

**This document is proposed BUT not yet official. It is being provided to assist CEDIFs in completing their offerings for the 2010 taxation year.**

**Form 1: Offering Document**  
(under the *Community Economic-Development Corporations Regulations*)

*(This document is to be used only by Community Economic-Development Corporations, as defined in this document.)*

*(Instructions for preparing the offering document are italicized and in brackets. Please omit the bracketed instructions when preparing the offering document.)*

**For a limited time, subscribers may cancel their purchase of Shares by notifying the Issuer in writing no later than midnight on the 2<sup>nd</sup> day, exclusive of Saturdays, Sundays and holidays, after the completed subscription agreement has been received by the Issuer.**

## **Glossary**

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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;
4. “CEDC Regulations” means the *Community Economic-Development Corporation Regulations* made under the Act;
5. “Community Economic-Development Corporation” means a Corporation or Association that meets the criteria prescribed by the regulations made under the *Equity Tax Credit Act* and is registered as a Community Economic-Development Corporation by the Minister of Finance under Section 11 of the *Equity Tax Credit Act*;
6. “Community Economic-Development Plan” means the community economic-development plan proposed by the Issuer that contains the information prescribed by the regulations made under the *Equity Tax Credit Act*;
7. “Corporation” means a corporation that is incorporated under the laws of the Province of Nova Scotia, another province of Canada or Canada and that has its head office located in the Province of Nova Scotia;
8. “Finders” means persons who, for compensation or without compensation, act as intermediaries in making introductions in furtherance of this Offering;

9. "Issuer" means (*insert legal name of the CEDC*), the CEDC that is making this Offering;
10. "Investee Corporation" means a corporation in which the Issuer proposes to invest or has invested 20% or more of the net proceeds of this Offering or net proceeds of previous offerings and of which all or substantially all of the fair market value of the property is attributable to property used in an active business;
11. "Offering" means this offering of Shares of the Issuer;
12. "Promoter" has the same meaning as in the Act, except that in accordance with subsection 3(3) of the CEDC Regulations no individual is considered as a promoter of the Issuer unless that individual is a promoter at the time this offering document is filed with the Director of Securities;
13. "Securities Rules" means the rules of the Nova Scotia Securities Commission made under the Act;
14. "Security holder" means a person or company who owns shares of the Issuer;
15. "Selling Agent" means a person listed in item 11(a) of this offering document;
16. "Shares" means (*name the shares being offered for sale by the Issuer as set forth in the constitutional documents of the Issuer*) of the Issuer that qualify as a specified issue as defined in subclause 2(k)(iii) of the *Equity Tax Credit Act*.

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## Cautions

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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 (*insert appropriate page number*).

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 (*insert appropriate page number*) 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 that are described in this offering document beginning on page (*insert appropriate page number*).

**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 in it by reference and forming part of it, and the attachments to it, contain all of the representations by the

Issuer concerning this Offering, and a person must not make different or broader statements than those contained in it. Investors are cautioned not to rely on any information not expressly set forth in or attached to this offering document. All promotional material is incorporated by reference into this offering document in accordance with Section 15 of the CEDC Regulations.

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

## **The Offering**

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1. (a) The Shares being offered are: *(Describe the Shares being offered including the price of the Shares and the material attributes of the Shares.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (b) The minimum number of shares to be purchased by each subscriber under this Offering is:

\_\_\_\_\_  
\_\_\_\_\_

- (c) The Issuer is / is not concurrently distributing or contemplating another distribution of securities within the next 12 months. *(If so, please provide full details.)*

\_\_\_\_\_  
\_\_\_\_\_

2. The offering price was established by *(indicate 1 of the following and delete the others)*

- negotiation with the investor
- arbitrarily by the Issuer
- otherwise *(explain)*

3. Maximum number of Shares offered: \_\_\_\_\_

4. Total proceeds if maximum sold: \_\_\_\_\_

5. Minimum number of Shares offered: \_\_\_\_\_

6. Total proceeds if minimum sold: \_\_\_\_\_

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

—

—

*(Issuers are required to explain why the total proceeds raised if the minimum number of securities offered is sold is a reasonable amount, taking into consideration the business of the Issuer as described in either item 21 or 22 or item 23 or 24 and the use that will be made of the proceeds of the offering as described in item 27.)*

8. Minimum number of investors required: \_\_\_\_\_

*(Issuers are required to indicate how the minimum number of investors required meets the concept of a "community based" project. For a first offering, an Issuer must obtain at least 25 investors; subsequent offerings require at least 3 investors.)*

9. Total estimated costs of the Offering: \_\_\_\_\_

## **Risk Factors**

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10. The following, listed in order of importance, are the factors that 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 that constitute the greatest threat that the investment will be lost in whole or in part, or not provide an adequate return).

*(List risk factors in order of importance, taking into consideration the factors noted below.)*

(a) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(d) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(e) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

(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 may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these Shares.

(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.

### **Plan of Distribution**

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11. (a) The following people are the Selling Agents authorized to sell Shares under the Offering:

<b>Name</b>	<b>Address</b>	<b>Business Phone #</b>	<b>Fax #</b>

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

Name	Address	Business Phone #	Fax #

12.(a) The Issuer is / is not providing compensation to selling agents or Finders. *(If so, describe the compensation, including any cash, securities, contracts or other consideration of any kind, direct or indirect.)*

(b) The Issuer will / will not indemnify the selling agents or Finders against liabilities, if any, under the securities laws.

(c) A Selling Agent cannot concurrently act in that capacity in more than 2 offerings in distribution under the CEDC Regulations.

13. Description of material relationship between any of the selling agents or Finders and the Issuer or its management: *(If none, so indicate.)*

—  
—

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

- (a) **amount of compensation received by the Selling Agents or Finders to sell the shares;**
- (b) **the nature of the relationship between the Selling Agents or Finders and the Issuer; and**
- (c) **unlike most securities offerings, the Selling Agents and Finders are not required to be registered under the Act to trade securities and**

**therefore, when investors purchase the Shares through unregistered Selling Agents or Finders, they should be aware that:**

- (i) they will not have the protections afforded by certain requirements and standards imposed on “registrants” under the Act, including proficiency standards, reporting requirements, “know your client” requirements and “suitability” requirements; and**
- (ii) unregistered Selling Agents and Finders are generally prohibited by the Act from giving investment advice to potential investors unless permitted to do so by an exemption expressly set out in the Act or granted by the Nova Scotia Securities Commission under the Act.**

**Please refer to items 45, 51(b) and 54 for additional information on the relationship between parties.**

14. Procedure by which investors subscribe for Shares under the Offering:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Note: For a limited time, subscribers may cancel their purchase of Shares by notifying the Issuer in writing no later than midnight on the 2<sup>nd</sup> day, exclusive of Saturdays, Sundays and holidays, after the completed subscription agreement has been received by the Issuer.**

15. The subscription funds will be held in trust by *(state name of the lawyer or financial institution that will hold money in trust)* and will become available to the Issuer only after 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 \$\_\_\_\_\_ in cheques or bank drafts that are in the possession of the Trustee;
  - (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

its regulations and other applicable laws have been obtained and are current, including:

- (i) a non-objection letter issued by the Director of Securities that has not been subsequently revoked; and
  - (ii) an Equity Tax Certificate that has not lapsed or been revoked by the Minister of Finance;
- (d) at least \_\_\_\_ shareholders have subscribed (in accordance with item 8);
- (e) all subscription funds are in the possession of the Trustee.
17. The minimum offering amount and all other conditions of the initial closing must be achieved on or before (*insert date*). (*This date must be no more than 90 days after the date of issuance of a letter of non-objection for the offering document by the Director of Securities under the CEDC Regulations, unless the Director has granted an extension.*)
18. If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the date 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 subscribers no later than 30 days after the date that the Offering was to close.
19. The following are conditions of each subsequent closing of this Offering:
- (a) there has been no material change in material contracts referred to in item 16(b);
  - (b) all necessary and required certificates under the *Equity Tax Credit Act* and its regulations and other applicable laws have been obtained and are current, including
    - (i) a non-objection letter issued by the Director of Securities for the initial and any subsequent sales that has not been revoked, and
    - (ii) an Equity Tax Certificate that has not lapsed or been revoked by the Minister of Finance;
  - (c) all subscription funds are in cheques or bank drafts and in the possession of the Trustee.

**The Issuer**

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

Name of CEDC: \_\_\_\_\_

Jurisdiction and date of incorporation: \_\_\_\_\_

Address of registered office: \_\_\_\_\_

Address of principal business address: \_\_\_\_\_

Issuer's telephone number: \_\_\_\_\_

Issuer's fax number: \_\_\_\_\_

Contact person at Issuer with respect to the Offering: \_\_\_\_\_

Telephone number & e-mail of contact person: \_\_\_\_\_

Fiscal year end: (month/day) \_\_\_\_\_

**Business and Properties of an Issuer that is a Corporation**

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*(If 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 of which all or substantially all of the fair market value is attributable to property used in an active business (the "Investee Corporation"), please complete item 21.)*

*(If 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.)*

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

21. With respect to the business of the Issuer and its properties,

(a) Description of the business(es) the Issuer or Investee Corporation now operates and proposes to operate:

*(Describe in detail, including the products that are or will be produced or services that are or will be rendered.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) Description of 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), also 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. Include descriptions of any major existing supply contracts.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) Industry in which the Issuer or Investee Corporation is selling or expects to sell its products or services:

*(Describe the industry in which the Issuer or Investee Corporation is selling or expects to sell its products or services and, if applicable, any recognized trends within the industry. Describe the 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 or service or on other basis.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) Nature and extent of federal, provincial and municipal regulations to which the Issuer's or Investee Corporation's business, products or properties are subject:

*(Indicate the nature and extent of each regulation and its effects or potential effects upon the Issuer. If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(e) Number and types of employees of the Issuer or Investee Corporation, and number and type of employees it anticipates it will have within the next 12 months:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(f) Description of principal properties owned or leased by the Issuer or the Investee Corporation, and properties the Issuer or Investee Corporation intends to acquire in the next 12 months:

*(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 12 months, the costs of those acquisitions and the sources of financing it expects to use in obtaining those properties, whether by purchase, lease or otherwise.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(g) Name, business purpose and ownership details for each subsidiary of the Issuer or Investee Corporation: *(If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(h) Summary of material events (i.e., those that are fundamental to business and day-to-day operations) in the development of the Issuer or Investee Corporation during the last 5 years or whatever shorter period the Issuer has existed:

*(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.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Specified Investments in Eligible Local Business Entities by an Issuer that is a Corporation**

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*(Item 22 must be completed by an Issuer 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.)*

**Note: If the Issuer proposes to invest or has invested 20% or more of the net proceeds of the total offerings to date or of the contemplated offering in an Investee**

**Corporation, the most recent financial statements of the Investee Corporation must be attached and form part of this document.**

22. (a) Restrictions on investments as described in the Issuer's constitution:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) Intended specified investments in eligible local business entities that 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.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) The Issuer has / does not have an exit strategy for the investments. *(If so, please describe.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Potential investors should note that if specified investments in eligible local business entities are not described in this offering document, the Issuer must make those investments in compliance with Section 20 of the CEDC Regulations.**

### **Business and Properties of an Issuer that is an Association**

*(If 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 made under the Equity Tax Credit Act, please complete item 23.)*

*(If the Issuer is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made under the Equity Tax Credit Act, please go to item 24.)*

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

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) Description of 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), also 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. Include descriptions of any major existing supply contracts.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) Industry in which the Issuer is selling or expects to sell its products or services:  
*(Describe the industry in which the Issuer is selling or expects to sell its products or services and, if applicable, any recognized trends within the industry. Describe the 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 or service or on other basis.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) Nature and extent of federal, provincial and municipal regulations to which the Issuer's business, products or properties are subject:  
*(Indicate the nature and extent of each regulation and its effects or potential effects upon the Issuer. If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(Item 24 must be completed by an Issuer that is an Association that has a constitution that*

*restricts it to investing in eligible investments in accordance with the regulations made under the Equity Tax Credit Act.)*

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

24. (a) Restrictions on investments as described in the Issuer's constitution:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) Issuer's investment strategy and objectives as set forth in its Community Economic-Development Plan:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) The Issuer intends to make the following specified eligible investments with the proceeds of the offering:

*(Describe any intended specified eligible investments that 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.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(d) The Issuer has / does not have an exit strategy for the investments. *(If so, please describe.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Potential investors should note that if specific eligible investments are not described in this offering document, the Issuer must comply with Section 20 of the CEDC Regulations.**

## Capital structure

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

Name of Security	Description of Attributes

*(In the table, please name and describe the classes of securities of the Issuer, if any, exactly as set out in the constitutional documents of the Issuer. If these details are lengthy, then refer to the constitutional documents by reference and attach them to the offering document. The reference should state: "The constitutional documents attached to this offering document describe the authorized capital of the Issuer".)*

26. Capital structure of the Issuer and also what the capital structure will be on the conclusion of the Offering.

Column 1	Column 2	Column 3	Column 4	Column 5
<b>Name of Security</b>	<b>Number Authorized</b>	<b>Total Dollar Value and Number Outstanding on Latest Financial Statements</b>	<b>Transactions in Interim Period to Date of Offering Document</b>	<b>Total Dollar Value and Number Outstanding at Initial Closing @ Minimum @ Maximum</b>
<i>(Loans/ other indebtedness)</i>				
<i>(Preferred shares)</i>				
<i>(Common shares)</i>				

*(In columns 3, 4 and 5, state the dollar amount first and the number of securities in brackets after.)*

## Use of Proceeds

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

	<b>If Minimum Sold</b>	<b>%</b>	<b>If Maximum Sold</b>	<b>%</b>
<b>Total Proceeds</b>		100		100
Less: Offering expenses				
Commissions				
Promoter fees				
Legal & accounting				
Copying & other expenses				
Total cost of offering				
Net Proceeds from Offering				
<b>Use of Net Proceeds</b>				
Investments				
Administration				
<b>Total Use of Net Proceeds</b>				

*(The information concerning "Use of Net Proceeds" must be meaningful and in reasonable detail. Normally, it is not sufficient to say only that "the proceeds of this offering will be used for general corporate or association purposes." Describe any projects in reasonable detail and their location.)*

28. The proceeds set forth under the column "If Minimum Sold" will be used in the following order of priority: *(describe order of priority)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

29. Amounts and sources of material amounts of funds from other sources than the Offering that are to be used in conjunction with the proceeds from the Offering:

*(State the amounts and sources of the other funds, and whether those funds are firm or contingent. If contingent, explain the contingent event(s). If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

30. Financial problems the Issuer is having or anticipates having within the next 12 months:

*(Indicate whether the Issuer is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether the Issuer 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.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

31. The proceeds from the Offering will / will not satisfy the Issuer's cash requirements for the next 12 months, and it will / will not be necessary to raise additional funds. *(If applicable, state the source of additional funds, if known.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Financial Forecasts or Projections**

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32. Description of assumptions used in making the future-oriented financial information found on page (insert page #):

*(Describe the assumptions here and indicate the page on which the future-oriented financial information can be found. If there is no future-oriented financial information, please state that there is none.)*

*(If future-oriented financial information, such as forecasts or projections, will be provided to potential investors, that information must be attached to the offering document and referred to in this item. 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 CEDC Regulations.)*

### **Dividends, Distributions and Redemptions**

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33. Particulars of the Issuer's dividend policy: *(If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

34. Details of dividends and other distributions 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: \_\_\_\_\_

Business street address: \_\_\_\_\_

Business telephone number: (\_\_\_\_\_) \_\_\_\_\_

Business fax number: (\_\_\_\_\_) \_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Education (degrees, schools and dates):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nature of projects during the last 5 years if not described above:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(Provide this information for each Promoter of the Issuer.)*

### **Officers of the Issuer**

---

36. The officers of the Issuer are:

Name: \_\_\_\_\_

Business street address: \_\_\_\_\_

Business telephone number: ( \_\_\_\_\_ ) \_\_\_\_\_

Business fax number: ( \_\_\_\_\_ ) \_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Education (degrees, schools and dates):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nature of projects during the last 5 years if not described above:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Also a director of the Issuer? \_\_\_\_ Yes \_\_\_\_ No

Amount of time to be spent on Issuer's matters, if less than full time:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(Provide this information for each officer of the Issuer.)*

### **Directors of the Issuer**

---

37. (a) There are (#) directors of the Issuer, **6 of which come from the community**, as required by the regulations made under the *Equity Tax Credit Act*.

(b) At least 2 directors of the Issuer must be independent. The following are the names of the independent directors and a description of how they are independent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

38. Information concerning each director of the Issuer, other than those already listed under the heading "Officers of the Issuer":

*(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: \_\_\_\_\_

Business street address: \_\_\_\_\_

Business telephone number: (\_\_\_\_) \_\_\_\_\_

Business fax number: (\_\_\_\_) \_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Education (degrees, schools and dates):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nature of projects during the last 5 years if not described above:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Provide this information for each director of the Issuer who is not an officer.)

### **Key Personnel of the Issuer**

---

39. The key personnel of the Issuer (i.e., those essential to the operations of the Issuer) who are not already named as officers, directors or promoters, are:

Name: \_\_\_\_\_

Business street address: \_\_\_\_\_

Business telephone number: ( \_\_\_\_\_ ) \_\_\_\_\_

Business fax number: ( \_\_\_\_\_ ) \_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(Provide this information for each key person.)*

40. Description of arrangements to ensure that each key person will remain with the Issuer and on termination of their relationship with the Issuer will not compete with the Issuer:  
*(If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

41. Details of any experience that the officers, directors or other key personnel of the Issuer

have in working for or managing a company (including a separate subsidiary or division of a larger enterprise) in the same business as the Issuer: *(Explain, including relevant dates. If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

42. (This item applies only to an Issuer that has never conducted business or is otherwise in the development stage.)

Details of any experience that the officers, directors or other key personnel of the Issuer have in managing any other business in the start-up or development stage: *(Describe the circumstances, including relevant dates.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

43. Details of the engagement by the Issuer of any key personnel who are not employees but are consultants or other independent contractors: *(If none of the key personnel are consultants or other independent contractors, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

44. Details of any petition under the Bankruptcy and Insolvency Act (Canada) that has been filed within the last 5 years against any officer, director, key personnel or Promoter, or any appointment by a court within the last 5 years of a receiver or receiver-manager for the business or estate of any of those persons, or any partnership in which any of those persons was general partner, or any corporation or business association of which any of those persons was an executive officer: *(Set out the name of the persons, and the nature and date of the actions. If none, so indicate.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Principal Security Holders**

---

45. The principal security holders of the Issuer (those who beneficially own directly or indirectly 10% or more of any securities of the Issuer presently outstanding) are as follows:

*(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.*)

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	

*(Provide this information for each principal security holder.)*

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

Before Offering: \_\_\_\_\_ shares (\_\_\_\_\_ % 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. Descriptions of relationships by blood or marriage of the officers, directors, key personnel, Promoters and principal security holders: *(If there are no relationships by blood or marriage, so indicate.)*

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

48. Explanation of any business dealings that took place within the last 2 years or that the Issuer is contemplating between the Issuer and 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 of those persons, including any loans made or received by the Issuer:

*(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. If there are none, so indicate. )*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

49. 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

50. Description of any employment agreements, either existing or contemplated, with officers, directors, key personnel or Promoters:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

51. (a) The Issuer has / does not have a Conflict of Interest Policy.

(b) Details of all business or personal interests that the officers, directors, key personnel, Promoters or principal security holders of the Issuer, or any related parties, such as a relative of any of those persons or any entity controlled directly or indirectly by any of those persons, may have that could conflict with the interests of the Issuer: *(Give details here even if they are described in other items in this offering document.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **Litigation**

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52. Past, current, pending or threatened litigation or administrative action that 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 the amounts involved. Include any litigation or action involving the Issuer's Promoters, officers, directors or other key personnel that relates to or has affected 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.*

*(If there is no such litigation or action to disclose state: "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 that 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 Considerations**

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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.

*(Add narrative with respect to the significant income tax consequences to individuals who are residents of Canada under the Income Tax Act and the Equity Tax Credit Act. The narrative should address the following, if applicable:*

- *transfer of Shares to a Registered Retirement Savings Plan (RRSP);*
- *transfer of Shares to a Tax Free Savings Account (TFSA);*
- *taxation of dividends or income received by Security holders on the Shares;*
- *treatment of capital gains or losses realized by Security holders on disposition;*
- *applicability of alternative minimum tax to Security holders;*
- *deductibility of interest expense on money borrowed to purchase Shares;*
- *availability of tax credits; and*
- *repayment of tax credits.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(Provide the name and address of the professional advisors, if any, involved in the preparation*

*of the answer to item 53. If no professional advisors have been used, please state “No professional advisors have been used in the preparation of the tax disclosure”.)*

## **Material Contracts**

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54. Particulars of every material contract (a contract that is fundamental to the business and day-to-day operations of the Issuer) entered into by the Issuer or, if applicable, any of its significant subsidiaries within 2 years before the date of the offering document:

<b>Date</b>	<b>Name of Contract</b>	<b>Description</b>

*(Examples of “material contracts” are: contracts for the purchase of property, equipment or inventory; marketing contracts; financing agreements; management agreements; shareholder agreements; copyright or patent agreements.*

*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 of them may be inspected during the distribution of the Shares or, alternatively, incorporate the contracts by reference and attach them to this document. If a material contract is of a confidential nature, provide a summary of it.)*

## **Financial Statements**

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55. Annual financial statements of the Issuer for the period ending (insert last fiscal year) are attached and form part of this document. Interim financial statements covering the period from (insert appropriate date) to (insert appropriate date) are also attached and form part of this document.

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

*(If the Issuer has carried on business but has not completed a fiscal year, state this, delete the first sentence above and attach an unaudited financial statement of the Issuer for the*

*period ending no more than 60 days before the date of the offering document.)*

*(If the Issuer has completed 1 or more fiscal years, attach the financial statements complete with either an audit report or a review engagement report for the most recent completed fiscal year and unaudited financial statements for the period ending no more than 60 days before the date of the offering document.)*

*(If the Issuer does not have a prior operating history, state this and attach an opening balance sheet with either a completed audit report or a review engagement report and also state that those documents form part of this offering document.)*

## **Continuous Reporting Obligations**

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56. (a) The Issuer will file with the Nova Scotia Securities Commission and **send to Security holders** annual financial statements and semi-annual interim financial statements as required by the CEDC Regulations.
- (b) If a material change occurs in the operation of the Issuer, a press release along with a material change report must be filed with the Nova Scotia Securities Commission no later than 10 days after the date on which the change occurs.

## **Restrictions on Resale of Securities**

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57. Under the *Equity Tax Credit Act*, a person who disposes of a share in respect of which a tax credit has been allowed within 5 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, if interest is prescribed by the regulations made under that Act, or a lesser amount that is determined in accordance with the regulations under that Act.

Under Nova Scotia securities laws, trades by a Security holder of Shares of the Issuer purchased under this Offering will be restricted and each first trade and each subsequent trade will be a distribution unless, in accordance with subsection 2.5(2) of National Instrument 45-102 Resale of Securities:

- (a) the Issuer is and has been a reporting issuer in a jurisdiction of Canada for the 4 months immediately preceding the trade;
- (b) the Shares have been held for the 4-month hold period from the date of the initial exempt trade;

- (c) the certificate representing the Shares carries a legend and there is notice of the restriction as set out in paragraphs 2.5(2) 3 and 3.1 of National Instrument 45-102 *Resale of Securities*;
- (d) the trade is not a control distribution as defined in subclause 2(1)(l)(iii) of the Act;
- (e) no unusual effort is made to prepare the market or to create a demand for the Shares;
- (f) no extraordinary commission or consideration is paid to anyone in respect of the trade; and
- (g) if the vendor is an insider or officer of the Issuer, the vendor has no reasonable grounds to believe that the Issuer is in default of securities legislation.

However, first and subsequent trades by a Security holder of Shares of the Issuer purchased under this Offering are permitted in the following circumstances, in accordance with clause 3(5)(b) of the CEDC Regulations:

- (a) to the CEDC in accordance with section 2.15 of National Instrument 45-106 *Prospectus and Registration Exemptions*;
- (b) to a self-directed registered retirement savings plan of the security holder or the security holder's spouse;
- (c) to the spouse of the security holder;
- (d) to a tax-free savings account of the security holder or the security holder's spouse;

- (e) from a self-directed registered retirement savings plan of the security holder or the security holder's spouse to the security holder;
- (f) from a tax-free savings account of the security holder to the security holder or the security holder's spouse;
- (g) to a purchaser who owns shares of the CEDC and who is advised in writing by or on behalf of the vendor before entering into an agreement of purchase and sale that the purchaser will not accrue any advantage under the *Equity Tax Credit Act* as a result of the purchase; or
- (h) to a purchaser who purchases by way of 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**

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58. (1) If

- (a) an offering document sent or delivered to a purchaser, together with any amendment to the offering document; or
  - (b) any advertising or sales literature as defined by subsection 56(2) of the Act  
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.
- (2) Under subsection 138(1) of the Act, a purchaser referred to in item 58(1)
- (a) has a right of action for damages against
    - (i) the seller,
    - (ii) every director of the seller at the date of the offering document, and
    - (iii) every person who signed the offering document;
- or

- (b) 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 (a).
- (3) No person or company is liable under subsection 138(1) of the Act if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.
- (4) No person or company is liable under subsection 138(1) of the Act if the person or company proves that
  - (a) the offering document or the amendment to the offering document was sent or delivered to the purchaser without the person's or company's knowledge or consent and, 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 document or the amendment to the offering document and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering document, or amendment to the offering document, the person or company withdrew the person's or company's consent to the offering document, or amendment to the offering document, and gave reasonable general notice of the withdrawal and the reason for it; or
  - (c) with respect to any part of the offering document or amendment to the offering document purporting to be made on the authority of an expert, or to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that
    - (i) there had been a misrepresentation, or(ii) the relevant part of the offering document or amendment to the offering document
    - (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.
- (5) No person or company is liable under subsection 138(1) of the Act with respect to any part of an offering document or amendment to the offering document not purporting to be made on the authority of an expert or to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or company
  - (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

- (b) believed that there had been a misrepresentation.
- (6) Items 58(4) and (5) do not apply to the seller if the seller is also the Issuer.
- (7) In an action for damages described in item 58(2)(a), 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.
- (8) The liability of all persons or companies referred to in item 58(2)(a) is joint and several with respect to the same cause of action.
- (9) 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 section 138 of the Act 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.
- (10) The amount recoverable by a plaintiff under section 138 of the Act may not exceed the price at which the securities were offered under the offering document or amendment to the offering document.
- (11) The rights of action for rescission or damages described in this item are in addition to and without derogation from any other right or remedy which a Security holder might have at law.
- (12) If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, an offering document or amendment to the offering document, the misrepresentation is deemed to be contained in the offering document or amendment to the offering document.
- (13) For the purpose of item 58(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.
- (14) In this item, for greater certainty, "seller" includes the Issuer if the securities are distributed by the Issuer.

59. An action must not be commenced to enforce the rights described in item 58 more than 120 days after the date on which payment was made for the Shares.

**Certificate**

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60. This offering document, which has been prepared as prescribed by Form 1 of the CEDC Regulations, does not
- (a) contain an untrue statement of material fact;
  - (b) omit to state a material fact required by Form 1; or
  - (c) omit to state a material fact necessary to make a statement in this offering document not misleading.

**Dated** at \_\_\_\_\_, on \_\_\_\_\_ (date).

*(This certificate must be signed by all of the following:*

- *the chief executive officer*
- *the chief financial officer*
- *on behalf of the board of directors, any 2 directors of the Issuer who are duly authorized to sign, other than the foregoing*
- *all promoters of the Issuer.)*