

# Whycocomagh Investment Co-operative Limited

## **Offering Document**

(Pursuant to the Community Economic – Development Corporations Regulations)

Form 1  
**Offering Document**

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

**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 **Whycomagh Investment Co-operative Limited**;
9. “Investee Corporation” means **Whycomagh Co-operative Limited**, 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 having a **par value of \$1,000** that may attract a 30% tax credit against provincial taxes payable and potentially subsequent tax credits if certain conditions are met and the shares are held for an extended period of time. For the 20% tax credit, shares must be held until 10 years from the date of purchase of the shares and for the 10% tax credit shares must be held for 15 years from the date of purchase of the shares. Failure to hold shares for the required time period except in certain circumstances will necessitate repayment of the applicable tax credit.
15. “Subsequent tax credits” means tax credits 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.

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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 **8**.

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 **21** 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 **42**.

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 65 pages.

### **THE OFFERING**

1. The Shares being offered are:

**Fully paid, newly issued voting common shares that are non-redeemable, non-convertible, non-retractable and not restricted in profit sharing or participation upon dissolution; the price per share is \$1,000.**

**The minimum share purchase under this Offering is 1 share for a total cost of \$1,000.**

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: **Six hundred & sixty (660)**
4. Total proceeds if maximum sold: **Six hundred & sixty thousand dollars (\$660,000)**
5. Minimum number of Shares offered: **One hundred & fifty (150)**
6. Total proceeds if minimum sold: **One hundred & fifty thousand dollars (\$150,000)**
7. Reasons for the selection of the minimum number of Shares offered:

**The Minimum number of shares being offered is 150 which would generate total proceeds of \$150,000. If only the Minimum shares are sold, the cost of the share issue estimated at \$25,000 would be paid first, leaving approximately \$125,000 available for the project. The net minimum funds of \$125,000 would be invested by the Issuer into the Investee to acquire the land necessary for the future expansion and to retire existing co-op debt.**

8. Minimum number of investors required: **Twenty-five persons (25)**
  
9. Total estimated costs of the Offering:  
  
**Minimum (\$25,000)**  
**Maximum (\$25,000) (See Section 27 for further details)**

## **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)** Preliminary estimates supplied by Co-op Atlantic indicate the co-op store modernization and expansion plan will cost approximately \$600,000. If the Offering does not achieve the maximum of \$660,000, the project may be delayed or fail unless the Investee is successful in arranging a commercial bank loan to finance the balance required. To date there have been financing discussions with senior officials of East Coast Credit Union however no commitments of financing to complete the entire project from the Credit Union or from any commercial lender for the expansion project have been received. The absence of additional capital to fund the entire project (\$660,000) may in the long run **result in the loss of the entire investment by investors.**

**(b)** The Investee, Whycocomagh Co-operative Limited, established operations as a retail grocery store in the 1930's at Whycocomagh, Inverness County and has operated consecutively since that time. The most substantial risk would be the event where a national competitor entered the marketplace covered by Whycocomagh Co-operative Limited with a new modern grocery store. This could reduce Whycocomagh Co-op's customer base and profitability.

**(c)** The Investment made by the Fund, into Whycocomagh Co-operative Limited, will have returns which are directly attributable to the performance of Whycocomagh Co-

operative Limited. Risk associated with an economic downturn in the community is real and must be factored into the decision. Therefore decisions that were prudent at the time of investment may not prove profitable over the term they are maintained.

**(d)** Some directors, officers, promoters and selling agents of the Issuer have a close relationship with the Investee. This relationship gives rise to conflicts of interest and a lack of independence that may influence investment decisions between the Issuer and the Investee. Please refer to Item # 51 for further details.

**(e)** There are limited opportunities for exiting the Fund, i.e. liquidity risk. The reader is instructed to refer to Section 57 for a full disclosure of the limited options for the resale of these securities.

**(f)** Construction costs are a major element of the proposed project. Major cost overruns could jeopardize the feasibility of the enterprise.

**(g)** 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).

**(h)** 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.

**(i)** 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.

**(j)** There are restrictions on the resale of the Shares. See item 57 for details.

**(k)** 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.

**(l)** 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.

**(m)** Tax laws frequently change.

**(o) IF THE OFFERING FAILS TO MEET THE MINIMUM INITIAL CLOSING CONDITIONS AS PER ITEM #16 AND CLOSE BY 29-02-08, AS STATED IN ITEM #17, INVESTORS WILL NOT HAVE TIME TO ARRANGE ALTERNATE RRSP ELIGIBLE CONTRIBUTIONS FOR THE 2007 TAXATION YEAR.**

**(p) 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.**

## **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>
Marilyn MacDonald	1811 Route 395 Whycocomagh NS B0E 3M0	902-756-9035	n/a
Terry Whalley	20 Maple Dr., Orangedale N.S. B0E 2K0	902-756-2979	n/a
Margaret Ellis	RR # 1 River Deny's N.S. B0E 2Y0	902-756-2605	n/a
Jason Rouse	P.O. Box 447 Whycocomagh NS B0E 3M0	902-756-2000	902-756-3469

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

<b>Name</b>	<b>Address</b>	<b>Business Phone #</b>	<b>Fax #</b>
Melanie Hart	15 Johnson Lane Whycocomagh NS B0E 3M0	902-756-2000	902-756-3469
William MacKinnon	P.O. Box 96 Whycocomagh NS B0E 3M0	902-756-3011	902-756-3540
Earl Johnstone	RR # 1 River Deny's NS B0E 2Y0	902-756-2752	902-756-3429
Clarence MacLennan	7493 Hwy. 105, Blues Mills NS B0E 2Y0	902-756-2498	n/a

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

**No cash, securities, contracts, or other consideration of any kind will be paid.**

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

**The Issuer will 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 Issuer's selling agents and finders are also directors. No additional selling agents or Finders have been identified.**

**Earl Johnstone is a director of the Issuer and is President of the Investee.**

**Margaret Ellis is a director of the Issuer and is a director of the Investee.**

**Melanie Hart is a director of the Issuer and is Manager of the Investee.**

**Jason Rouse is a director of the Issuer and is Assistant Manager of the Investee.**

**Terrance Whalley is a director of the Issuer and provides accounting services to the Investee.**

**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.

**Initial public meeting and /or private meeting followed by provision of this offering document to prospective investors. Investor will forward payment by means of a cheque or money order (cash is not acceptable) to the Issuer, or its lawyer, payable to East Coast Credit Union, to be held in trust until the closing.**

15. The subscription funds will be held in trust by **East Coast Credit Union (Baddeck Branch)** 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 \$150,000;
- (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 including (1) a non-objection letter issued by the Nova Scotia Securities Commission and not subsequently revoked and (2) that the Equity Tax Certificate has not been revoked by the Minister of Finance;
- (d) all subscription funds must be in the possession of the Trustee at the time of initial closing;
- (e) additional conditions of the initial closing are:
  - (i) A minimum of 25 shareholders having subscribed (per #8)

17. The minimum offering amount and all other conditions of the initial closing must be achieved on or before **29/02/2008** (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.
  - (iii) all subscription funds must be in the possession of the Trustee at the time of each subsequent closing.
  - (iv) the Equity Tax Credit Certificate has not lapsed or been revoked by the Minister of Finance.
  - (v) the non-objection letter issued by the Nova Scotia Securities Commission has not been revoked.

## THE ISSUER

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

Name of CEDIF: **Whycomomagh Investment Co-operative Limited**

Jurisdiction and Date of Incorporation	Nova Scotia – Incorporated November 16, 2007
Address of Registered Office	9402 Highway 105, Whycomomagh NS. B0E 3M0
Address of Principal Business Address	9402 Highway 105, Whycomomagh NS. B0E 3M0
Issuer's Telephone Number	902-756-2000
Issuer's Fax Number	902-756-3469
Contact Person at Issuer with Respect to the Offering	Marilyn MacDonald
Telephone Number of Contact Person (if different number from above)	902-756-9035
Fiscal Year End (month/day)	April 30 <sup>th</sup>

## 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.

**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.**

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 (BLIND POOLS)**

**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.

- (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.

**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. 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

**Whycocomagh Investment Co-operative Limited (“the Issuer”) will be investing all of the proceeds raised (net of expenses – see Section 27) into Whycocomagh Co-operative Limited (“the Investee”). Whycocomagh Co-operative Limited was incorporated May 6, 1938 and commenced retail operations shortly afterward. The business has operated continuously since establishment in 1938. The Co-op serves the immediate communities of Whycocomagh and Wacobah First Nation and surrounding communities of River Denys, Lake Ainslie, Scotsville, Aberdeen, Blue Mills, and Orangedale. The co-op retails groceries, baked goods and general merchandise and also retails liquor through a liquor agency agreement with Nova Scotia Liquor Corporation.**

**Whycocomagh Co-operative Ltd. (the Investee) has 664 members of which 524 are considered active (> \$500 purchases per year). Whycocomagh Co-op is a member of Co-op Atlantic and is able to utilize the marketing and buying power of Co-op Atlantic while being owned by its members in the community.**

**The existing retail facility is considered too small to meet the needs of its members. The present facility totals approximately 4500 sq. ft. of which approximately 2,400 sq. ft. is devoted to retail selling space. The existing store aisles are quite narrow making it difficult for shoppers to manoeuvre their carts and challenging for store employees to effectively display merchandise. The result is lost sales and an unsatisfactory shopping experience. The proposed 4,200 sq.ft. building expansion will add an additional 3,200 sq. ft. of retail selling space creating total retail selling space of 5,600 sq. ft. The expanded size of the store together with a new interior design, new merchandize displays, new shopping carts etc. should lead to expanded sales and increased member satisfaction.**

- (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.

**If the Issuer is successful with the Offering and achieves the Maximum of \$660,000, the funds net of estimated Share Offering Costs of \$25,000 (see Section 27 – USE OF PROCEEDS) will be invested into Whycocomagh Co-**

operative Ltd. (the Investee) who will use the net \$635,000 proceeds as follows:

Purchase Land adjoining present site:	\$ 35,000
Building & Equip. Modernization & Expansion:	<u>600,000</u>
Total	\$ 635,000

Expansion & modernization of the co-op retail store will begin in the Spring and will last approximately 6 weeks. The existing facility would remain open during construction and only close for 2 to 3 days at the end of the construction phase to complete the interior design and lay-out, painting, and merchandising of the expanded premises.

The costs to complete the store expansion and modernization are estimated at approximately \$635,000 including land acquisition of \$35,000 (See Section 54 Material Contracts). If the Issuer is successful in raising the Maximum through the share Offering, the Investee will be able to complete the expansion as scheduled without the need of alternate financing arrangements. If the share Offering by the Issuer falls short of achieving the \$660,000 Maximum but is successful in achieving the \$150,000 Minimum, the Investee will need to access alternate financing to complete the project. To date there have been discussions with senior officials of East Coast Credit Union however no commitments of financing to complete the entire project from the Credit Union or from any commercial lender for the expansion project have been received. The absence of additional capital to fund the entire project (\$660,000) may in the long run result in the loss of the entire investment by investors. If the Investee is not successful in negotiating alternative financing arrangements the expansion/modernization project will be delayed.

It is recognized that at least 40% of the funds raised through the Offering have to be invested by the Issuer within 12 months of the Offering Closing date to comply with Equity Tax Act Regulations. The Boards of Directors of the Issuer and Investee are in agreement that if financing to complete the expansion / modernization project is not in place by June 30th 2008, a general meeting of the shareholders of the Issuer will be held to decide for what purposes the funds raised from the CEDIF Issue will be used by the Investee.

- (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.

**The Investee has successfully and continually operated as a retail consumer co-operative from owned facilities in the community of Whycomomagh NS since 1938. The Co-op serves the immediate communities of Whycomomagh and Wacobah First Nation and surrounding communities of River Denys, Lake Ainslie, Scottsville, Aberdeen, Blue Mills, and Orangdale. The population of the market area referred to by Statistics Canada as Inverness Subdivision "B" totalled approximately 5,400 in 2006.**

**The co-op retails groceries, baked goods and general merchandise and also retails liquor through a liquor agency agreement with Nova Scotia Liquor Corporation. Community grocery stores located at the fringe of the Investee's market catchment area include a co-op grocery store located at Baddeck approx 30 km away, a co-op grocery store located at Inverness approximately 30K away, and a Freshmart grocery store located at Mabou approximately 30 km away. Large "super market" size grocery stores owned by Sobeys and Atlantic Superstore are located at Port Hawkesbury approximately 50 kilometers away.**

- (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.

**The Investee is subject to regulation by provincial health & safety inspectors and municipal by-law enforcement . The Investee also holds a liquor agency agreement with Nova Scotia Liquor Corporation. The effect on the issuer would only be adverse if serious deficiencies or violations of regulations were incurred by the Investee which negatively impacted on operations.**

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*. **(BLIND POOLS)**

**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.**

- (a) Set out restrictions on investments 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 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; Par value \$1,000; Non-redeemable; Non-convertible; Non-Retractable; Not restricted in profit sharing; Not restricted in 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 2008-01-01	Total \$Value and # Outstanding at Initial Closing @ Minimum @ Maximum
[Loans/ Other Indebtedness]	\$0	\$0	\$0
[Preferred Shares]	\$0	\$0	\$0
[Common Shares]	Unlimited	\$7,000 (7 shares @ \$1,000 each)*	Min. \$150,000 at Closing Min. 150 Shares at Closing  Max. \$660,000 at Closing Max. 660 shares at Closing
[Retained Earnings]	\$0	\$0	\$0
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

\*Seven shares have been issued for \$7,000 as subscriptions receivable. These shares were subscribed for the purposes of incorporating Whycomagh Investment Co-operative Limited. These seven shares along with the \$7,000 in subscriptions receivable noted above will be cancelled and reissued at the date of Offering Closing.

## 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>	<b>\$150,000</b>	<b>100.0%</b>	<b>\$660,000</b>	<b>100.0%</b>
Less:				
Offering Expense(a)	15,000	10.0%	15,000	2.2%
Legal & Accounting	5,000	3.3%	5,000	.8%
Copying & Other Expenses	5,000	3.3%	5,000	.8%
Total Cost of Offering	\$ 25,000	16.7%	\$ 25,000	3.8%
Net Proceeds from Offering	\$125,000	100%	\$635,000	100%
<b>Use of Net Proceeds</b>				
Investments (b)	\$125,000	100%	\$635,000	100%
<b>Total Use of Net Proceeds</b>	<b>\$125,000</b>	<b>100%</b>	<b>\$635,000</b>	<b>100%</b>

(a) Professional Services Contract with Nova Scotia Co-operative Council to prepare CEDIF Offering Document and related services.

(b) Issuer will loan net proceeds of Offering to Investee on a subordinated debt basis. Interest rate on the subordinated loan shall be 6%. There will be no scheduled principal repayments to the Issuer by the Investee for the first 36 months. Interest payments will be made by the Investee to the Issuer on a monthly basis.

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

The Minimum number of shares being offered is 150 which would generate total proceeds of \$150,000. If only the Minimum shares are sold, the cost of the share issue estimated at \$25,000 would be paid first, leaving \$125,000 available for the expansion project. If the Investee was unable to arrange the balance of funds to complete the modernization / expansion project, the project would be delayed. **(To date there have been financing discussions with senior officials of East Coast Credit Union however no commitments of financing to complete the entire project from the Credit Union or from any commercial lender for the expansion project have been received.)**

In this case, the net minimum funds of \$125,000 would still be loaned by the Issuer to the Investee. The loan would be made on a on a subordinated debt basis. The Issuer would charge an interest rate of 6%. There would be no principal repayment due on the loan for the first three years following successful closing.

The Investee's first priority is to acquire the land located adjacent to the co-operative required for expansion purposes. The cost of this land is \$35,000 (See Section 54 Material Contracts).

The Investee's next priority may be to retire a commercial loan owed to BDC who have a first mortgage on the property. The balance owed is approximately \$60,000. The interest rate charged on this loan is approx 9%. The remaining proceeds of \$30,000 could be applied against a loan owing to Co-op Atlantic or be used for initial site development work.

The Boards of Directors of the Issuer and Investee are in agreement that if financing to complete the expansion / modernization project is not in place by June 30th 2008, a general meeting of the shareholders of the Issuer will be held to determine for what purposes the funds raised from the CEDIF Issue will be used by the Investee.

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 goal of the CEDIF Offering is to raise \$635,000 net of Offering Costs to Invest into Whycomagh Co-operative Limited (Investee). If the Offering successfully achieves this goal, there will be no need for other financing.**

**If the Offering successfully closes and reaches the Minimum of \$150,000 but falls short of the Maximum of \$660,000, the Issuer will loan the net proceeds of the Offering to the Investee. The priority will be to complete the project in entirety as early as possible. In that regard, the Investee will seek to finance any project shortfall by way**

of a commercial loan from a conventional lending organization. The Investee has not applied for nor received any financing commitments for the store expansion to date.

If the Investee is not successful in obtaining a commercial loan to cover any possible financing shortfall, the construction / modernization component of the project will be delayed. To date there have been financing discussions with senior officials of East Coast Credit Union however no commitments of financing to complete the entire project from the Credit Union or from any commercial lender for the expansion project have been received. The Investee will use the net proceeds loaned by the Issuer to purchase a parcel of land adjacent to the retail store required for the expansion. The land is considered essential for future expansion purposes. An agreement has been negotiated to acquire the property for \$35,000 (please see section 54 Material Contracts)

The Boards of Directors of the Issuer and Investee are in agreement that if financing to complete the expansion / modernization project is not in place by June 30th 2008, a general meeting of the shareholders of the Issuer will be held to determine for what purposes the funds raised from the CEDIF Issue could best be used by the Investee that would move toward the goal of store modernization without jeopardizing the viability of the Investee.

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 in breach of any note, loan, lease or any other indebtedness or financing arrangement requiring the Issuer to make payments.**

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.

**If the Offering does not achieve the \$660,000 maximum and if the Investee is not successful in arranging alternate financing to complete the project, the expansion / modernization component of the project will be delayed. The Boards of Directors of the Issuer and Investee are in agreement that if financing to complete the expansion / modernization project is not in place by June 30th 2008, a general meeting of the shareholders of the Issuer will be held to determine for what purposes the funds raised from the CEDIF Issue could best be used by the Investee that would move toward the goal of the co-op store modernization without jeopardizing the viability of the Investee.**

**The Issuer may consider raising additional funds by way of a second Offering if required by the Investee to complete the modernization project.**

## **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*.

**No Future Oriented Financial Information for the Issuer or the Investee will be provided.**

## **DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS**

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

**It is the intention of the Board of Directors of Whycomomagh Investment Co-operative Limited to declare an annual dividend within 120 days of its fiscal year-end pending the following:**

1. The financial capacity of the investment co-operative to do so.
2. The financial performance of the Investee (Whycomomagh Co-operative Limited).
3. Compliance with all Co-operative Act requirements.

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



**Five hours per week.**

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Name: **Earl Johnstone**

Business street address: **RR # 1 River Deny's NS, B0E 2Y0**

Business telephone number: **(902) – 756-2752**

Business fax number: **(902) – 756-3429**

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

**Mr. Johnstone has been self employed for the past 20 years as owner and operator of Strait Forming Limited which provides commercial and residential construction services in Cape Breton and Eastern Nova Scotia.**

Education (degrees, schools and dates):

**1972 – Provincial and Inter-Provincial Red Seal Carpentry Certification.**

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

**Mr. Johnstone has served as President of Whycocomagh Co-operative Ltd from 2003 to the present. He has been a volunteer director with Whycocomagh Development Commission for the past 6 years. Mr. Johnstone has been actively involved with the Whycocomagh Lions Club in various positions for the past 30 years and remains an active volunteer with Whycocomagh Minor Hockey Association.**

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Name: **Melanie Hart**

Business street address: **9402 Highway 105, Whycocomagh NS, B0E 3M0**

Business telephone number: **(902) – 756-2000**

Business fax number: **(902) – 756-3469**

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

**1998/2007 - Employed as Manager of Whycocomagh Co-operative Ltd.**

**1993/1998 - Employed as Head Cashier and Produce Manager of Whycocomagh Co-operative Limited**

Education (degrees, schools and dates):

**1991 – Grade 12 High School Diploma – Whycomomagh Consolidated High School.**

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

**-While serving as Manager of Whycomomagh Co-operative Ltd., was actively involved with the relocation of grocery store to its present location in 2005.**

**-Member of Finance Committee for Stewart United Church.**

**-Active volunteer with Whycomomagh Minor Hockey Association.**

## **OFFICERS OF THE ISSUER**

36. The officers of the Issuer are:

**President: Marilyn MacDonald**

Business street address: **1811 Route 395 Whycomomagh NS, B0E 3M0**

Business telephone number: **(902)-756-9035**

Business fax number: **N/A**

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

**Self- employed:**

**1. Owner / manager of Whycomomagh Bayside Garden Centre which opened 2004.**

**2. Owner of Herbs Plus – Growing and adding value to herbs. Business has been in operation since 1996.**

Education (degrees, schools and dates):

**1974 – College of Cape Breton – Secretarial Science Diploma including accounting and computer courses.**

**1982 – Nova Scotia Master Hairdressing License.**

**Presently enrolled in a 6 module certificate course from University of Guelph entitled “Growing Plants for Profit”.**

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

**- Founding Director of Cape Breton West Wind Field CEDIF established in 2002.**

**- Served as a Director of Whycomomagh Co-op for six years from 1995 to 2001.**

**- Presently volunteer as leader for local scout troop.**

Also a director of the Issuer [ x ] Yes [ ] No

Indicate amount of time to be spent on Issuer's matters if less than full time:  
**Five hours per week**

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**Vice-President: Jason Rouse**

Business street address: **9402 Highway 105, Whycomomagh NS, B0E 3M0**

Business telephone number: **(902) – 756-2000**

Business fax number: **(902) – 756-3469**

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

**2003-2007 – Employed with Whycomomagh Co-op Grocery Store as Assistant Manager**

**1998- 2003 – Employed for Sobeys as Meat Cutter**

Education (degrees, schools and dates):

**1991 – Grade 12, Whycomomagh Consolidated High School**

**1992 - Nova Scotia Community College, Port Hawkesbury - Construction /Electrical Program.**

Nature of projects during the last five years if not described immediately above:  
**- Volunteer leader for local cub-scout troop.**

Also a director of the Issuer [ x ] Yes [ ] No

Indicate amount of time to be spent on Issuer's matters if less than full time:  
**Five hours per week**

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**Secretary: Margaret Ellis**

Business street address: **RR # 1 River Denys NS, B0E 2Y0**

Business telephone number: **(902)-756-2605**

Business fax number: **N/A**

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

**Employed as Environmental Manager for MacLeod Group at Port Hawkesbury Nursing Home. Major job responsibilities include overseeing laundry services and building maintenance departments. Position requirements include preparation of department budgets, hiring and scheduling staff, and inventory control. Also serve as fire warden and Chair for OHS committee for the nursing home and conduct WHMIS in-services for staff.**

Education (degrees, schools and dates):

**1974 – Graduated from Whycomomagh Consolidated High School**

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

**2006 - Present - Volunteer director with Whycomomagh Co-op Ltd.**

**1997 - 2003 – Volunteer Director with Whycomomagh Co-op Ltd.**

Also a director of the Issuer [  ] Yes [  ] No

Indicate amount of time to be spent on Issuer's matters if less than full time:

**Five hours per week**

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**Treasurer: Terrence Whalley**

Business street address: **20 Maple Drive. Orangedale Inv. Co. B0A 2K0**

Business telephone number: **(902)-951-0375**

Business fax number: **(902)-756-2979**

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

**Self- employed providing accounting and income tax preparation services for small businesses and individuals for past twenty years.**

Education (degrees, schools and dates):

**1973 – Musquodoboit Rural High School – Grade 12**

**1977 – Dalhousie University – Bachelor of Commerce**

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

**2007 - Present - Served as Chair of Orangedale Water Society, a non profit organization established to represent community needs and interests in development of a safe and secure water supply.**

**2005 – Present – Treasurer of L'Arche Society of Cape Breton.**

**2006 – Present - Project co-ordinator for the development of a \$600,000 expansion to restoration of community museum**

Also a director of the Issuer [  ] Yes [  ] No

Indicate amount of time to be spent on Issuer's matters if less than full time:  
**Five hours per week**

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## **DIRECTORS OF THE ISSUER**

37. There are **8** directors of the Issuer, six of which must come from the community. Two independent directors are William MacKinnon and Clarence MacLennan
38. Information concerning each director of the Issuer, other than those already listed under the heading "Officers of the Issuer" are:

Name: **Earl Johnstone**

Business street address: **RR # 1 River Deny's NS, B0E 2Y0**

Business telephone number: **( 902 ) – 756-2752**

Business fax number: **( 902 ) – 756-3429**

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

**Mr. Johnstone has been self employed for the past 20 years as the owner and operator of Strait Forming Limited which provides commercial and residential construction services in Cape Breton and Eastern Nova Scotia.**

Education (degrees, schools and dates):

**1972 – Provincial and Inter-Provincial Red Seal Carpentry Certification.**

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

**Mr. Johnstone has served as President of Whycomomagh Co-operative Ltd from 2003 to the present. He has been a volunteer director with Whycomomagh Development Commission for the past 6 years. Mr. Johnstone has been actively involved with the Whycomomagh Lions Club in various positions for the past 30 years and remains an active volunteer with Whycomomagh Minor Hockey Association.**

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Name: **William MacKinnon**

Business Street Address: **P.O. Box 96 Whycomomagh NS, B0E 3M0**

Business Telephone Number: **(902)-756-3011**

Business Fax Number: **(902)-756-3540**

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

**Mr. MacKinnon retired from a lengthy career in the forest industry in 1994. He is employed on a part-time basis as a mail courier.**

Education:

**1986 - Grade 12 Equivalency, NS Dept of Education**

**1992 – Supervisory Management Program, University of New Brunswick**

Nature of Projects During Last 5 Years if not Described Immediately Above:

**Mr. MacKinnon has served as a Director of InRich Development Corporation Ltd. since 1987 and served as its Board Chair from June 2005 to June 2007 (InRich Development Corporation Ltd is a community business development corporation that provides business loans and management advice to small businesses in Inverness and Richmond Counties of Cape Breton Island). Mr. Mackinnon is a past Director and President of Whycomomagh Co-operative Limited and has been Trustee of Stewart United Church for the past 20 years.**

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Name: **Melanie Hart**

Business street address: **9402 Highway 105, Whycomomagh NS, B0E 3M0**

Business telephone number: **(902) – 756-2000**

Business fax number: **( 902) – 756-3469**

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

**1998/2007 - Employed as Manager of Whycomomagh Co-operative Ltd.**

**1993/1998 - Employed as Head Cashier and Produce Manager of Whycomomagh Co-operative Limited**

Education (degrees, schools and dates):

**1991 – Grade 12 High School Diploma – Whycomomagh Consolidated.**

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

**-While serving as Manager of Whycomomagh Co-operative Ltd., was actively involved with the relocation of grocery store to its present location in 2005.**

**-Member of Finance Committee for Stewart United Church.**

**-Active volunteer with Whycomomagh Minor Hockey Association.**

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Name: Clarence MacLennan

Business street address: 7493 Highway 105, Blue Mills NS B0E 2Y0

Business telephone number: **(902) – 756-2498**

Business fax number: **N/A**

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

**- Retired from Department of Indian Affairs in 2002 as Manager, Nfld. Affairs.**

**- Employed on a contractual basis with Department of Indian Affairs for special projects during 2003 and 2004.**

Education (degrees, schools and dates):

**1969 – Bachelor of Arts from St. Francis Xavier University**

**1970 – Bachelor of Education from St. Francis Xavier University**

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

**-Blue Mills Volunteer Fire Department – Treasurer**

**-River Denys Cemetery Committee – Vice President**

**-Gaelic Language Support Group – Chairperson**

**-Nova Scotia Gaelic Council – Board Member**

**-Whycomomagh & Area Historical Society – Member**

**-Stewards of River Denys Basin - Member**

## 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:

**Persons considered key to the success of this Offering include Marilyn MacDonald, President and Director of Issuer; Earl Johnstone, Director of Issuer and President of Investee; and Melanie Hart, Director of Issuer and Manager of Investee.**

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. The individuals listed as provisional directors have made personal and oral commitments to the Issuer, and to each other, to work with this Issuer until the first meeting of Shareholders occurs within 60 days of the Offering closing date wherein a permanent Board of Directors will be elected. Verbal agreements 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: N/A

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.

**Marilyn MacDonald is currently self employed as follows:**

**1. Owner / manager of Whycocomagh Bayside Garden Centre which opened 2004.**

**2. Owner of Herbs Plus – Growing and adding value to herbs. Business has been in operation since 1996.**

**Terry Whalley has been self-employed providing accounting and income tax preparation services for small businesses and individuals for the past twenty years.**

**Earl Johnstone has been self employed for the past 20 years as owner and operator of Strait Forming Limited which provides commercial and residential construction services in Cape Breton and Eastern Nova Scotia**

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 Issuers Key Personnel are not employees, consultants or independent contractors of the Issuer. They are volunteer provisional directors. The Investee, Whycomagh Co-operative Limited, has contracted with Nova Scotia Co-operative Council to assist in preparing the Offering Document and related services. Please refer to Question 54 "Material Contracts" for additional information**

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 persons, or any such partnership in which any 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.

**The seven issued shares of Whycomagh Investment Co-operative Ltd. were subscribed by the provisional directors for the purpose of legally incorporating the co-operative and will be cancelled at the Offering Closing. The shares subscribed for are as follows:**

**Marilyn MacDonald – 1 share for \$1,000**

**Melanie Hart – 1 share for \$1,000**

**Jason Rouse – 1 share for \$1,000**

**Earl Johnstone – 1 share for \$1,000**

**William MacKinnon – 1 share for \$1,000**

**Terry Whalley – 1 share for \$1,000**

**Margaret Ellis – 1 share for \$1,000**

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

Before Offering: 7 shares (100% of total outstanding)

After Offering: (a) assuming minimum securities sold 7 shares  
(4.7% of total outstanding)

(b) assuming maximum securities sold 7 shares  
(1.1 % 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, key personnel, promoters or principal security holders 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 any 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 Issuer, employment contracts, or share, option or other purchase contracts, etc.) State the principal terms of any significant loans, agreements, leases, financing or other arrangements.

**The Issuer has not given loans nor has it received loans, nor is it contemplated in the future from any officer, director, key personnel, promoter, security holder, or from or to any relative or entity controlled by any of the foregoing.**

**Two members of the provisional board of directors namely Earl Johnstone and Margaret Ellis are also members of the Board of Directors of the Investee. Two members of the provisional board of directors namely Melanie Hart and Jason Rouse are also senior employees of the Investee. One member of the provisional board of directors namely Terrance Whalley also provides accounting services to the Investee. If elected to the permanent board at the 1<sup>st</sup> shareholders meeting to be held within 60 days of successful closing of the Offering, this makes the "Issuer" and the "Investee" closely associated and readers are cautioned that a conflict of interest may exist in future negotiations concerning dividend rate agreements and loan agreements between the Issuer and the Investee.**

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.

**No such payments have been made to any officers, directors, key personnel and Promoters of the Issue.**

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, or are 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.

**The officers, directors, key personnel, promoters, and principal security holders of the Issuer do not have any business or personal interests, other than those already described and summarized below that could conflict with the interests of the Issuer.**  
**-Earl Johnstone is a Director and Promoter of the Issuer and also serves as President of the Investee.**  
**-Margaret Ellis is a Director and Officer of the Issuer and also serves as a Director of the Investee.**  
**-Melanie Hart is a Director and Promoter of the Issuer and is also employed as**

**Manager of the Investee.**

- Jason Rouse is a Director and Vice President of the Issuer and is also employed as Assistant Manager of the Investee.

-Terrance Whalley is a Director and Treasurer of the Issuer and also provides accounting services to the Investee.

## **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.

**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 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 5 years after their issue, then all Credits earned in relation to the subscription for such Shares must be repaid. For any shares which subsequent tax credits are issued, the shares must be held for an additional period of time to avoid repaying these tax credits, please see item #14 in the glossary. The requirements to repay the Credits do 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.

### **Repayment of Tax Credits:**

The shares purchased under this program must be held by the purchaser for a period of not less than 5 years. If they are not held for this period the individual will have to repay the tax credits previously claimed. For any shares which subsequent tax credits are issued, the shares must be held for an additional period of time to avoid repaying these tax credits, please see item #14 in the glossary.

[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.)

<b>Date</b>	<b>Name of Contract</b>	<b>Description</b>
Jan. / 08	Trustee Agreement	Trustee Agreement between Issuer & East Coast Credit Union
Dec. / 07	Purchase & Sale Agreement	Purchase & Sale Agreement between Investee and Ian & Shirley MacKeigan & I.R. MacKeigan Pharmacy Ltd. to acquire land adjacent to co-op store necessary for proposed expansion.
Jan. / 08	Investment Agreement	Agreement in principle between Issuer and Investee whereby Issuer agrees to lend net proceeds of Offering to Investee. Annual interest rate to be charged is 6%.
Nov. / 07	Professional Services Contract	A contract exists between Nova Scotia Co-op Council and Whycomomagh Co-operative Limited whereby Nova Scotia Co-op Council will assist with services related to Incorporation of Whycomomagh Investment Co-operative Limited, development of Offering Document and other services related to the Offering

**Copies of Material Contracts are available for viewing at the Manager's Office of Whycomomagh Co-operative Limited, 9402 Highway 105, Whycomomagh, N.S.**

## FINANCIAL STATEMENTS

55. The Issuer has no prior operating history. The opening Balance Sheet of the Issuer as of November 16<sup>th</sup>, 2007 together with an attached Review Engagement Report are attached and which form part of this document.

Annual "Notice to Reader" Financial Statements of the Investee for the period ending April 28<sup>th</sup>, 2007 are attached and which form part of this document.

Interim comparative management statements for the period April 29<sup>th</sup>/07 to Nov. 10/07 prepared by Co-op Atlantic are attached and which form part of this agreement.

## 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 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 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** \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
**Marilyn MacDonald – President & Chief Executive Officer/Director/Promoter/Seller**

\_\_\_\_\_  
**Terry Whalley – Treasurer & Chief Financial Officer/Director/Seller**

\_\_\_\_\_  
**Jason Rouse – Vice President/Director/Seller**

\_\_\_\_\_  
**Margaret Ellis – Secretary/Director/Seller**

\_\_\_\_\_  
**Melanie Hart – Director/Promoter**

\_\_\_\_\_  
**William MacKinnon – Director**

\_\_\_\_\_  
**Earl Johnstone – Director/Promoter**

\_\_\_\_\_  
**Clarence MacLennan - Director**

**[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.]**

## **List of Appendices**

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|-------------------|--|
| <b>Appendix A</b> | <b>Opening Balance Sheet of Issuer – Nov. 16, 2007</b>                             |
| <b>Appendix B</b> | <b>Year End Financial Statement of Investee - April 28, 2007</b>                   |
| <b>Appendix C</b> | <b>Interim Management Prepared Statement of Investee (April 29 – Nov 10, 2007)</b> |