**Form 45-539F1**

***Small Business Offering Document***

***General Instructions:*  DO NOT INCLUDE WHEN PROVIDING TO THE PURCHASER**:

*(1) An Offering Document prepared using this form can only be used for a distribution of securities under Alberta Securities Commission Blanket Order 45-539 Small Business Financing, the Financial and Consumer Affairs Authority of Saskatchewan General Order 45-539 Small Business Financing (together, the* ***Order****) or a Corresponding Exemption, as defined in the Order.*

*(2) The completed offering document and all amendments to it must be filed no later than the 30th day after the closing of the distribution:*

*(a) in Alberta, through the System for Electronic Document Analysis and Retrieval in accordance with National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) (****NI 13-101****), and/or*

*(b) in Saskatchewan, by filing in paper format (as defined in NI 13-101).*

*(3) The offering document must be certified by an individual authorized to act on behalf of the issuer.*

*(4) Complete the offering document so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms.*

*(5) Complete all boxes in this form or indicate N/A where appropriate. For Schedule A and B, if required, conform as closely as possible to the format set out in this form. Address the items in the order set out below. No variation of headings, numbering or information set out in this form is allowed and all are to be displayed as shown.*

*(6) Various terms used in this form are defined in Alberta and Saskatchewan securities laws. For your convenience, certain terms are restated in the “Small Business Financing Guide”.*

*(7) The offering document must be provided to each purchaser before the purchaser signs the subscription agreement. The offering document must not contain a misrepresentation. A misrepresentation means an untrue statement of material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Include particulars of any material facts which have not been disclosed under any of the Item numbers and for which failure to disclose would constitute a misrepresentation in the offering document. If the information contained in the offering document becomes untrue or misleading, the offering document must be amended and purchasers must be given the amended offering document before their subscription can be accepted.*

*(8) If any forward-looking information (e.g., projected sales or anticipated contracts) that could reasonably be expected to be material to a purchaser’s decision to invest is included in the offering document, identify it and include proximate to it*

*(a) reasonable cautionary language identifying material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information,*

*(b) the assumptions or material factors used to develop the forward looking information, and*

*(c) a statement that the issuer believes it has a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.*

*(9) When the term “related party” is used in this form, it refers to:*

*(a) a director, officer, promoter or control person of the issuer;*

*(b) in regard to a person referred to in (a), a child, parent, grandparent or sibling, or other relative living in the same residence;*

*(c) in regard to a person referred to in (a) or (b), his or her spouse or a person with whom he or she is living in a marriage-like relationship;*

*(d) an insider of the issuer;*

*(e) a company controlled by one or more individuals referred to in (a) to (d); and*

*(f) in the case of an insider, promoter or control person that is not an individual, any person that controls that insider, promoter or control person.*

*(The reference to “insider” includes persons or companies who would be insiders of the issuer if that issuer was a reporting issuer.)*

|  |
| --- |
| *(Full legal name of issuer as set forth in the organizational documents)* |
| *(Any other names the issuer operates under)* |

**No securities regulatory authority or regulator has reviewed or approved the merits of these securities or reviewed this offering document. Any representation to the contrary is an offence. This is a risky investment. See Item 8 for a discussion of the risk factors that management believes present the most substantial risks to you.**

**You have 2 business days to cancel your agreement to purchase these securities.**

**If there is a misrepresentation in this offering document, you also have a right to sue for damages or to cancel the agreement. See Item 11.**

**Item 1:** **The Offering**

**The Offering**

|  |  |
| --- | --- |
| **Type of Securities Offered** | **Price Per Security** |
| Common shares | $Click or tap here to enter text. |
| Preference Shares | $Click or tap here to enter text. |
| Debt Securities (other than securitized products or structured finance products) | $Click or tap here to enter text. |
| Units of a Limited Partnership | $Click or tap here to enter text. |
| Membership Shares or Investment Shares Issued by a Cooperative | $Click or tap here to enter text. |
| Securities Convertible or Exchangeable Into any of the Securities Above | $Click or tap here to enter text. |

Description of material terms of securities offered: e.g., exercise or conversion price or formula, expiry date, interest rates, preferences to dividends or assets on dissolution, redemption rights and restrictions, tag-along rights, pre-emptive rights, rights to participate in future financings, super voting rights.

Sales Commission, if any: $Click or tap here to enter text.

Offering Amount: Minimum: $ Click or tap here to enter text.

Maximum: $ Click or tap here to enter text.

*[Guidance: The minimum offering should reflect the minimum amount needed to be raised to accomplish the issuer’s business goals as detailed in its disclosure of its proposed use of funds.]*

The minimum offering deadline in this offering is: This date cannot be later than 120 days after the date the offering document is first delivered to a purchaser.

**Item 2: The Issuer**

**Head Office Address of Issuer**

|  |  |  |
| --- | --- | --- |
| Street Address Line 1 | Street Address Line 2 | |
| Click or tap here to enter text. | Click or tap here to enter text. | |
| City | Province | Postal Code |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Website | Phone Number | |
| Click or tap here to enter text. | Click or tap here to enter text. | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Person to Contact at the Issuer with Respect to the Offering (officer, employee or agent of the issuer who is able to answer questions from purchasers or from staff of the securities regulator)**   |  |  |  | | --- | --- | --- | | Surname/Family Name | Given Name | | | Click or tap here to enter text. | Click or tap here to enter text. | | | Business Address | Position with Issuer | | | Click or tap here to enter text. | Click or tap here to enter text. | | | City | Province | Postal Code | | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | | Phone Number | Email |  | | Click or tap here to enter text. | Click or tap here to enter text. |  | |

The date of this offering document is Click or tap to enter a date.

# Item 3: Use of Available Funds

# (1) *Available Funds* - The funds available to the issuer as a result of the offering are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Assuming minimum offering | Assuming maximum offering |
| A. | Amount to be raised by this offering | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| B. | Selling commissions and fees | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| C. | Estimated offering costs (including legal and accounting) | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| D. | Total Available funds: D = A - (B+C) | $ Click or tap here to enter text. | $ Click or tap here to enter text. |

## **(2) *Use of Available Funds*** -The issuer proposes to use the available funds as follows:

|  |  |  |
| --- | --- | --- |
| Description of intended use of available funds listed in order of priority | Assuming minimum offering | Assuming maximum offering |
| *Provide enough detail to allow purchasers to make an informed investment decision. If any of the available funds will be paid to a related party, disclose in the table the name of the related party, the relationship to the issuer, and the amount. If more than 10% of the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred*. | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| Total: | $ *The total should equal to D in the Available Funds table above*. | $ *The total should equal to D in the Available Funds table above*. |

***Other comments on use of available funds:***

*Guidance: Provide any additional information about the use of available funds that may be necessary to ensure that the information provided in the tables is fair and balanced and not untrue or misleading*. *If the available funds may be reallocated, include the following statement in bold type:* ***We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.***

**Item 4: Business of the Issuer and Other Information and Transactions**

***(1) Structure*** – Details of the organization of the issuer are as follows:

|  |  |
| --- | --- |
| Legal structure of the issuer: (e.g., corporation, partnership, trust, or unincorporated sole proprietor) | Click or tap here to enter text. |
| Statute and jurisdiction under which the issuer is incorporated, continued or organized | Click or tap here to enter text. |
| Date of incorporation, continuance or organization of the issuer | Click or tap here to enter text. |
| How a purchaser can view the issuer’s organizational documents (e.g., articles of incorporation, partnership agreement or shareholder agreement) | Click or tap here to enter text. |

***(2) The Business*** - The material aspects of the issuer’s business are as follows:

*Guidance:**The information provided must be balanced and fair and not misleading or untrue. It should not over-emphasize the positive and downplay the negative. If the issuer has future plans or goals but the reasonableness of those plans or goals cannot yet be appropriately analyzed or assessed or, given the stage of development of the business, there can be little or no assurance that the plans or goals are achievable, the risks associated with being able to achieve those plans or goals should be made clear.*

*Enough details should be provided so a purchaser can clearly understand the issuer’s business, what it currently does and intends to do.*

*Information that may be important to purchasers includes the following:*

* *Does or will the issuer build, design or develop something? Sell something produced by itself? By others? Provide a service?*
* *Does the issuer have business premises from which it can operate its business?*
* *How many employees does the issuer have? Need?*
* *Has the issuer entered any contracts that are important to its business?*
* *Are there factors that make the issuer’s business different from its competitors?*
* *What milestones has the issuer already reached e.g., developed a prototype, signed a distribution agreement, leased premises, obtained a bank loan or other significant financing, generated sales, generated a profit?*
* *What milestones does the issuer hope to achieve in the next couple of years e.g., Complete testing? Find a manufacturer? Commence a marketing campaign? Buy inventory? What is the proposed timeline for achieving each of the milestones?*
* *What are the major hurdles that the issuer expects to face in achieving its milestones?*
* *If the issuer is offering shares or similar securities to purchasers, is there a long-term goal that would provide an "exit-opportunity" for purchasers e.g., the issuer hopes to eventually become a reporting issuer? Be bought out/taken over by a larger company?*

*(NOTE: Unless certain conditions are met, it is a breach of securities laws to state that an issuer will be or will apply to be traded on an exchange or quoted on a quotation and trade reporting system.)*

**The forecasts and predictions of an early-stage business are particularly difficult to objectively analyze or confirm. Carefully consider whether any forecasts and predictions presented appear reasonable. Forward-looking information presented is required to be reasonable but it is the opinion of the issuer and actual results may be very different.**

(a) Non-resource issuer: The principal products or services, operations, market, marketing plans and the issuer’s current and prospective competitors are as follows:

|  |
| --- |
| Click or tap here to enter text. |

(b) Resource issuer: The principal properties (including interest held), the stage of development, reserves, geology, operations, production and mineral reserves or mineral resources being explored or developed are as follows:

|  |
| --- |
| *Refer to National Instrument 43-101 Standards of Disclosure for Mineral Projects when disclosing scientific or technical information for a mineral project of the issuer. Refer to Part 4 and Part 5 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities for oil and gas issuers disclosing information about their oil and gas activities. Note: Disclosure of oil and gas reserves or resources that is not consistent with the reserves and resources terminology and categories set out in the Canadian Oil and Gas Evaluation Handbook may be misleading*. |

(c) Organizational chart: If the issuer has any subsidiaries, affiliates, or related parties, and the relationships with those parties would be important to a purchaser in understanding the issuer’s business, the organizational chart of the issuer and a description of the relationships between them are as follows:

|  |
| --- |
| Click or tap here to enter text. |

(d) Collective investment vehicle: Check the statement that applies:

The issuer is a collective investment vehicle and must supplement the offering document with the information required by Schedule A *Additional Disclosure Requirements for an Issuer that is a Collective Investment Vehicle* of this form.

The issuer is not a collective investment vehicle.

*[Guidance: An issuer cannot intend to use the proceeds of the distribution to invest in, merge with, amalgamate with or acquire a business, or to purchase securities of one or more other issuers unless the issuer has provided the disclosure specified by Item 4(3) or the issuer is a collective investment vehicle and has provided the supplementary disclosure required by Schedule A Additional Disclosure Requirements for an Issuer that is a Collective Investment Vehicle* of this form*.]*

**(3) *Material Investments*** – If at the time of the distribution the issuer (including an issuer that is a special purpose vehicle created to permit purchasers to invest together as a syndicate) has identified a person or company that a reasonable person would believe the likelihood is high that the issuer will direct by loan or investment, at least 50% of the aggregate gross proceeds raised by the issuer under the Order in the preceding 12 month period, the disclosure specified by Items 4, 5, 6(1), 6(2), 8 and 12 of this form for that other issuer, as if that other issuer were the issuer preparing the offering document, is as follows:

|  |
| --- |
| Click or tap here to enter text. |

**(4) *Material Contracts*** – The details of each contract that the issuer or a related party to the issuer is currently a party to, that is material to the issuer, are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of material contract | Parties to the contract | Date of contract | If the contract is with a related party, the relationship to the issuer | Material terms of the contract (or provide details on how prospective purchasers may obtain reasonable access to the contract) |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap to enter a date. | Click or tap here to enter text. | Click or tap here to enter text. |
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**(5) *Interests in real property***

(a) If a material aspect of the issuer's business is the development or operation of real estate, and that real estate was acquired in the prior two years from a related party of the issuer, the details of the acquisition is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date of acquisition by related party** | **Date of acquisition by issuer** | **Name of related party** | **Amount and form of consideration paid by related party** |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | $ Click or tap here to enter text. |

(b) The reason for any material difference between the amount of consideration paid by the issuer and the amount of consideration paid by a related party for the interest in real property is as follows:

|  |
| --- |
| Click or tap here to enter text. |

# Item 5:Directors and Management

**(1)** ***Director and management experience*** - The table below provides the specified information for each director, officer, founder (as defined in the Order) and control person of the issuer.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Full legal name, municipality of residence, and position at issuer | Principal occupation for the last five years | Expertise, education, and experience that is relevant to the issuer's business | Number and type of securities of the issuer held after completion of minimum offering  Indicate the date securities were acquired and the price paid | Number and type of securities held after completion of maximum offering  Indicate the date securities were acquired and the price paid |
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**(2) *Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters*** – If the issuer or any director, officer, founder or control person of the issuer

(a) has ever pled guilty to or been found guilty of

(i) a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) (Canada),

(ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction, which includes offences under the *Income Tax Act* (R.S.C. 1985, c. 1 (5th Suppl.)), the *Immigration and Refugee Protection Act* (R.S.C., 2001, c. 27) and the tax, immigration, drugs, firearms, money laundering or securities legislation of any province or territory of Canada or of a foreign jurisdiction,

(iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or

(iv) an offence under the criminal legislation of any other foreign jurisdiction,

(b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last 10 years related to his or her involvement in any type of business, securities, insurance or banking activity,

(c) is or has been the subject of a bankruptcy or insolvency proceeding, or

(d) is a director, officer, founder or control person of an issuer that is or has been subject to a proceeding described in (a), (b) or (c) above

the details of such penalties, sanctions, bankruptcy, insolvency or criminal or quasi-criminal matters are as follows:

|  |
| --- |
| Click or tap here to enter text. |

**(3) *Compensation to directors and officers***

The table below sets out the aggregate compensation

(a) paid by the issuer or a related party of the issuer to the directors and officers of the issuer, for services to the issuer, in the most recently completed financial year; and

(b) anticipated to be paid by the issuer or a related party of the issuer to the directors and officers of the issuer, for services to the issuer, in the current financial year.

|  |  |
| --- | --- |
| Aggregate compensation paid for most recently completed financial year | Aggregate compensation anticipated to be paid in the current financial year |
| $ Click or tap here to enter text. | $ Click or tap here to enter text. |

## **Item 6: Capital Structure**

**(1) *Outstanding Securities*** - The number and type of securities of the issuer outstanding as at the date of the offering document (including short-term debt securities but excluding long-term debt securities disclosed in Item 6(2)) is as follows: (*Instruction: Include a description of all securities outstanding other than the class of securities being offered.*)

|  |  |  |
| --- | --- | --- |
| Type of outstanding securities | Description of material terms (e.g., exercise or conversion price or formula, expiry date, interest rates, preferences to dividends or assets on dissolution, redemption rights and restrictions, tag-along rights, pre-emptive rights, rights to participate in future financings, super voting rights) | Number outstanding |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
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| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

**(2) *Long term debt*** – Details of the outstanding debt of the issuer for which all or a portion is due, or may be outstanding, more than 12 months from the date of the offering document is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Description of debt including:   * whether secured * any conversion terms * whether the debt is owed to a director, officer or related party and, if so, name and relationship of the related party | Interest rate | Repayment terms | Amount outstanding at a date not more than 30 days before the date of the offering document | Amounts due within 12 months of the date of the offering document | If the securities being offered are debt securities, amount of the debt that will be outstanding after both the minimum and maximum offering. |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. | After minimum: $ Click or tap here to enter text.  After maximum: $ Click or tap here to enter text. |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. | After minimum: $ Click or tap here to enter text.  After maximum: $ Click or tap here to enter text. |
| Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. | After minimum: $ Click or tap here to enter text.  After maximum: $ Click or tap here to enter text. |

**(3) *Prior Sales*** – All securities of the issuer of the class being offered under this offering document (or convertible or exchangeable into the class being offered under this offering document) that have been issued within the 12 months prior to the offering document are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Date securities issued | Number of securities issued | Price per security | Total funds received or, if applicable, description of asset or services received |
| Click or tap to enter a date. | Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| Click or tap to enter a date. | Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. |
| Click or tap to enter a date. | Click or tap here to enter text. | $ Click or tap here to enter text. | $ Click or tap here to enter text. |

**Item 7: Details of the Offering**

**(1) *Terms of Securities Offered*** – The securities being offered have the following rights, restrictions, material terms and conditions:

🞎 Voting rights or restrictions on voting - Describe voting rights.

🞎 Dividends, interest or distribution policy - Describe any right to receive dividends, interest or distributions.

🞎 Rights on dissolution - Describe rights.

🞎 Conversion/exercise rights, including conversion/exercise price and date of expiry - Describe what each security is convertible into.

🞎 Right to redeem or retract - Describe rights.

🞎 Rights to participate in future financings - Describe rights.

🞎 Other - Describe rights, restrictions or material terms and conditions.

#### *[Guidance: Only "eligible securities" as defined in the Order can be distributed under the Order. The information required to address Item 7(1) is usually found in the organizing documents of the issuer referred to in Item 4(1).]*

**(2) *Superior Rights*** -  **True or  False -** Outstanding securities will be superior to those being offered, e.g., because of priority to dividends, priority in insolvency, greater voting rights or rights to participate in future financings or acquisitions. **See: Item 6 Capital Structure:**

**(3) *Process for Subscribing*** -

(a) To subscribe for securities, a purchaser must follow the following procedure:

|  |
| --- |
| *Include details on how payment may be made.* |

(b) The period during which the payment will be held in trust for the purchaser is as follows:

|  |
| --- |
| *The payment must be held in trust for at least the length of the purchaser’s two day cancellation right described in Item 11.* |

(c) The following conditions must be met prior to closing, including any receipt of additional funds from other sources:

|  |
| --- |
| *Include the condition that the minimum offering amount is reached.* |

#### (d) The date by which the minimum offering must be raised is as follows:

|  |
| --- |
| *The date cannot be later than 120 days after the date this offering document is first delivered to a purchaser*. |

#### (e) The date that funds will be returned to purchasers if the minimum offering is not reached is as follows:

|  |
| --- |
| *A date that is as soon as reasonably possible after the date that is 120 days after the date this offering document is first delivered to a purchaser*. |

**True or  False - The available funds following the minimum offering will provide sufficient funds to accomplish all of the proposed objectives for the next 12 months.**

**(4) *Commissions and Other Selling Compensation*** – The details of all commissions, corporate finance fees and finder’s fee or any other similar compensation in connection with the offering that has or will be paid to any person or company is as follows:

|  |  |  |
| --- | --- | --- |
|  | If a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and any maximum offering) | Details of any broker’s warrants or agent’s option (including number of securities under option, exercise price and expiry date) |
| *Name of person or company receiving compensation and description of type of compensation and the estimated amount of each.* | Minimum offering: %Click or tap here to enter text.  Maximum offering: %Click or tap here to enter text. | Click or tap here to enter text. |
| *Name of person or company receiving compensation and description of type of compensation and the estimated amount of each.* | Minimum offering: %Click or tap here to enter text.  Maximum offering: %Click or tap here to enter text. | Click or tap here to enter text. |

**(5) *Income Tax Consequences and RRSP Eligibility*** –

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

Check the statement that applies:

The issuer has received advice regarding the registered retirement savings plan (**RRSP**) eligibility of the securities.

The advice regarding RRSP eligibility and the name of the person providing the advice is as follows:

|  |
| --- |
| Click or tap here to enter text. |

The issuer has not received advice regarding the RRSP eligibility of the securities.

**Not all securities are eligible for investment in a registered plan, like a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP or other registered plan eligibility of these securities.**

Other comments on details of the offering:

*Provide any additional information about the details of the offering that may be necessary to ensure that the information provided is fair and balanced and not untrue or misleading*.

**Item 8: Risk Factors**

**(1)** The main risks for purchasers in investing in the issuer’s business are as follows (*check all that apply*):

(a) ***Investment Risk*** - risks that are specific to the securities being offered

the purchase price is arbitrary and there is no independent valuation

a purchaser may experience an immediate dilution of their investment because securities previously issued were issued for nominal consideration

resale restrictions

no market in which to resell the securities and no near term "exit strategy" for purchasers

for redeemable securities, there are material conditions or restrictions on redemption

risk of insufficient funds to pay dividends or interest or redeem securities

for debt securities, they are subordinate to other debt

if the issuer is investing in other issuers, the risk to a purchaser in not having voting rights or rights to the assets of that other issuer

other.

Details: Click or tap here to enter text.

(b) ***Issuer Risk*** - risks that are specific to the issuer

limited business experience of management

the need to raise more funds to accomplish the issuer’s business objectives

no history or a limited history of revenue or profits

lack of specific technical expertise

dependence on key employees

reliance on key suppliers or customers

management’s regulatory and business track record

existing or threatened lawsuits

other.

Details: Click or tap here to enter text.

(c) ***Industry Risk*** - risks faced by the issuer because of the industry in which it operates

significant regulatory requirements or approvals required

environmental, health and safety issues

competition, including from more established businesses

(d) ***Other Risks***

Specify: Click or tap here to enter text.

Other comments on risks:

*The disclosure of risk factors must be fair and balanced and not misleading or untrue. Issuers may indicate how they hope to mitigate risks, but should not deemphasize the risks by including any excessive caveats or conditions*.

**Item 9: Reporting Obligations**

**(1)** Check the statement that applies:

The issuer will provide ongoing disclosure to purchasers, e.g., annual financial statements or an information circular/proxy statements as required by the Order, corporate law, its constating documents (e.g., articles of incorporation or bylaws) or otherwise.

The ongoing disclosure to be provided is: Click or tap here to enter text.

The issuer is **not** required to provide any disclosure to the purchasers on an annual or on-going basis.

## *[Guidance: The Order may require the issuer to provide annual financial statements to its purchasers. Further, corporate legislation in many jurisdictions requires issuers with more than a specified number of shareholders to prepare and disseminate audited annual financial statements. Such issuers may also be required to hold annual meetings of shareholders and provide certain specified disclosure in an information circular. Refer to applicable corporate law*.]

**Item 10: Resale Restrictions**

# The securities you are purchasing are subject to resale restrictions that will continue indefinitely. Unless the issuer becomes a reporting issuer (public company) they can only legally be resold to a very limited number of people under a prospectus or under exemptions from the prospectus requirement. Even if they can be legally resold, you may not be able to identify a buyer. You may never be able to resell the securities.

# Item 11: Purchasers’ Rights

**You have 2 business days to change your mind about this investment.**

**You also have a right to sue if there is a misrepresentation in the offering document. See below for further details.**

***Two-day cancellation right* - If you agree to make an investment, you have a short period in which to change your mind, for any reason, and cancel your agreement. To do so, you must send a written notice to the issuer by not later than midnight on the 2nd business day after signing the agreement to purchase the securities.**

***Right of action in the event of a misrepresentation* – If you invest and find that there is a misrepresentation in the offering document, including all amendments to that document, you have a statutory right to either (a) sue the issuer to cancel your agreement or (b) sue the issuer, its directors, and each person or company who has signed the offering document for damages.**

**This right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.**

**If you intend to rely on these rights, you must do so within strict time limits. Consult a lawyer! If you intend to sue to cancel your agreement because of a misrepresentation you must start the lawsuit no more than 180 days from the day of the transaction giving rise to the cause of action. If you intend to sue for damages you must start the lawsuit within the earlier of (a) 180 days from the day of first having knowledge of the facts giving rise to the cause of action, and (b) 3 years from the day of the transaction giving rise to the cause of action.**

**Item 12: Financial Statements**

**(1)** Check the statement that applies:

The issuer is not required to include financial statements with the offering document and none have been voluntarily included.

Financial statements have been included with the offering document and they are not audited.

*[Guidance: The Order may require the issuer to provide annual financial statements to its purchasers.]*

**Item** **13: Date and Certificate**

**Dated:** *Insert the date the offering document is signed*.

**This offering document does not contain a misrepresentation.**

**Signature of issuer**: *The offering document must be signed by an individual authorized to sign on behalf of the issuer.*

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

Name: Click or tap here to enter text.

Title: Click or tap here to enter text.

**Form 45-539F1**

***Small Business Offering Document***

**Schedule A**

***Additional Disclosure Requirements for an Issuer that is a Collective Investment Vehicle***

***Instructions***

*This Schedule A to Form 45-539F1 Business Offering Document (****Schedule A****) is required if the issuer is a collective investment vehicle and must provide supplemental information as required in Form 45-539F1 Small Business Offering Document (****Offering Document****).*

*1. Despite General Instruction (5) of the Offering Document, an issuer may choose where to integrate the disclosure specified by this Schedule A within the Offering Document.*

*2. Information specified by this Schedule A that is disclosed in the Offering Document in response to another provision of this form need not be repeated.*

***Investment Objectives and Strategy***

3. Describe the following:

(a) the issuer’s investment objectives, investment strategy and investment criteria;

(b) any limitations or restrictions on investments, including concentration limits and use of leverage;

(c) how securities are identified, selected and approved for purchase or sale.

***Portfolio Management***

4. Identify the persons or companies responsible for the following:

(a) establishing and implementing the issuer’s investment objectives and investment strategy;

(b) setting any limitations or restrictions on investments;

(c) monitoring the performance of the portfolio;

(d) making any adjustments to the issuer’s portfolio.

5. Using the table below, for each person or company described in paragraph 4 that is not registered under the securities legislation of a jurisdiction of Canada, provide the specified information for that person or company and for a company, each director and executive officer of the company,

|  |  |
| --- | --- |
| **Full legal name** | **Principal occupation for the 5 years preceding the date of the Offering Document and description of experience that is relevant to the issuer’s business** |
|  |  |
|  |  |

***Portfolio Summary***

6. As at a date not more than 60 days before the date of the Offering Document, provide a description of the portfolio.

7. If a security comprises 10% or more of the issuer’s net asset value, disclose the following with respect to the security:

(a) the percentage of net asset value represented;

(b) a description of the security;

(c) any security interest held against the security;

(d) the amount of any impairment assigned to the security.

8. Instructions to Paragraph 7

(a) “Net asset value” has the same meaning with respect to a collective investment vehicle as it does with respect to an investment fund in National Instrument 81-106 *Investment Fund Continuous Disclosure*.

(b) Calculate impairment in accordance with the accounting standards applicable to the issuer, and in a manner that is consistent with the disclosure in the issuer’s financial statements.

***Ongoing Disclosure***

9. Describe any information that purchasers will receive on an ongoing basis about the issuer’s portfolio. If none, state that fact.

**Form 45-539F1**

***Small Business Offering Document***

**Schedule B**

***Financial Statement Instructions***

*The instructions in this Schedule B to Form 45-539F1 Small Business Offering Document (****Schedule B****), apply if the issuer is required to include financial statements in the Form 45-539F1 Small Business Offering Document (****Offering Document****) or is voluntarily providing financial statements.*

***General***

1. National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) requires that all financial statements included in an offering memorandum or document that is delivered to, or filed with a securities regulatory authority be prepared in accordance with Canadian generally accepted accounting principles (**GAAP**) applicable to publicly accountable enterprises. Alberta Securities Commission Blanket Order 45-539F1 *Small Business Financing* and the Financial and Consumer Affairs Authority of Saskatchewan General Order *Small Business Financing* provide an exemption from certain provisions of NI 52-107.

(a) An issuer preparing an Offering Document under the Order must prepare its financial statements either in accordance with

(i) section 3.2 of NI 52-107, or

(ii) Part II of the CPA Canada Handbook (the **Handbook**), as amended from time to time applied to an issuer as if it were a private enterprise provided that the financial statements consolidate any subsidiaries of the issuer and account for any significantly influenced investees and joint ventures using the equity method (the **Modified Regulatory Accounting Principles**) and paragraphs 3 to 30 of this Schedule B.

(b) The financial statements (excluding interim financial statements) included in the Offering Document must either be

(i) audited in accordance with section 3.3 of NI 52-107, or

(ii) if they have not been audited, subject to a Review in accordance with the standard for engagements to review historical financial statements, as specified in the Handbook (a **review**) and prepared in accordance with paragraphs 3 to 30 of this Schedule B.

2. The issuer must include the following statements proximate to any financial statements:

(a) if prepared in accordance with the Modified Regulatory Accounting Principles:

“These financial statements are prepared in accordance with the modified regulatory accounting principles specified in [*name of exemption relied upon: Alberta Securities Commission Blanket Order* 45-539 *Small Business Financing or the Financial and Consumer Affairs Authority of Saskatchewan General Order 45-539 Small Business Financing*] and as such, [*name of issuer or other term used to refer to issuer*] rather than providing financial statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, is permitted to provide financial statements prepared in accordance with GAAP for private enterprises, provided that any subsidiaries are consolidated and accounted for using the equity method. The recognition, measurement and disclosure requirements of the modified regulatory accounting principles differ from those of Canadian GAAP applicable to publicly accountable enterprises.”

(b) if subject to a Review rather than an audit:

“These financial statements, are prepared in accordance with Order45-539 *Small Business Financing* and as such, [name of issuer or other term used to refer to issuer] rather than providing audited annual financial statements, is permitted to provide annual financial statements that have been reviewed by a chartered professional accountant. A review of annual financial statements by a chartered professional accountant provides limited assurance and lacks the level of assurance for audited annual financial statements.”

(c) if audited by an audit firm that has not entered into a participation agreement with the Canadian Public Accountability Board:

“[Name of audit firm] audited the financial statements of [name of issuer or other term used to refer to issuer] for the year ended [state the period of the most recent financial statements included in the Offering Document] and issued an auditor’s report dated [state the date of the auditor’s report for the relevant financial statements]. As at [state the date of the auditor’s report for the relevant financial statements], [name of audit firm] was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board.”

***Issuer Financial Statements***

3. If the issuer has not completed one financial year or its first financial year end is less than 120 days from the date of the Offering Document, include in the Offering Document financial statements of the issuer consisting of:

(a) an income statement, a statement of retained earnings and a cash flow statement for the period from inception to a date not more than 90 days before the date of the Offering Document;

(b) a balance sheet as at the end of the period referred to in subparagraph (a); and

(c) notes to the financial statements.

4. If the issuer has completed one or more financial years, include in the Offering Document annual financial statements of the issuer consisting of:

(a) an income statement, a statement of retained earnings and a cash flow statement for

(i) the most recently completed financial year that ended more than 120 days before the date of the Offering Document; and

(ii) the financial year immediately preceding the financial year in subparagraph (a)(i), if any, and

(b) a balance sheet as at the end of each of the periods referred to in subparagraph (a); and

(c) notes to the financial statements.

5. If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the income statement referred to in paragraph 4.

6. If the issuer has completed one or more financial years, include in the Offering Document interim financial statements of the issuer comprised of:

(a) an income statement, a statement of retained earnings and a cash flow statement for the most recently completed interim period that ended

(i) more than 60 days before the date of the Offering Document, and

(ii) after the year-end date of the financial statements required under subparagraph 4(a),

(b) an income statement, a statement of retained earnings and a cash flow statement for the corresponding period in the immediately preceding financial year, if any, and

(c) a balance sheet as at the end of the period required by subparagraph (a)(i) and the end of the immediately preceding financial year.

7. If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the income statement referred to in paragraph 6.

8. An issuer is not required to include the comparative financial information for the period in subparagraph 4(a)(ii) in an Offering Document if the issuer includes financial statements for a financial year ended less than 120 days before the date of the Offering Document.

9. The term "interim period" has the meaning set out in National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).

10. The comparative financial information required under subparagraphs 6(b) and 6(c) may be omitted if the issuer has not previously prepared financial statements in accordance with its current or, if applicable, its previous GAAP.

11. (a) If any of the financial statements required by paragraphs 3, 4 or subparagraph 14(a) have been audited, the auditor’s report must be included in the Offering Document.

(b) The financial statements required by paragraph 4 and the financial information contained in the Offering Document may be unaudited or derived from unaudited financial statements, provided that all of the following are satisfied:

(i) the relevant financial statements presented, or from which financial information has been derived, for the most recently completed financial year have been subject to a Review in accordance with Canadian Standard for Review Engagements (CSRE) 2400, *Engagements to Review Historical Financial Statements*,

(ii) the review report does not include a modified conclusion as defined in the Canadian Standard for Review Engagements (CSRE) 2400, *Engagements to Review Historical Financial Statements* (**Modified Conclusion**), and:

(A) identifies the financial statements that were subject to the review, including identification of the title of each of the statements contained in the set of financial statements and the date and period covered by each financial statement,

(B) is in the form specified by the standard for a review, and

(C) refers to International Financial Reporting Standards (**IFRS**) or the Modified Regulatory Accounting Principles as the applicable financial reporting framework.

12. The financial statements required under paragraph 6 and the comparative financial information required by paragraph 4 may be unaudited; however, if those financial statements or comparative financial information have been audited, the auditor’s report must be included in the Offering Document.

13. All unaudited financial statements and unaudited comparatives must be clearly labelled as unaudited.

14. If the distribution is ongoing, the issuer must do the following:

(a) if the Offering Document does not contain annual financial statements for the issuer’s most recently completed financial year, the issuer must do the following:

(i) amend the Offering Document to include the annual financial statements as soon as the issuer has approved the financial statements, but in any event no later than the 120th day following the financial year end;

(ii) present the Offering Document and the annual financial statements in accordance with the instructions in paragraphs 1 to 24 and, for that purpose, the reference to the financial year in subparagraph 4(a)(i) shall mean the issuer’s most recently completed financial year;

(b) if the Offering Document does not contain interim financial statements for the issuer’s most recently completed 6-month period, the issuer must do the following:

(i) amend the Offering Document to include the interim financial statements no later than the 60th day following the end of the period;

(ii) present the Offering Document and the interim financial statements in accordance with the instructions in paragraphs 1 to 24 and, for that purpose, the reference to the interim period in subparagraph 6(a) shall mean the issuer’s most recently completed 6-month period.

15. If the issuer has included in its Offering Document interim financial statements for its most recently completed 9-month period, subparagraph 14(b) does not apply.

***Financial Statements of Businesses Acquired or to be Acquired***

16. If the issuer

(a) has acquired a business during the past 2 years and the financial statements of the issuer included in the Offering Document do not include the results of the acquired business for 9 consecutive months, or

(b) is proposing to acquire a business and the acquisition has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high,

include the financial statements specified in paragraph 19 for the business if either of the tests in paragraph 17 is met, irrespective of how the issuer accounts, or will account, for the acquisition.

17. Include the financial statements specified in paragraph 19 for a business referred to in paragraph 16 if either:

(a) the issuer’s proportionate share of the consolidated assets of the business exceeds 100% of the consolidated assets of the issuer calculated using the annual financial statements of each of the issuer and the business for the most recently completed financial year of each that ended before the acquisition date or, for a proposed acquisition, the date of the Offering Document, or

(b) the issuer’s consolidated investments in and advances to the business as at the acquisition date or the proposed date of acquisition exceeds 100% of the consolidated assets of the issuer, excluding any investments in or advances to the business, as at the last day of the issuer’s most recently completed financial year that ended before the date of acquisition or the date of the Offering Document for a proposed acquisition. For information about how to perform the investment test in this paragraph, please refer to subsections 8.3(4.1) and 8.3(4.2) of NI 51-102. Additional guidance may be found in the companion policy to NI 51-102.

18. If an issuer or a business has not yet completed a financial year, or its first financial year ended within 120 days of the Offering Document date, use the financial statements referred to in paragraph 3 to make the calculations in paragraph 17.

19. If under paragraph 17 you must include in the Offering Document financial statements for a business, the financial statements must include:

(a) If the business has not completed one financial year or its first financial year end is less than 120 days from the date of the Offering Document

(i) an income statement, a statement of retained earnings and a cash flow statement

(A) for the period from inception to a date not more than 90 days before the date of the Offering Document, or

(B) if the date of acquisition precedes the ending date of the period referred to in subparagraph (A), for the period from inception to the acquisition date or a date not more than 45 days before the acquisition date,

(ii) a balance sheet dated as at the end of the period referred to in subparagraph (i), and

(iii) notes to the financial statements.

(b) If the business has completed one or more financial years include

(i) annual financial statements comprised of:

(A) an income statement, a statement of retained earnings and a cash flow statement for the following annual periods:

i. the most recently completed financial year that ended before the acquisition date and more than 120 days before the date of the Offering Document, and

ii. the financial year immediately preceding the most recently completed financial year specified in subparagraph i., if any,

(B) a balance sheet as at the end of each of the periods specified in subparagraph (A),

(C) notes to the financial statements, and

(ii) an interim financial statement comprised of

(A) either

i. an income statement, a statement of retained earnings and a cash flow statement for the most recently completed year-to-date interim period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the Offering Document and ended after the date of the financial statements required under subparagraph (i)(A)i., and an an income statement, a statement of retained earnings and a cash flow statement for the 3 month period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the Offering Document and ended after the date of the financial statements required under subparagraph (i)(A)i., or

ii. an income statement, a statement of retained earnings and a cash flow statement for the period from the first day after the financial year referred to in subparagraph (i) to a date before the acquisition date and after the period end in subparagraph (A)i.,

(B) an income statement, a statement of retained earnings and a cash flow statement for the corresponding period in the immediately preceding financial year, if any,

(C) a balance sheet as at the end of the period required by subparagraph (A) and the end of the immediately preceding financial year, and

(D) notes to the financial statements.

Refer to paragraph 9 for the meaning of "interim period".

20. (a) If any of the financial statements required by subparagraph 19(b)(i) have been audited, the auditor’s report must be included in the Offering Document.

(b) The financial statements required by subparagraph 19(b)(i) and the financial information contained in the Offering Document may be unaudited or derived from unaudited financial statements, provided that all of the following are satisfied:

(i) the relevant financial statements presented, or from which financial information has been derived, for the most recently completed financial year have been subject to a Review,

(ii) the review report does not include a Modified Conclusion, and:

(A) identifies the financial statements that were subject to the review, including identification of the title of each of the statements contained in the set of financial statements and the date and period covered by each financial statement;

(B) is in the form specified by the standard for a review; and

(C) refers to IFRS or the Modified Regulatory Accounting Principles as the applicable financial reporting framework.

The financial statements required under subparagraphs 19(a), 19(b)(ii) and the comparative financial information required by subparagraph 19(b)(i) may be unaudited; however, if those financial statements or comparative financial information have been audited, the auditor’s report must be included in the Offering Document.

All unaudited financial statements and unaudited comparatives must be clearly labelled as unaudited.

21. If the Offering Document does not contain financial statements for a business referred to in paragraph 16 for the business’s most recently completed financial year that ended before the acquisition date and the distribution is ongoing, update the Offering Document to include those financial statements when they are available, but in any event no later than the date 120 days following the year-end.

22. The term "business" should be evaluated in light of the facts and circumstances involved. Generally, a separate entity or a subsidiary or division of an entity is a business and, in certain circumstances, a lesser component of an entity may also constitute a business, whether or not the subject of the acquisition previously prepared financial statements. The subject of an acquisition should be considered a business where there is, or the issuer expects there will be, continuity of operations. The issuer should consider:

(a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition, and

(b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the issuer instead of remaining with the vendor after the acquisition.

Reporting issuers are reminded that an acquisition may constitute the acquisition of a business for securities legislation purposes, even if the acquired set of activities or assets does not meet the definition of a "business" for accounting purposes.

23. If a transaction or a proposed transaction for which the likelihood of the transaction being completed is high has been or will be a reverse takeover, include financial statements for the legal subsidiary in the Offering Document. The legal parent is considered to be the business acquired. Paragraph 16 may also require financial statements of the legal parent.

24. An issuer satisfies the requirements in paragraph 19 if the issuer includes in the Offering Document the financial statements required in a business acquisition report under NI 51-102.

***Financial Statement Exemptions***

25. Notwithstanding the requirements in subclause 3.3(1)(a)(i) of NI 52-107, if an auditor’s report accompanies financial statements of an issuer or a business contained in an Offering Document, it may express a qualification of opinion relating to inventory if

(a) the issuer includes in the Offering Document a balance sheet that is for a date that is after the date to which the qualification relates,

(b) the balance sheet referred to in subparagraph (a) is accompanied by an auditor’s report that does not express a qualification of opinion relating to closing inventory, and

(c) the issuer has not previously filed, or delivered financial statements for the same entity accompanied by an auditor’s report for a prior year that expressed a qualification of opinion relating to inventory.

26. If an issuer has, or will account for a business referred to in paragraph 16 using the equity method, then financial statements for a business required by paragraphs 16 to 24 are not required to be included if the Offering Document includes disclosure for the periods for which financial statements are otherwise required under paragraphs 16 to 24 that:

(a) summarizes information as to the aggregated amounts of assets, liabilities, revenue and profit or loss of the business, and

(b) describes the issuer’s proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the issuer’s share of profit or loss.

27. (a) The financial information referred to in paragraph 26 may be unaudited or be derived from unaudited financial statements, provided that all of the following are satisfied:

(i) the relevant financial information presented, or from which financial information has been derived, for the most recently completed financial year have been subject to a Review, and

(ii) the review report does not include a Modified Conclusion, and:

(A) identifies the financial statements that were subject to the review, including identification of the title of each of the statements contained in the set of financial statements and the date and period covered by each financial statement;

(B) is in the form specified by the standard for a review; and

(C) refers to IFRS or the Modified Regulatory Accounting Principles as the applicable financial reporting framework.

All unaudited financial statements and unaudited comparatives must be clearly labelled as unaudited.

28. The financial information provided under paragraph 26 for any completed financial year that has not been audited need not be accompanied by the review report but the issuer must do both of the following:

(a) provide disclosure to accompany the financial statements that the financial information presented has not been audited and is not derived from audited financial statements, and

(b) in respect of financial information, other than financial statements, provide disclosure proximate to that financial information that identifies the financial statements from which the financial information has been derived and indicates that neither the financial information nor the financial statements from which the financial information has been derived have been audited.

29. Financial statements relating to the acquisition or proposed acquisition of a business that is an interest in an oil and gas property are not required to be included in an Offering Document if both of the following apply:

(a) the acquisition is not of securities of another issuer, unless the vendor transferred the business to the other issuer and that other issuer

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history; and

(b) the issuer is unable to provide the financial statements in respect of the significant acquisition otherwise required because those financial statements do not exist or the issuer does not have access to those financial statements, and the following apply:

(i) the acquisition was not or will not be a reverse take-over, and

(ii) the following apply:

(A) the Offering Document includes an operating statement for the business or related businesses for each of the financial periods for which financial statements would, but for this section, be required under paragraph 19 prepared in accordance with subsection 3.11(5) of NI 52-107,

(B) the operating statement for the most recently completed financial period referred to in subparagraph 19(b)(i) is audited or subject to a Review,

(C) the Offering Document includes a description of the property or properties and the interest acquired by the issuer,

(D) the Offering Document includes information with respect to the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the seller of the person or company who prepared the estimates,

(E) the Offering Document includes actual production volumes of the property for the most recently completed year, and

(F) the Offering Document includes estimated production volumes of the property for the first year reflected in the estimate disclosed under subparagraph (E).

30. Financial statements for a business that is an interest in an oil and gas property, or for the acquisition or proposed acquisition by an issuer of an oil and gas property, are not required to be audited or subject to a Review if during the 12 months preceding the acquisition date or the proposed acquisition date, the average daily production of the property is less than 20% of the average daily production of the seller for the same or similar periods and:

(a) despite reasonable efforts during the purchase negotiations, the issuer was prohibited from including in the purchase agreement the rights to obtain an operating statement of the property that was audited or subject to a Review,

(b) the purchase agreement includes representations and warranties by the seller that the amounts presented in the operating statement agree to the seller’s books and records, and

(c) the Offering Document discloses

(i) that the issuer was unable to obtain an operating statement that was audited or subject to a Review,

(ii) the reasons for that inability,

(iii) the fact that the purchase agreement includes the representations and warranties referred to in subparagraph (ii), and

(iv) that the results presented in the operating statements may have been materially different if the statements had been audited or subject to a Review.