used in the preparation of the tax disclosure.**

### **MATERIAL CONTRACTS**

54. Give particulars of every material contract entered into by the Issuer or, if applicable, any of its significant subsidiaries within two years prior to the date of the offering document. If a material contract is of a confidential nature, provide a summary of it.

<b>Date</b>	<b>Name of Contract</b>	<b>Description</b>
Nov 28, 2008	Lunenburg County Shipwrights Management Incorporated	Verbal 1 year Administration, marketing and Offering preparation \$24,000
December 23 2008	Canadian Worker Co-op Federation	Membership
February 15, 2009	Concentra Trust	Trust Agreement to hold Subscription Funds

These contracts may be viewed during regular office hours at:  
5 Bligh St., Dartmouth, NS B3A 1K8

## FINANCIAL STATEMENTS

55. Opening financial statements of the Issuer for the period ending Dec. 4, 2008 are attached and form part of this document as Appendix "A".

The Issuer does not have any prior operating history.

## CONTINUOUS REPORTING OBLIGATIONS

56. (a) The Issuer will file with the Nova Scotia Securities Commission and **send to Security holders** annual financial statements and semi annual interim financial statements as required by the *Community Economic-Development Corporations Regulations*.

(b) If a material change has occurred in the operation of the CEDIF, a press release along with a material change report must be filed with the Nova Scotia Securities Commission within ten (10) days of the date on which the change has occurred.

## RESTRICTIONS ON RESALE OF SECURITIES

57. Under the provisions of the *Equity Tax Credit Act*, a person who disposes of a share in respect of which a tax credit has been allowed within five years from the date of purchase is liable to repay the Minister of Finance an amount equal to the tax credits received in respect of the share purchased, including interest thereon where interest is prescribed by the regulations made pursuant to that Act, or a lesser amount that is determined pursuant to the regulations to that Act.

Under Nova Scotia securities laws, trades by a Security holder of Shares of the Issuer purchased under this Offering will be restricted and, pursuant to subsection 80(5) of the Act, each first trade and each subsequent trade will be a distribution unless:

- (a) the Issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

- (b) the Shares have been held for the 4 month hold period from the date of the initial exempt trade;
- (c) the certificate representing the Shares carries a legend as set out in paragraph 2.5(2) 3 of National Instrument 45-102 *Resale of Securities*;
- (d) the trade is not a control distribution as defined in subclause 2(1)(l)(iii) of the Act;
- (e) no unusual effort is made to prepare the market or to create a demand for such Shares;
- (f) no extraordinary commission or consideration is paid to anyone in respect of such trade; and
- (g) If the vendor is an insider or officer of the Issuer, the vendor has no reasonable grounds to believe that the Issuer is in default of securities legislation.

However, first and subsequent trades by a Security holder of Shares of the Issuer purchased under this Offering are permitted in the following circumstances:

- (a) to the Issuer;
- (b) to a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse or to the spouse of Security holder;
- (c) from a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse to the Security holder;
- (d) to a purchaser who owns Shares of the Issuer and who is advised in writing by or on behalf of the vendor prior to entering into an agreement of purchase and sale that the purchaser shall not accrue any advantage under the *Equity Tax Credit Act* as a result of such purchase; or
- (e) to a purchaser who purchases pursuant to a trade made in compliance with the Act and any applicable Securities Rules.

**Caution:** The Shares are not listed on a stock exchange. There is no organized market through which these Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares.

## **RIGHTS OF ACTION**

58. (1)Where

- (a) an offering memorandum sent or delivered to a purchaser, together with any amendment to the offering memorandum; or
- (b) advertising or sales literature as defined by subsection (2) of Section 56, contains a misrepresentation, a purchaser who purchases a security referred to in it is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase, and
- (c) has a right of action for damages against
  - (i) the seller,
  - (ii) every director of the seller at the date of the offering memorandum, and
  - (iii) every person who signed the offering memorandum; or
- (d) may elect to exercise a right of rescission against the seller, in which case the purchaser has no right of action for damages against any person or company under clause (c).

(2) No person or company is liable under subsection (1) if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

(3) No person or company is liable under subsection (1) if the person or company proves that

- (a) the offering memorandum or the amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, or amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting
  - (i) to be made on the authority of an expert, or
  - (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that
  - (iii) there had been a misrepresentation, or
  - (iv) the relevant part of the offering memorandum or amendment to the offering memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert, or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

(4) No person or company is liable under subsection (1) with respect to any part of an offering memorandum or amendment to the offering memorandum not purporting

- (a) to be made on the authority of an expert; or
- (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
- (c) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (d) believed that there had been a misrepresentation.

(5) Subsections (3) and (4) do not apply to the seller if the seller is also the issuer.

(6) In an action for damages under clause (c) of subsection (1), the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

(7) The liability of all persons or companies referred to in clause (c) of subsection (1) is joint and several with respect to the same cause of action.

(8) A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable under this Section 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.

(9) The amount recoverable by a plaintiff under this Section may not exceed the price at which the securities were offered under the offering memorandum or amendment to the offering memorandum.

(10) The right of action for rescission or damages conferred by this Section is in addition to and not in derogation from any other right the purchaser may have.

(11) If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, an offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or amendment to the offering memorandum.

(12) For the purpose of subsection (1), advertising or sales literature is deemed not to contain a misrepresentation unless the advertising or sales literature

- (a) contains an untrue statement of material fact; or
- (b) omits to state a material fact that is necessary to prevent a statement contained in the advertising or sales literature from being misleading in light of the circumstances in which the statement was made.

(13) In this Section, for greater certainty, "seller" includes the issuer where the securities are distributed by the issuer.

59. No action shall be commenced to enforce the rights described in item 58 above more than 120 days after the date on which payment was made for the Shares or after the

date on which the initial payment for the Shares was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.




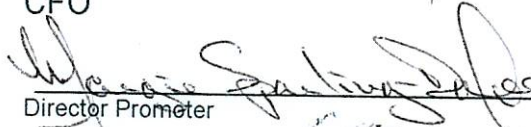
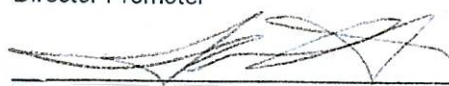

60. The rights described in item 58 above are in addition to and without derogation from any other right or remedy which a Security holder might have at law.

CERTIFICATE

61. This offering document, which has been prepared as prescribed by Form 1 of the Community Economic-Development Corporations Regulations, does not: contain an untrue statement of material fact; omit to state a material fact required by Form 1, or omit to state a material fact necessary to make a statement in this offering document not misleading.

DATED AT LUNENBURG, this 12<sup>th</sup> day of FEBRUARY, 2009

[This certificate must be signed: by the chief executive officer and chief financial officer; on behalf of the board of directors by any 2 directors of the issuer, other than the foregoing, duly authorized to sign; and by all promoters of the issuer.]

 _____ Al Hutchinson CEO	 _____ John Steele CFO
 _____ Colin O'Toole Director Promoter	 _____ Marcie Dafoe Director Promoter
 _____ John Steele Director Promoter	 _____ Al Hutchinson Director Promoter
_____ Director Promoter	_____ Director Promoter
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# **Appendix A**

## **Financial Statements**

**COVEY ISLAND BOATWORKS INVESTMENT FUND LTD.**

**UNAUDITED OPENING BALANCE SHEET**  
*as at December 4, 2008*

  
LTD  
LYLE TILLEY DAVIDSON

**LYLE TILLEY DAVIDSON**  
Chartered Accountants

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**REVIEW ENGAGEMENT REPORT**

To the shareholders of **Covey Island Boatworks Investment Fund Ltd.**

We have reviewed the opening balance sheet of **Covey Island Boatworks Investment Fund Ltd.** as at December 4, 2008. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on this opening balance sheet.

Based on our review, nothing has come to our attention that causes us to believe that this opening balance sheet is not, in all material respects, in accordance with Canadian generally accepted accounting principles.

*Lyle Tilley Davidson*

**CHARTERED ACCOUNTANTS**

Halifax, Nova Scotia

December 15, 2008

**COVEY ISLAND BOATWORKS INVESTMENT FUND LTD.**  
UNAUDITED OPENING BALANCE SHEET  
as at December 4, 2008

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**ASSETS**

**CURRENT ASSETS**

Subscriptions receivable \$ 1

**INCORPORATION COSTS**

1,000

**\$ 1,001**

---

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities \$ 1,000

**SHAREHOLDERS' EQUITY**

**CAPITAL STOCK**

Authorized -  
10,000,000 common shares without nominal or par value  
Issued -  
1 common shares

1

**\$ 1,001**

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*Signed on behalf of the Board*

 \_\_\_\_\_ **Director**

 \_\_\_\_\_ **Director**

**COVEY ISLAND BOATWORKS INVESTMENT FUND LTD.**  
NOTE TO UNAUDITED OPENING BALANCE SHEET  
*as at December 4, 2008*

**NATURE OF BUSINESS**

The company was incorporated on December 4, 2008 under the provisions of the Nova Scotia Companies Act and has been inactive since that date. The company proposes to issue 10,000,000 common shares without nominal or par value, subject, however to the provisions of the Companies Act and the amendments thereto.