

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 La Résidence Acadienne Co-operative Limited;
9. “Investee Corporation” means a corporation in which the Issuer proposes to invest all or substantially all of the 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 or company who purchases Shares under this Offering;
14. "Shares" means common shares of the Issuer that may attract a 30% tax credit against provincial taxes payable and potentially a provincial government guarantee on the last 20% of the investment for the first 4 years after purchase. (See #10(l)).

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CAUTIONS

The Nova Scotia Securities Commission has not assessed:

- ▼ the reasonableness or merit of the Issuer or the Offering;
- ▼ whether the Issuer has sufficient financing and managerial expertise to accomplish its stated objectives;
- ▼ 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;
- ▼ whether the Promoters and management of the Issuer are receiving unconscionable benefits at the expense of the Security holders; or
- ▼ 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 6.

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 25.

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.

This offering document, together with financial statements and other attachments, consists of a total of 38 pages.

THE OFFERING

1. The Shares being offered are:
Fully-paid, newly-issued voting common shares that are non-redeemable, non-convertible, and not restricted in profit sharing or participation upon dissolution, the price per share is \$100.00, and the minimum purchase is five (5) shares.

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: 3005 (three thousand five),

4. Total proceeds if maximum sold: \$300,500, (three hundred thousand and five hundred dollars)

5. Minimum number of Shares offered: 1,000 (one thousand)

6. Total proceeds if minimum sold: \$100,000 (one hundred thousand dollars)

7. Reasons for the selection of the minimum number of Shares offered:
The whole project was estimated to cost \$1,950,000. The First Offering raised a total of \$474,500.. (\$300,000. from the tenants, \$174,500. from other investors). In addition, \$75,000. was raised through a short term loan with no interest and a repayment date of June 1st 2005..

We received a mortgage in the amount of \$1,100,000., from Assumption Life, leaving a shortfall of \$300,500.00. So we decided to cut on non essential items. We managed to cut \$305,000., leaving the amount of \$1,645,000., which was

enough to realize the project. In light of this, the Trustee (Acadian Credit Union) released the money from the CEDIF.

However, the project ran into some unexpected cost overruns: a) connection to sewer -\$25,000.; b) 2 drilled wells and pumps - \$ 15,000.; c) panic hardware - \$21,000. ; d) Nova Scotia Power hook-up - \$6,000.; e) higher standard washer-dryer - \$3,000. ; f) extra cupboards - \$10,000.; g) patios - \$20,000.; for a total of \$100,000.

For this reason, La Résidence wants to apply for a Second Offering which would take care of the cost overruns and some of the items that were cut from the project earlier plus a few more items that would complete the project. These items are not crucial to the project. They include:

Paving:	\$ 50,000.
Landscaping:	30,000.
Sidewalks:	20,000.
Patios:	20,000.
Power plant:	20,000.
Water softener:	15,000.
Water reservoir:	25,000.
Common area furnishings:	20,000.
Total:	\$200,000.

We propose to sell a minimum number of 1,000 shares for \$100,000.00, to cover the cost overruns, and to borrow an amount of \$200,500 to cover the rest of the items. Should we raise more than the minimum amount, it will diminish the amount to be borrowed. In the event that only the minimum could be raised, we will dispense with the rest of the items.

8. Minimum number of investors required: 5 (five) persons.
9. Total estimated costs of the Offering \$7,500.-\$12,000. (see s.27 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) 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 the primary risk factor identified prior to the Offering.
- (b) 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.
- (c) The investments made by the Fund will have returns which are directly attributable to the performance of the companies invested in. 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) There are limited opportunities available for exiting the Fund, i.e., liquidity risk. The reader is instructed to refer to item 57 for a full disclosure of the limited options for the resale of these securities.
- (e) 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 (e.g., Labour-Sponsored Venture Capital Corporations) due to the limitation on investment (60 days).
- (f) 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.
- (g) 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.
- (h) There are restrictions on the resale of the Shares. See item 57 for details.
- (i) The Issuer will not pay dividends on Shares, as stated in the Articles of Incorporation, section 12 (a).
- (j) 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.
- (k) Tax laws frequently change.

(l) Provincial Guarantee: (i) Investments made in eligible business entities located within the geographical areas comprising the former cities of Halifax and Dartmouth, the former town of Bedford, and the area commonly known as Sackville will not be eligible for the 20% provincial guarantee of eligible investments of a community economic development fund as provided by the Equity Tax Credit Act (“ETC”) and Regulations. The Fund may still make an investment that is not covered by the provincial guarantee.

(ii) Investments made in eligible business entities located **OUTSIDE** the geographical areas comprising the former cities of Halifax and Dartmouth, the former town of Bedford, and the area commonly known as Sackville will be eligible for the 20% provincial guarantee of eligible investments of a community economic development fund as provided by the ETC and Regulations conditional upon the Fund being in compliance with the ETC and Regulations.

(M) IF THE CLOSING DATE FOR THE OFFERING UNDER WHICH A SUBSCRIBER PURCHASES SHARES IS WITHIN 60 CALENDER DAYS AFTER A CALENDER YEAR END, THE SUBSCRIBER HAS THE OPTION TO APPLY THE EQUITY TAX CREDIT FIRST TO EITHER THE PREVIOUS OR CURRENT TAXATION YEAR. UNUSED AMOUNTS MAY BE CARRIED BACK THREE YEARS OR FORWARD SEVEN YEARS. THE EQUITY TAX CREDIT MAY ONLY BE USED AS A CREDIT AGAINST PROVINCIAL NOVA SCOTIA TAXES PAYABLE. THE CREDIT IS NOT REFUNDABLE.

(N) IT IS ESTIMATED THAT THE APPRAISED VALUE OF THE PROJECT MAY BE LESS THAN THE TOTAL COST OF CONSTRUCTION. THIS DIFFERENCE MAY BE MATERIAL. AS A RESULT, INVESTORS MAY NOT REALIZE THE TOTAL COST OF CONSTRUCTION UPON LIQUIDATION OF THE PROPERTY.

PLAN OF DISTRIBUTION

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

<u>Name</u>	<u>Address</u>	<u>Business Phone #</u>	<u>Fax #</u>
Eric Chiasson	Box 648, Cheticamp, N.S.	<u>(902) 224-1952</u>	<u>(902) 224-2801</u>
Laurette Deveau	Box 833, Cheticamp, N.S.	<u>(902) 224-2409</u>	<u>(902) 224-2801</u>
Julia Deveau	Petit Etang, N.S.	<u>(902) 224-3288</u>	<u>(902) 224-2801</u>
Wilfred Aucoin	Box 34, Cheticamp, N.S.	<u>(902) 224-2331</u>	

12. (a) Describe any compensation to selling agents or Finders, including cash, securities, contracts or other consideration of any kind direct or indirect.
- (b) Also indicate whether the Issuer will indemnify the selling agents or Finders against liabilities, if any, under the securities laws.
- a) No commissions will be paid.
- b) The Issuer will indemnify the selling agents or Finders against liabilities, if any, under the securities laws.
13. Describe any material relationship between any of the selling agents or Finders and the Issuer or its management.
- The first three selling agents identified in item # 11 are employees of Le Conseil Coopératif Acadien (a local Co-op Council) helping La Résidence Acadienne Co-op with the CEDIF. The last selling agent is the president 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 assess the extent to which it may be appropriate to rely upon any recommendation by the selling agents or Finders to buy the Shares.

Please refer to #51 & #54 for additional information on the relationship between parties.

Note on selling agents and Finders:

Potential investors 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.

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

Investors will obtain general information about the Second Offering through public meetings and/or private meetings, the local television and radio stations, as well as local newspapers. This will be followed by provision of this Second Offering Document to prospective investors. Investors will forward payment by means of a cheque or money order payable to the Acadian Credit Union of Cheticamp, in trust.

15. The subscription funds will be held in trust by the Acadian Credit Union of Cheticamp, and will only become available to the Issuer when the conditions of closing described below have been met and the Second 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;
- (d) additional conditions of the initial closing are:
 - (i) **A minimum of 5 shareholders** having subscribed (per #8)
 - (ii) Once the **Minimum Offering of \$100,000** has been met and before the Second Offering Closing is completed, the other required financing of **\$ 200,500** must be secured. Executed documentation must be provided to the trustee before the Initial Closing can take place.
 - (iii) The Issuer is in negotiations to obtain additional funding in the amount of **\$200,500**. Upon obtaining the financing, each subscriber will receive a letter detailing the financing arrangements

(the “detail letter”) and be given an opportunity to review the executed financing documents. All the subscribers under this offer and each subscriber will concurrently be given the right for a 10 day period after delivery (the date of mailing) of this detail letter to each subscriber to withdraw their subscription.

17. The minimum offering amount and all other conditions of the initial closing must be achieved on or before **01/03/05**. [Unless the Director has granted an extension, this date must be not more than 90 days from the date of issuance of a letter of non-objection in respect of the offering document by the Director of Securities pursuant to the *Community Economic-Development Corporation Regulations*.]
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 Second 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 Second Offering was to close.
19. The following are conditions of each subsequent closing of this Offering:
 - (i) \$50,000, or final close;
 - (ii) there has been no material change in material contracts referred to in item #16(b);
 - (iii) all necessary and required certificates under the Equity Tax Credit Act and regulations and other applicable laws have been obtained and are current.
 - (iv) each subscriber will receive a letter detailing the financing arrangements and be given an opportunity to review the executed financing document before subscription is accepted.

THE ISSUER

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

La Résidence Acadienne Co-operative Limited

Jurisdiction and date of incorporation: Registrar of Joint Stock Companies

January 15, 2003

Address of registered office: 15359 Cabot Trail, Cheticamp, NS BOE1HO

Address of principal business address: P.O. Box 667, Cheticamp, NS BOE 1HO

Issuer's telephone number: (902) 224-1952

Issuer's fax number: (902) 224-2801

Fiscal year end: month 12th day 31st

Contact person at Issuer with respect to the Offering: Laurettte Deveau

(902)224-1952

Telephone number of contact person (if different number from above):

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.

[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. With respect to the business of the Issuer and its properties:

(a) Describe in detail what business(es) the Issuer or Investee Corporation now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.

Not applicable

(b) Describe how these products or services are to be produced or rendered and how and when the Issuer intends to carry out its activities. If the Issuer or Investee Corporation plans to offer a new product(s), state the present stage of development including whether a working prototype(s) is in existence. Indicate if completion of development of the product will require a material amount of the resources of the Issuer, and the estimated amount. Describe any major existing supply contracts.

Not applicable

- (c) Describe the industry in which the Issuer or Investee Corporation is selling or expects to sell its products or services and, where applicable, any recognized trends within the industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service or other basis.

Not applicable

- (d) If the Issuer's or Investee Corporation's business, products or properties are subject to material regulation by federal, provincial or municipal governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Issuer.

Not applicable

- (e) State the number and types of employees the Issuer or Investee Corporation has and the number and type of employees it anticipates it will have within the next twelve months.

Not applicable

- (f) Describe generally the principal properties (such as real estate, plant and equipment, patents, etc.) that the Issuer or Investee Corporation owns, indicating also what properties it leases and a summary of the terms of those leases, including the amounts of payments, expiration dates and the terms of any renewal options. Indicate what properties the Issuer or Investee Corporation intends to acquire in the next twelve months, the costs of such acquisitions and the sources of financing it expects to use in obtaining those properties, whether by purchase, lease or otherwise.

Not applicable

- (g) State the name of any subsidiaries of the Issuer or Investee Corporation, their business purpose and ownership. If none, so indicate.

Not applicable

- (h) Summarize the material events in the development of the Issuer or Investee Corporation during the last 5 years or for whatever lesser period the Issuer has been in existence. Include both positive and negative facts. Also include details on profits and losses, including the causes of any losses. Include as well any material acquisitions or arrangements. [A “material event” or “material acquisition or arrangement” is one that is fundamental to the business and day-to-day operations of the Issuer or Investee Corporation.]
Not applicable

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

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.
Not applicable
- (b) Describe the Issuer’s investment strategy and objectives as set forth in the Issuer’s Community Economic-Development Plan.
Not applicable
- (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.
Not applicable

[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.

[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. With respect to the business of the Issuer and its properties:

- (a) Describe in detail what business(es) the Issuer now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.

The project is a 20-unit senior housing complex-La Résidence Acadienne Adult Living Complex (the Complex), for retired middle income people. These high quality apartments have a private entrance, stackable washer and dryer, and a dishwasher. The rent will include managerial services, grounds maintenance and snow removal. It will also include heat, electricity, insurance, water, sewer, property tax and capital replacement on appliances. Other services such as: hairdressing, cleaning, assistance with shopping, business or medical appointments, etc. will be available for a fee. There will be a common area with a propane fireplace. The complex has a security system and all the units are equipped with aging in mind.

The Issuer has a Board of Directors consisting of a minimum of six (6) directors, who shall be elected from the membership, for a term of 3 (three) years, arranged so that 2 (two) directors are elected each year. The Board will appoint a president, a vice-president, a treasurer and a secretary, and other officers as deemed necessary by the Board. The Directors shall meet as often as the business of the Issuer warrants, but not less than three (3) times per year. A quorum shall consist of 4 (four) of the directors. The Issuer may issue shares from time to time, at a par unit value of one hundred dollars (\$100.00), (minimum of 5 shares). Dividends on shares shall be set by the Board, but will be subject to the Co-operative's performance and will not exceed 10% per annum. The manager will be chosen by and overseen by the Board of Directors, who in turn, will report to the CEDIF investors. The revenue for the project will be generated from the tenants' monthly rents. Because it is a co-operative, the project is not expected to make a large profit. However, we are not expecting a deficit either; the rents being regulated to cover the expenses. A Replacement Cost reserve will be included in the monthly rent. Another reserve will be created by keeping 10% of the surplus until the general reserve is equal to 30% (thirty per cent) of the Co-operatives's shares and member loan capital.

- (b) Describe how these products or services are to be produced or rendered and how and when the Issuer intends to carry out its activities. If the Issuer plans to offer a new product(s), state the present stage of development including whether or not a working prototype(s) is in existence. Indicate if completion of development of the product will require a material amount of the resources of the Issuer, and the estimated amount. Describe any major existing supply contracts.

The main product to be delivered by La Résidence Acadienne Co-operative is quality apartments, within close proximity to required conveniences with reasonable rents and hassle free maintenance which will be included in the rent. The tenants will be in by late December 04 or early January 05. After move in, other services such as cleaning, running errands, hair dressing etc... will be introduced for a fee. These services offered outside the rent will not use the resources of the Issuer.

- (c) Describe the industry in which the Issuer is selling or expects to sell its products or services and, where applicable, any recognized trends within the industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service or other basis.

“A Need & Demand Study for Senior Housing” for the region of Cheticamp, Cape Breton, Nova Scotia, which was effected in March 2003, clearly indicates an aging population trend, (for the region, approx. 2000 persons 55 years of age and older, and a current total of 108 senior units.) Most of these units are owned by the municipality which charges 30% of monthly income as rents, making this unattractive for this middle income group. Our project will provide high-quality housing at reasonable rents, services on demand and ideal location within proximity of essential services, (doctors, hospital, church, stores, etc.) If this group’s needs are not met, they may be forced to move away to obtain these services.

- (d) If the Issuer’s business, products or properties are subject to material regulation by federal, provincial or municipal governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Issuer.

We have checked with municipal and provincial governments for any regulations and have been assured that we meet all the regulations; for example: the Department of the Environment tells us that we need to have our own well, as we are not allowed to connect to town water. The Department of Transportation tells us there are no problems with the proposed entrance off the highway and the Department of Public Works tells us we can connect our sewage system to town sewage. The zoning as it

stands permits the construction of a 20-unit apartment complex. The proposed land will be surveyed by a certified surveyor and a clearing of title obtained before construction. The co-op is obligated to comply with the Residential Tenancy Act of Nova Scotia and we see no potential effects upon the Issuer.

24. 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*.

(a) Set out restrictions on investments as described in the Issuer's constitution:
The **Not applicable**

(b) Describe the Issuer's investment strategy and objectives as set forth in the Issuer's Community Economic-Development Plan.
Not applicable

(c) Describe any intended specified eligible investments which the Issuer plans to make with the proceeds of the offering. If no such specific eligible investments are planned at the time of the Offering or if further specific eligible investments are contemplated, please indicate that fact.
Not applicable

[Potential investors should note that where specific eligible investments are not described in this offering document the Issuer must comply with Section 21 of the *Community Economic-Development Corporations Regulations*.]

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, 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 Second Offering:

Name of Security	Number Authorized	Total \$Value and # Outstanding at Oct. 31st, 2004	Total \$Value and # Outstanding at Closing @ Minimum @ Maximum
[Loans/ Other Indebtedness]		\$861,333.00	\$861,333.00
[Loan Capital]		\$42,000.00	\$42,000.00
[Common Shares]	Unlimited	\$474,500. (4745)	\$574,500. (5745) \$775,000. (7750)
[Retained Earnings]		\$58.	\$58.
TOTAL		\$1,377,891.00	\$1,477,891.00 \$1,678,391.00

[In columns 3 and 4, state \$ amount first and number of securities in brackets after.]

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	
	Amount	%	Amount	%
Total Proceeds	\$100,000.	100%	\$300,500.	100%
Less: Offering Expenses				
Commissions and Promoters Fee	0	0	0	0
Legal and Accounting Fees	5,000	5.00	8,000.	2.66
Copying and Other Expenses	2,500	2.50	4,000.	1.33
Net Proceeds from Offering	\$92,500.	92.50	\$288,500.	96.01

Use of Net Proceeds

Investments	\$82,800	89.51	272,980	94.63	
Administration		9,700	10.49	15,520	5.37
Total Use of Net Proceeds	\$92,500	100 %	\$288,500	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. Next, offering expenses must be paid; then, actual investments are made. Annual administration cost will come from the balance remaining. There is no exit strategy for the fund in regards to the investment in La Résidence Acadienne Adult Living Complex.

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).

The balance needed to realize the project will be financed through loans and mortgages from an approved financial institution. The first mortgage is for \$1,100,000.00 and a smaller 2nd mortgage will be obtained if the maximum of the Second Offering is not raised. (See also 16 (d)).

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 unsatisfied judgments, liens or settlement obligations and the amount thereof. Indicate the Issuer's plans to resolve any such problems.

The Issuer is not having, nor anticipates having within the next 12 months, any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Issuer to make payments, nor is it subject to any unsatisfied judgements, liens, or settlement obligations. The 2nd Offering is intended to cover for cost overruns and should the minimum not be raised, we will obtain the money from private placements.

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.

The proceeds from the Offering will not satisfy the Issuer's cash requirements for the next 12 months. A loan will be obtained from a financial institution to make up the difference between the amount raised through the CEDIF and the amount actually required.

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 the *Community Economic-Development Corporations Regulations*.

No future-oriented financial information will be provided.

DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS

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

The dividends on shares shall be set by the Board, but will be subject to the Co-operative's performance and shall not exceed ten percent per annum.

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

This is a new Community Economic Development Investment Fund. No dividends or other distributions have been paid by the Issuer to its security holders during the last 5 years.

PROMOTERS OF THE ISSUER

35. The Promoters of the Issuer are:

Name: **Eric Chiasson**

Business street address: Box 648, Cheticamp, N.S., BOE1HO

Business telephone number: (902) 224-1952

Business fax number: (902) 224-2801

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Sales agent, Co-operators 1978-2001

Nature of projects during the last five years if not described immediately above:

President- La Garderie Les Petits Poussins (Daycare) 2001-2003

President - Cheticamp Co-op Store 2001-2004

Name: **Laurette Deveau**

Business street address: Box 833, Cheticamp, N.S. BOE 1HO

Business telephone number: (902) 224-1952

Business fax number: (902) 224-2801

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Full-time employee of Cheticamp Co-op Council 1988-2004

Nature of projects during the last five years if not described immediately above:
President of L'Association des Acadiennes de la N.E. 2001-2004

Name: **Julia Deveau**

Business street address: Petit Etang, N.S. BOE 2MO

Business telephone number: (902) 224-1952

Business fax number: (902) 224-2801

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Research for Cheticamp Development Commission 2000
Office Manager of Laurie's Motel Ltd. 2000-2004
Executive assistant - Cheticamp Fish Co-op 1964-1994

Nature of projects during the last five years if not described immediately above:
n/a

OFFICERS OF THE ISSUER

36. The officers of the Issuer are:

President:

Name: **Wilfred Aucoin**

Business street address: 111 Cabot Trail, Box 34, Cheticamp, N.S. BOE 1HO

Business Telephone number: (902) 224-2331

Business fax number:(_____)

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities: Retired.

Education (degrees, schools and dates): Bachelor of Education, Teachers' College, 1960; Class license T.C. 6

Also a director of the Issuer Yes No

Indicate amount of time to be spent on Issuer's matters if less than full time:
Approximately 5 hrs per week.

Vice-President

Name: **Guillaume Arthur Leblanc**

Business street address: 1030 Cheticamp Bank Rd., Box 547, Cheticamp, N.S.

Business telephone number: (902) 224-3852

Business fax number: (____)

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities: Worked for Halifax Metro Transit for 36 years and retired in April, 1989

Education (degrees, schools, dates): Attended High School in St. Joseph du Moine, N.S.

Indicate amount of time to be spent on Issuer's matters if less than full time:
Approximately 3-5 hrs per week.

Secretary:

Name: **Yvette Aucoin**

Business street address: 14354 Cabot Trail, Box 654, Cheticamp, N.S.

Business telephone number: (902) 224-2005

Business fax number: (902) 224-2005

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Retired, but was a school teacher for Inverness School Board and last years CSAP

Education (degrees, schools and dates):

Bach. of Ed, Class license 6, N.S. Teachers' College, 1960

Also a director of the Issuer Yes No

Indicate amount of time to be spent on Issuer's matters if less than full time:
Approximately 3-5 hrs per week.

Chief Financial Officer:

Name: **Hector Lelièvre**

Business street address: 14391 Cabot Trail, Box 945, Cheticamp, N.S.

Business telephone number: (902) 224-2970

Business fax number: (____)

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

Education (degrees, schools, dates) : Bach of Ed. Graduated from Teachers College. Taught for 32 years, the last years under Le Conseil Scolaire Acadien Provincial. He is past president and still an active member of The Kinsmen Club, past president of La Caisse Populaire Acadienne and Minor Hockey.

DIRECTORS OF THE ISSUER

37. There are [6] directors of the Issuer, **all of which are from the community.**

38. Information concerning each director of the Issuer, other than those already listed under the heading "Officers of the Issuer" are: [If there are no directors in addition to

those listed under the heading "Officers of the Issuer", state: "There are no directors of the Issuer other than those listed under the heading "Officers of the Issuer".]

Name: **Charles David Aucoin**

Business street address: 11 Maillet Rd., Box 203, Cheticamp, N.S. BOE IHO

Business telephone number: (902) 224-2967

Business fax number: (____)

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

Retired school teacher. Worked 34 years for Inverness County Municipal School Board.

Education (degrees, schools, dates): Grade 12, 1959; Teachers' College, 1960; B.A., Moncton University, 1965.

Name: **Shirley Deveau**

Business street address: 14587 Cabot Trail, Box 297, Cheticamp, N.S. BOE 1HO

Business telephone number: (902) 224-3309

Business fax number: (____)

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

Homemaker all her life.

Education (degrees, schools, dates): Graduated from high school in Cheticamp, N.S.

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:

The key persons for this company have all been listed as officers and/or directors, or promoters.

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. However, the individuals listed as directors have made personal, oral commitments to the Fund, and each other, to work with this Fund until at least the first anniversary of the initial closing. **Verbal contracts are 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 [x] No

If yes, please explain including relevant dates:

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.

Wilfred Aucoin: He taught school for over 30 years, the last ten as principal of NDA School in Cheticamp, where he was responsible for the budget. He was president of The Cheticamp Co-op Store for many years. The store has sales of over \$10,000,000. He has also been president of the Caisse Populaire Acadienne which has assets of over \$25,000,000.. At the present, he is still on the credit committee of the Caisse Populaire Acadienne.

Eric Chiasson: He managed the Co-operators Insurance office in Cheticamp from 1978-2001. At present, he is president of Les Petits Poussins Daycare, president of the Cheticamp Association for Assisted Living, a center for handicapped adults, a founder member and part owner of CHNE-Cable TV., and president of the Cheticamp Co-op Store.

Yvette Aucoin: She is president of La Société St-Pierre, an association working to preserve the Acadian language, culture and heritage. La Société owns and manages Les Trois Pignons, a information and cultural center which houses the Elizabeth Lefort Hooked Rug Gallery, the Marguerite Gallant museum, the Charles Aucoin Genealogy Center. It also rents space to CKJM Community Radio Co-op, a Internet Cap Site and Service Canada and several other associations. Up to 2002, it owned and operated La Plage St-Pierre Beach and Campsite.

Dr.
Father

Laurette Deveau: She is the provincial president of L'Association des Acadiennes de la Nouvelle-Écosse, a women's action group lobbying for acadian women's rights, and recently realized the Women Summit, held in Halifax in the summer of 2004, along with the festivities of the 3rd World Acadian Congress. She has worked on numerous associations at the regional and provincial levels.

Julia Deveau: She was book keeper from 1964-80, and then up to 1994, executive assistant for the Cheticamp Fishermen's Co-op. She is now assistant manager at Laurie's 55 units Motel, Restaurant and Lounge.

Shirley Deveau: From 1969-76, she was a co-owner and manager of a Lick-a-Chick franchise in the region. At the same time, she and her husband have owned and operated a fishing business for over 40 years.

Hector Lelièvre: He taught school for over 30 years and at the same time, kept the books for his wife who owned and operated a beauty salon and keeps the books for several other companies in the region.

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.

None of the Issuer's key personnel are engaged as consultants or independent contractors.

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, 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 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.

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. Start with the largest common shareholder. If a principal security holder is not an individual, please disclose the ownership of the principal security holder by a footnote to the table. If the Issuer has no principal security holder state: "There are no security holders of the Issuer who own directly or indirectly more than 10% of any securities of the Issuer" and do not complete the remainder of this item.

There are no security holders of the Issuer who own directly or indirectly more than 10% of any securities of the "Issuer". La Résidence Acadienne is a Co-operative and all the investors are considered equal regardless of the amount of the investment.

Name:

Business street address:

Business Telephone Number:

Date(s) of Purchase:

Type of Share:

Average Price Per Share:

Number of Shares Now Held:

Percent of Total:

Number of Shares Held After

Offering if All Shares Sold:

Percent of Total:

[Provide this information for each principal security holder.]

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

The total number of shares owned by the officers and directors, as a group: **1075**

Before 2nd Offering: 1075 shares (23% of total outstanding)

- After 2nd Offering: (a) assuming minimum securities sold 1,000 shares
(19% of total outstanding)
(b) assuming maximum securities sold 3,005 shares
(14% 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. If any of the officers, directors, key personnel, Promoters or principal security holders are related by blood or marriage, please describe:

None of the officers, directors or key personnel are related by blood or marriage.

48. If the Issuer has 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 such person) within the last two years or is contemplating doing so, explain. (This includes sales or leases of goods, property or services to or from the employment contracts, or share, option or other purchase contracts, the principal terms of any significant loans, agreements, leases, other arrangements. any (This Issuer, etc.) State financing or

No such transactions have taken place

49. Give details of any payments to officers, directors, key personnel and Promoters of the Issuer, including salary, bonuses, director's fees, honoraria and reimbursement of expenses.

Officers and directors are to be reimbursed their actual and direct expenses incurred in conducting approved Fund business. There are no other payments promised or contemplated.

50. If any employment agreements with officers, directors, key personnel or Promoters exist or are contemplated, please describe:

No employment agreements with officers, directors, key personnel or Promoters exist, nor are any contemplated.

51. Give details of all business or personal interests that the officers, directors, key Personnel, Promoters or principal security holders of the Issuer may have

which could conflict with the interests of the Issuer even if it is described in answers to other questions. If there are none state: “The officers, directors, key personnel, Promoters and principal security holders of the Issuer do not have any business or personal interests that could conflict with the interests of the Issuer”.

The officers, directors, key personnel, Promoters and principal security holders of the Issuer do not have any business or personal interests that could conflict with the interests of the Issuer.

LITIGATION

52. Describe any past, current, pending or threatened litigation or administrative action which has had or may have a material effect upon the Issuer’s business, financial condition or operations. State the name of the court or tribunal, the names of the principal parties, the date any proceedings were started, the nature and current status of the proceedings and amounts involved.

Include any litigation or action involving the Issuer’s Promoters, officers, directors or other key personnel which relates to or has or could affect the Issuer.

Give an evaluation by management or counsel, to the extent feasible, of the merits of the proceedings or litigation and the potential impact on the Issuer’s business, financial condition or operations.

Early December, both La Résidence Acadienne Co-operative (Issuer) and La Caisse Populaire Acadienne (Trustee), received a letter from Mr. Scott Peacock, The Deputy Director of Compliance and Enforcement for the Nova Scotia Securities Commission, stating that there had been a failure to comply with the conditions of closing for the initial offering and that an investigation file was opened and is pending.

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 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.

Except as set out herein, if a Subscriber fails to hold the Shares for 4 years after their issue, then all Credits earned in relation to the subscription for such Shares must be repaid. The requirements 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.

There may be significant income tax consequences to individuals who are residents of Canada under the Income Tax and the Equity Tax Credit 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.

Availability of Tax Credits:

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

Availability of Province of Nova Scotia guarantee under Section 13A of the *Equity Tax Credit Act*:

The guarantee will apply to all areas of the Province with the exception of the former municipal units of Halifax, Dartmouth, Bedford and Sackville.

Repayment of Tax Credits:

The shares purchased under this program must be held by the purchaser for a period of not less than 4 years. If they are not held for this period the individual will have to repay the tax credits previously claimed.

[No professional advisors were involved in the preparation of the answer to item 53.]

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. (Verbal Contracts may be difficult to enforce.)

Date	Description
	La Résidence Acadienne Co-operative signed contracts with: Co-op Atlantic Engineering Department (Avide) on December 11 th , 2003 Gaudet Building Contractors on June 25 th , 2004 Assumption Life on June 1 st , 2004. These contracts will be included with this 2 nd Offering.

La Résidnece Acadienne Co-operative also signed agreements with:
The Catholic Episcopal Corporation of Antigonish for a Warranty Deed on January 27th, 2004 and for an Easement Agreement on April 21st, 2004
The Assumption Mutual Life Insurance Company for an Indenture, on July 8th, 2004 and for a Personal Property Security Act and General Security Agreement on July 9th, 2004

A Shareholders Agreement was signed between the tenants and La Résidence Acadienne Co-operative but is in the process of being amended to reflect the changes made to the Constitution and By-laws.

A written letter of intent to act as trustee for the issue of shares under this Offering by the Board of Directors has been received from Mr. Denis Larade, Manager, Acadian Credit Union.

All other material contracts and agreements are available for inspection at Le Conseil Coopératif Acadien office, at any time prior to the close of this Offer. They can also be faxed. The phone number of Le Conseil Coopératif Acadien office is (902) 224-1952. The mailing address is P.O.Box 667, Chéticamp, N.S., B0E 1H0. The civic address : 15359 Cabot Trail Road, Chéticamp, N.S.

Under the heading "Description", include details as to the parties to the contract, what the contract is for and the important terms of the contract. Please state a time and place at which those material contracts or copies thereof may be inspected during the distribution of the Shares.

FINANCIAL STATEMENTS

55. Unaudited financial statements for the period **January 1st 2004 to October 31st, 2004** are also attached and which form part of this document.

CONTINUOUS REPORTING OBLIGATIONS

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

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 four 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 the terms of the *Community Economic-Development Corporations Regulations*, 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 such trade is made in accordance with subsection 77(5) of the Act as if the Shares were acquired under clause 77(1)(p) of the Act unless the trade is made:

- i to the Issuer;
- ii to a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse or to the spouse of the Security holder;
- iii from a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse to the Security holder;
- iv 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
- v 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 Cheticamp N.S. this 7th day of February, 2005

[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

.....
Eric Chiasson, Promoter

.....
Laurette Deveau, Promoter

.....
Julia Deveau, Promoter

.....
Shirley Deveau, Director

.....
David Aucoin, Director

.....
Hector Lelièvre, Chief Financial Officer

.....
Wilfred Aucoin, Chief Executive Officer