

Amended and Restated Offering Memorandum

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 - Risk Factors.

Date: April 15, 2014

The Issuer: TPF The Phoenix Fund Inc. (the "Corporation")

Address: 503 – 321 Water Street
Vancouver, British Columbia, V6B 1B8

Phone: (604) 336-0185

Fax: (604) 676-2622

Email: info@thephoenixfund.ca

Currently listed or quoted? **No. These securities do not trade on any exchange or market.**

Reporting Issuer? No.

SEDAR filer? No.

The Offering

Securities Offered	10% Unsecured Bonds (referred to herein as the "Bonds") See Item 5.1, Terms of Securities, for details regarding the Bonds.
Price Per Security	\$1,000 per Bond
Minimum Offering	\$150,000 (150 Bonds)
Maximum Offering	\$15,000,000 (15,000 Bonds)
Minimum Subscription Amount Per Subscriber	\$5,000 (5 Bonds)
Payment Terms	Payment in full by cheque or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. See Item 5.2 Subscription Procedure.
Proposed Closing Date(s)	The Minimum Offering has already been reached. Closings will take place periodically at the Corporation's discretion up to April 15, 2015.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.
Purchasers' Rights	You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.
Resale Restrictions	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions.
Selling Agents	Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. The Corporation intends to offer these same parties an annual Trailer Fee of up to 1% on the Bonds outstanding after the first year of subscription. See Item 7 Compensation Paid to Sellers and Finders.

CORPORATION'S COPY – Please print your name, sign and date below, and submit this page with your Subscription Agreement.

Investor Name: _____ **Investor Signature:** _____ **Date:** _____

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INVESTOR COPY – Please retain this complete copy of the Offering Memorandum for your records.

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SCHEDULE A

EXHIBIT 1

EXHIBIT 2-A / EXHIBIT 2-B

EXHIBIT 3

EXHIBIT 4

EXHIBIT 5

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Offering Memorandum may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Corporation's expectations except as otherwise required by applicable legislation.

GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

"**4 Pillars**" means 4 Pillars Consulting Group Inc., a private British Columbia corporation unrelated to the Corporation or TPFM.

"**Annual Fee**" means the annual fee payable by the Corporation in cash to Target in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent (being 0.5%) of the total Deferred Plan Capital outstanding at the date of the anniversary of the Target Agreement that is in excess of \$500,000; plus (iii) applicable taxes.

"**Asset-backed Loans**" means Loans secured by collateral.

"**Bankruptcy Trustee**" means a person licensed by the Superintendent of Bankruptcy to administer Consumer Proposals, bankruptcies and manage assets held in trust.

"**BCA**" means the *Business Corporations Act* (British Columbia).

"**Bondholder(s)**" means a holder of Bonds purchased by a Subscriber pursuant to this Offering Memorandum.

"**Bonds**" means the 10% unsecured bonds offered by the Corporation pursuant to this Offering Memorandum.

"**Borrowers**" means those individuals who meet TPFM's lending criteria to borrow funds.

"**Capital Raising Fee**" means the fee payable by the Corporation to Target in cash in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the total Deferred Plan Capital raised by the Corporation during a year in excess of \$500,000.

"**Class A Shares**" means the Class A Preferred shares of the Corporation.

"**Commitment Letter**" means a legally binding document issued by TPFM to a Borrower informing the Borrower that the Loan has been approved as long as certain conditions are met.

"**Consumer Proposal**" means a formal proposal filed and approved under the provisions of the *Bankruptcy and Insolvency Act* (Canada) which allows an individual or entity debtor to pay only a fraction of debt without filing for bankruptcy.

"**CRA**" means the Canada Revenue Agency.

"**Deferred Plan**" means any one of or collectively a RRSP, RRIF, RESP and a TFSA.

"**Deferred Plan Capital**" means capital of any kind raised by the Corporation from a RRSP, RRIF, RESP or TFSA pursuant to this Offering.

"**EE**" means Exempt Experts Inc., a company related to Target by common officers and directors. The CEO of Target owns 100% of the issued and outstanding shares in EE.

"**GAAP**" means, at any time, accounting principles generally accepted in Canada, including those set out in the Handbook of the Canadian Institute of Chartered Accountants.

"**GSA**" means the Amended and Restated General Security Agreement dated April 14, 2014 between the Corporation, as secured party, and TPFM, as debtor, as more particularly described in **Item 2.7.4 General Security Agreement**.

"**Loans**" means the secured and unsecured loans provided by TPFM (i) to Borrowers for the funding of loans used to pay off Consumer Proposals, or (ii) from time to time, to Borrowers who are settling with creditors but whose settlement plans are not filed as formal proposals under the *Bankruptcy and Insolvency Act* (Canada); or (iii) from time to time to Borrowers for financing under special conditions.

"**Material Breach**" means one or more of the following events:

- (a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out herein within sixty (60) days of such amounts being owing to Target;
- (b) the Corporation failing to deliver signed copies of the Target Release for each subscriber of the Corporation's securities;
- (c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents disclosure on such terms as required by the Target Agreement (the "**Required Disclosure**");
- (d) the Corporation failing to deliver a signed copy of the "Consent to Release Information" form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement (the "**Consent to Release Information**");
- (e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving a written request from Target to review such documentation; and
- (f) the Corporation failing to raise any Deferred Plan Capital within 12 months from the date of the Target Agreement.

"**Maximum Offering**" means 15,000 Bonds (\$15,000,000).

"**Minimum Offering**" means 150 Bonds (\$150,000).

"**NI 45-106**" means National Instrument 45-106 *Prospectus and Registration Exemptions*.

"**Offering**" means the offering of up to 15,000 Bonds pursuant to the terms of this Offering Memorandum.

"**Offering Documents**" means any offering memorandum, prospectus or term sheet, and applicable subscription agreement prepared by the Corporation in connection with a distribution of its securities.

"**Offering Memorandum**" means this amended and restated offering memorandum dated April 15, 2014 as amended or supplemented.

"**Principal Amount**" means the aggregate dollar value of each Subscriber's subscription for Bonds determined by multiplying the number of Bonds purchased by a Subscriber by \$1,000.

"**Program**" means the program developed by TPFM to provide Loans to clients of 4 Pillars and other Borrowers. **See Item 2.2 Our Business and Item 2.7.2 Loan Program Agreement with 4 Pillars Consulting Group Inc.**

"**Regulations**" means the Tax Act regulations.

"**RESP**" means Registered Education Savings Plan as defined under the Tax Act.

"**RRIF**" means Registered Retirement Income Fund as defined under the Tax Act.

"**RRSP**" means Registered Retirement Savings Plan as defined under the Tax Act.

"**Subscribers**" means parties who subscribe for Bonds pursuant to this Offering.

"**Subscription Agreement**" means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Bonds by a Subscriber under this Offering. The Subscription Agreement with respect to this Offering is attached hereto as Schedule A.

"**Target**" means Target Capital Inc., a publicly traded company listed on the TSX Venture Exchange, trading under the symbol "TCI". Target presently holds 60% of the issued and outstanding Class A Preferred shares of the Corporation.

"**Target Agreement**" means the agreement between the Corporation and Target dated October 5, 2012 the terms of which are referred to in Item 2.1.1 and Item 2.7.1 herein.

"**Target Release**" means the release to be executed by each Subscriber to this Offering in favour of Target as more particularly described in Item 2.1.2 herein.

"**Target Shares**" means the 60,000 Class A Preferred Shares of the Corporation held by Target as of the date of this Offering Memorandum.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**TFSA**" means a Tax-Free Savings Account as defined by the Tax Act.

"**TPFM**" means TPFM The Phoenix Fund Management Ltd., a private British Columbia corporation related to the Corporation by common officers and directors, Ayaz Virani and Christopher Jimenez. **See Item 2.2.1 Business of TPFM The Phoenix Fund Management Ltd. and Item 2.2.4 Related Party Matters.**

"**TPFM Loan**" means the amended and restated loan agreement dated April 14, 2014, between the Corporation, as lender, and TPFM, as borrower, advancing the proceeds raised pursuant to this Offering as a loan to TPFM, as more particularly described in **Item 2.7.3 TPFM Loan Agreement**. Obligations of TPFM under the TPFM Loan are secured by the GSA.

"**Trailer Fee**" means the fee payable by the Corporation to parties who affect the sale of Bonds under this Offering where the term of the Bonds of a Subscriber is extended after the first year of subscription.

In this Offering Memorandum, references to "dollars" and \$ are to the lawful currency of Canada, unless otherwise indicated.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised pursuant to this Offering	\$150,000	\$15,000,000
B	Selling commissions and fees	NIL ⁽¹⁾	NIL ⁽¹⁾
C	Estimated Offering Costs	NIL ⁽²⁾	NIL ⁽²⁾
D	Annual Fee and Capital Raising Fee	NIL ⁽³⁾	NIL ⁽³⁾
E	Available funds: E = A - B - C - D	\$150,000	\$15,000,000
F	Additional sources of funding required	NIL ⁽⁴⁾	NIL ⁽⁴⁾
G	Working Capital Deficiency	NIL ⁽⁵⁾	NIL ⁽⁵⁾
H	Total: H = E + F - G	\$150,000	\$15,000,000

- (1) All selling commissions for this Offering will be paid on the Corporation's behalf by TPFM (\$9,000 assuming Minimum Offering, and \$900,000 assuming Maximum Offering). **See Item 7 Compensation Paid to Sellers and Finders.**
- (2) All estimated offering costs for this Offering will be paid on the Corporation's behalf by TPFM.
- (3) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Annual Fee and Capital Raising Fee. TPFM will pay Target all Annual Fees and Capital Raising Fees incurred by the Corporation with respect to this Offering (\$2,500 assuming Minimum Offering, and \$75,000 assuming Maximum Offering). **See Item 2.7.2 Agreement with Target Capital Inc.**
- (4) The Corporation does not anticipate requiring additional funds to pursue its business objectives.
- (5) As of the date of this Offering, the Corporation does not have a working capital deficiency.

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds of this Offering in the 12 months ensuing from the date of this Offering Memorandum:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
The available funds of this Offering shall be loaned by the Corporation to TPFM. TPFM will use these funds to provide Loans to Borrowers. See Item 2.2 Our Business	\$150,000	\$15,000,000
Total	\$150,000	\$15,000,000

1.3 Reallocation

The Corporation intends to use the available funds of this Offering as stated.

1.4 Future Cash Calls

An investor in these securities will not be required to make any additional funds available to the Corporation in addition to the subscription amount.

ITEM 2: BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation is a corporation incorporated under the BCA pursuant to a certificate of incorporation dated October 4, 2012. The Corporation's registered and head office is located at 503 – 321 Water Street, Vancouver, British Columbia V6B 1B8. The Corporation is controlled by Target. Please see www.sedar.com for further information with respect to Target.

2.1.1 Voting Control – Target Capital Inc.

Voting control of the Corporation by Target is intended to result in the Bonds issued pursuant to this Offering being qualified investments for a trust governed by a Deferred Plan under the Tax Act, but the Corporation cannot provide any assurance that the Bonds are or will be such qualified investments. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility and see Item 8 Risk Factors.**

Target's control and interest in the Corporation is to earn Annual Fees and Capital Raising Fees and not to participate in the profits of the Corporation pursuant to the Target Agreement. **See Item 2.7.1 Agreement with Target Capital Inc.**

Specifically:

- (a) Target's shares in the Corporation are non-participating as they are not entitled to dividends;
- (b) The Target Agreement states that Target cannot acquire any additional shares in the Corporation without the approval of the majority of the minority of shareholders of the Corporation;
- (c) Target cannot increase the Annual Fee or the Capital Raising Fee pursuant to the Target Agreement without the approval of the majority of the minority shareholders of the Corporation;
- (d) Target will not sell its shares of the Corporation while the Target Agreement is in force and will, at the termination of the Target Agreement, return all of its shares to the treasury of the Corporation for six hundred dollars; and
- (e) Target will not benefit from its position as shareholder except as described in the Target Agreement and, should it receive any benefit in addition to the Annual Fee and the Capital Raising Fee, that benefit will be returned to the Corporation in return for the sum of ten dollars.

An investor in these securities should understand that Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Target does not encourage or discourage an investment in the Corporation.

2.1.2 Release of Target Capital Inc.

As a term of this Offering, Subscribers are required to grant Target a specific release in the form attached as Exhibit 5 to the Subscription Agreement (the "**Target Release**"). Pursuant to the terms of the Target Release, the Subscriber will acknowledge that:

- (a) Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;
- (b) Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Bonds issued under this Offering;
- (c) Target shall not be liable to Subscribers for any liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Bonds issued pursuant to this Offering; and
- (d) the Subscriber will release and forever discharge Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Bonds of the Corporation or the acquisition of the Bonds from the Corporation.

All Subscribers are encouraged to seek independent legal advice before executing and delivering the Target Release.

2.2 Our Business

The Corporation has been raising funds since June 2013 for the purpose of loaning the funds to TPFM under the TPFM Loan. TPFM uses the funds loaned to it by the Corporation in the operation and administration of the Program as a provider of Loans to Borrowers that meet TPFM's lending criteria. Obligations of TPFM pursuant to the TPFM Loan are secured by way of the GSA.

2.2.1 Business of TPFM The Phoenix Fund Management Ltd.

TPFM is a private British Columbia corporation incorporated on October 3, 2012 for the purpose of administering the Program. TPFM is owned by Java Holdings Ltd. (controlled by Ayaz Virani) as to 67.5%, Alliance Advantage Holdings Inc. (controlled by Christopher Jimenez) as to 25%, and The Tiwari Holding Group Inc. (controlled by Sunil Prasad) as to 7.5%.

TPFM recognizes that unique individual and business situations sometimes require a specialized financing solution that is not available by way of conventional financing through traditional Canadian lenders such as banks, credit unions, trusts companies and other such conventional lenders. TPFM will use the funds loaned to it by the Corporation to provide Loans to Borrowers in the Program. As a result, Loans made by TPFM to Borrowers have a higher default risk. Accordingly, a Loan made by TPFM to Borrowers earns a higher rate of return than loans made by conventional lenders. While TPFM intends to offer Loans to Borrowers with Consumer Proposals, TPFM may, from time to time, offer Loans to Borrowers who are settling with creditors but whose settlement plans are not filed as formal proposals under the *Bankruptcy and Insolvency Act* (Canada).

The Corporation and TPFM have partnered with 4 Pillars for TPFM to be the provider of Loans to 4 Pillars' clients until November 30, 2018 subject to an automatic renewal for a further period of 5 years until November 30, 2023, unless TPFM and 4 Pillars mutually agree otherwise. TPFM will provide Loans to the strongest of clients that are referred by 4 Pillars. TPFM shall have full discretion on the lending criteria and to whom TPFM will advance Loans. TPFM will provide Loans to Borrowers that are clients of 4 Pillars and, with prior written consent from 4 Pillars, other Borrowers. In addition, upon the final expiration date of the agreement between TPFM and 4 Pillars, or earlier as may be the case, when TPFM no longer has a contractual relationship with 4 Pillars, TPFM intends to provide Loans to Borrowers that are not clients of 4 Pillars. **See Item 2.2.2 4 Pillars Consulting Group Inc. and Item 2.7.2 Loan Program Agreement with 4 Pillars Consulting Group Inc.**

Some of the Loans made by TPFM will be Asset-backed Loans, while other Loans will be unsecured. However, TPFM intends that larger amounts will be loaned as Asset-backed Loans, and smaller amounts will be loaned as unsecured Loans. Asset-backed Loans will be secured by registrations against real estate property. Where real estate is involved, a market value assessment of the property being mortgaged will be confirmed by a third party appraisal or property tax assessment. For Asset-backed Loans, mortgage security documentation will be in place and registered as appropriate prior to the disbursement of any funds by a reputable law firm. Mortgages will be held by and registered in the name of TPFM.

Loan sizes will be approximately \$15,000 and interest charged will be between 18-30% per annum on a maximum term of 7 years. The exact interest charged will depend on each Borrower's Consumer Proposal and the Borrower's job stability. A fee between 5-10% will be charged on every Loan at the outset.

TPFM endeavors to build a Loan portfolio which is as safe as possible given the nature of the Borrowers. TPFM will assess each Loan individually with particular emphasis on:

- (a) the type of Borrower;
- (b) employment of the Borrower, the source of income and ability to repay the Loan amount;
- (c) any collateral or mortgage security provided by the Borrower;
- (d) any guarantors offered by the Borrower;
- (e) the reason the Borrower became over leveraged; and
- (f) the length of the repayment term.

Commitment Letters will be issued for every Loan approval. All conditions set out in the Commitment Letter must be satisfied prior to any disbursement of Loan funds by TPFM. TPFM will then enter into a loan agreement with the Borrower. If the Loan to a Borrower is unsecured, in addition to entering into a loan agreement, the Borrower will be required to provide a promissory note and enter into a general security agreement.

In the event that a Borrower defaults in payment on an Asset-backed Loan, TPFM will seize the collateral used to secure such Loan. If the Loan is unsecured and the Borrower defaults in payment, TPFM will pursue repayment of the Loan in court by enforcing the loan agreement, the promissory note and the general security agreement.

This Offering is a "blind pool" offering as the Borrowers to whom TPFM will loan funds have not yet been identified. TPFM will, in its sole discretion and without notice to or approval from any Bondholder of the Corporation, analyze and select the Borrowers to whom TPFM will advance Loans from time to time pursuant to the Program. TPFM will have full discretion and authority in respect of

the Borrowers to whom funds are advanced and the terms and conditions of such Loans, which discretionary authority may be exercised at any time and from time to time without notice to or consent from any Bondholder of the Corporation.

2.2.2 4 Pillars Consulting Group Inc.

4 Pillars Consulting Group Inc. is the franchisor of the 4 Pillars® financial debt restructuring franchise system and the largest debt consulting company in Canada with over 50 offices across the country. 4 Pillars helps clients negotiate settlements with creditors. The clients are typically individuals experiencing financial difficulties but are honourable clients with a strong desire to avoid bankruptcy. Settlements are between 10 to 25 cents on the dollar of the total debt and are paid in one payment to creditors. 4 Pillars works very closely with the client and will determine the client's cash flow situation and arrange payments so that the client can honour the new settled arrangement amount on a 3 to 5 year repayment plan. Most of the settled amounts are repaid within 3 to 5 years.

4 Pillars has developed proprietary methods of evaluating complex financial problems while finding unique solutions to resolve clients' problems. When a client approaches 4 Pillars, a consultant will complete a full review of the client's income, assets, liabilities and look at any assets that may have been sold or transferred during the reviewable period prior to filing a Consumer Proposal.

In order for creditors to accept the Consumer Proposal, the client must offer to pay back more than what the Creditor would receive in a bankruptcy. Typically, 25 cents on the dollar is offered to creditors in a Consumer Proposal. If the client has zero value in a bankruptcy, the Consumer Proposal is based on customer affordability and will range anywhere from 10 cents to 15 cents on the dollar. Once the expected Consumer Proposal payment is calculated, the client is walked through a budgeting process to ensure that payment is actually affordable. The consultant looks at worst case scenarios when calculating the budget and allows for all unexpected expenses that could arise. Once the consultant and client agree that a strong budget is in place and the client is committed to the process, the Consumer Proposal is filed with a Bankruptcy Trustee.

The Bankruptcy Trustee performs standard due diligence on the file by verifying the supporting documents provided by 4 Pillars to ensure the income, assets and liabilities are listed correctly and that the income and expense budget form shows affordability. The Bankruptcy Trustee ensures that the creditors and the client are being fairly represented, the information provided is accurate and the return on the Consumer Proposal is greater than a bankruptcy.

Consumer Proposals allow clients to keep their assets and is favorable compared to bankruptcy. For some people who may be licensed in certain fields, bankruptcy may not be an option. 4 Pillars also works with clients on rebuilding credit with products such as loss of earnings insurance which protects against loss of employment and is also a reporting entity to the Credit Bureau. Clients are also assisted in acquiring prepaid credit cards once their Consumer Proposals are complete. Often, completing a Consumer Proposal can re-establish credit in the 600 beacon range within 3 years compared to 7 years following a bankruptcy.

2.2.3 Offering Structure

The purpose of this Offering is to allow Subscribers to participate, indirectly through acquiring Bonds in the Corporation, in the TPFM Loan.

Funds from Deferred Plans may be used to purchase Bonds pursuant to this Offering subject to the general comments provided by Grant Thornton LLP. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. **See Item 8 Risk Factors.**

No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of the Bonds with respect to acquiring, holding or disposing of the Bonds of the Corporation.

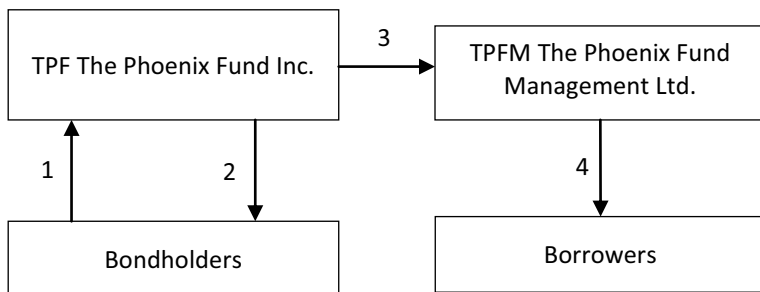
Subscribers are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of the Bonds purchased pursuant to this Offering.

2.2.4 Related Party Matters

Ayaz Virani and Christopher Jimenez, directors and officers of the Corporation, are also directors and officers of TPFM. Ayaz Virani is a shareholder of the Corporation and Ayaz Virani and Christopher Jimenez are indirect shareholders of TPFM.

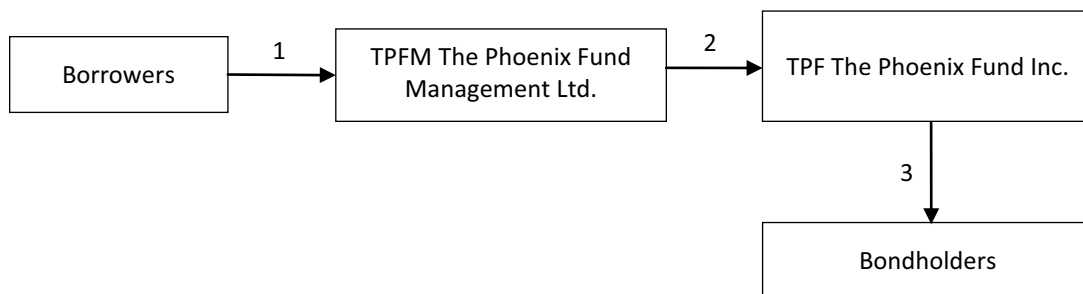
2.2.5 Investment Flow Charts

The following represents the proposed use of the available funds of this Offering after the payment of the costs associated with this Offering. **See Item 1.1 Available Funds.**



1. Subscribers purchase Bonds using funds from Deferred Plans or cash proceeds.
2. The Corporation issues Bonds to Subscribers.
3. The Corporation will loan the available funds of this Offering to TPFM.
4. TPFM will use the available funds to provide Loans to Borrowers

The following represents the proposed distribution of funds by the Corporation:



1. Borrowers repay Loans to TPFM.
2. TPFM pays interest and principal on the TPFM Loan to the Corporation.
3. The Corporation repays principal and interest to its Bondholders after first paying all of its outstanding liabilities.

2.3 Development of Business

The business has been operational for approximately 12 months and has funded loans in excess of \$1.5 million, with 130 active clients. All loans made by TPFM are being paid as agreed with no defaults to date. Lending guidelines are being refined and loan processing is continuously being refined and streamlined. Marketing efforts to promote the loan product throughout the 4Pillars network are being expanded and yielding positive results.

2.4 Long Term Objectives

The Corporation's long term goal is to raise up to \$15,000,000 by selling 15,000 Bonds, the available funds of which will be used for the purposes set forth in **Item 2.2 Our Business.**

The anticipated costs to be incurred by the Corporation with respect to completion of its long term objectives are the same as its short term objectives and are as set out in Item 2.5 below.

2.5 Short Term Objectives and How the Corporation Intends to Achieve Them

The Corporation's goal for the next 12 months is to raise up to \$15,000,000 for the purpose of loaning the available funds to TPFM and to maintain the TPFM Loan as outlined in Item 2.2 Our Business.

The following outlines the Corporation's short-term objective and the method and cost associated with the achievement thereof.

What we must do and how we will do it	Target number of months to complete	Our cost to complete
Raise up to \$15,000,000 and loan the available funds	12 months	All costs, commissions and fees associated

to TPFM and maintain the TPFM Loan as outlined in Item 2.2 Our Business.		with this Offering will be paid on the Corporation's behalf by TPFM.
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2.6 Insufficient Funds

The funds raised from this Offering will be committed to the TPFM Loan. The Corporation does not intend to hold any significant cash reserves, other than those amounts necessary to pay for all administration and operating expenses incurred by the Corporation in the conduct of its business. The Corporation does not anticipate requiring additional funds to pursue its objectives.

2.7 Material Agreements

The following are the key terms of all material agreements which the Corporation has entered into, or expects to enter into, and which can reasonably be regarded as presently being material to the Corporation or a prospective purchaser of Bonds being offered pursuant to this Offering.

2.7.1 Agreement with Target Capital Inc.

The Corporation entered into the Target Agreement on October 5, 2012. A summary of some of the material terms of the Target Agreement are as follows:

- (a) The Corporation shall pay to Target:
 - (i) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus
 - (ii) the Capital Raising Fee within 60 days from the date on which the Corporation raises Deferred Plan Capital. Notwithstanding the preceding sentence, the Corporation shall not be required to pay any Capital Raising Fee until it raises Deferred Plan Capital in excess of \$500,000.

Any amounts owing by the Corporation to Target that have been outstanding for more than 60 days will be subject to interest penalties at a rate of 2% per month.

- (b) **Access to Records.** If requested, the Corporation shall promptly provide Target with copies of all corporate records.
- (c) **Target Release/Required Disclosure.** The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.
- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target's shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.
- (e) **Term.** The Target Agreement shall be in effect from the date of that Agreement to: (i) the date on which Target ceases to be the majority shareholder of the Corporation; or (ii) ten (10) years from the date of the Target Agreement, whichever event occurs first. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target the Annual Fee and the Capital Raising Fee that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.
- (f) **Termination by the Corporation.** Subject to the two year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.
- (g) **Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00

See Item 2.1.1 Voting Control for additional terms of the Target Agreement.

2.7.2 Loan Program Agreement with 4 Pillars Consulting Group Inc.

The Corporation entered into the Loan Program Agreement with 4 Pillars dated November 1, 2012, as amended on February 4, 2013. This agreement has been assigned to TPFM, with consent of 4 Pillars, by way of Assignment, Assumption, Novation and Consent Agreement dated August 24, 2013. The material terms of this agreement are summarized below.

- (a) **Purpose of the Program:** The purpose of the Program is to provide Loans to clients of 4 Pillars and other Borrowers for the funding of loans used to pay off Consumer Proposals. The Corporation may from time to time make Loans to Borrowers who are settling with creditors but whose settlement plan is not filed as formal proposals under the *Bankruptcy and Insolvency Act* (Canada), the terms of which will be determined at the time.
- (b) **Operation of the Program:**
 - (i) TPFM will provide all funds required to operate the Program;
 - (ii) TPFM will have full discretion as to who to lend funds to, including discretion on fees, expenses, interest and term of the Loans to Borrowers; and
 - (iii) commencing in 2014, TPFM and 4 Pillars agree to provide Loans to Borrowers that target \$3 million each year until 2017 (the "**Yearly Funding Target**").
- (c) **Exclusivity:** During the term of the Agreement,
 - (i) TPFM shall not, directly or indirectly, enter into an agreement with any other person to become a Borrower under the Program except with prior written consent of 4 Pillars, or if any of the Yearly Funding Targets are not achieved by 4 Pillars and 4 Pillars does not achieve the Yearly Funding Target on 30 days' notice;
 - (ii) TPFM shall not enter into an agreement to offer or promote the Program to the clients of other debt industry companies or representatives, including Bankruptcy Trustees, except with the prior written consent of 4 Pillars;
 - (iii) 4 Pillars will not enter into an agreement to provide or offer programs or services that promote lump sum proposal loans to the clients of 4 Pillars franchisees, except if any of the Yearly Funding Targets are not met by TPFM and TPFM does not arrange for delivery of funds equal to or in excess of the Yearly Funding Target on 30 days' notice; and
 - (iv) 4 Pillars will not knowingly promote any other loan product to Borrowers for the term of the Program.
- (d) **Term:** The term of this Agreement shall expire on November 30, 2018 with an automatic renewal option for a further period of 5 years until November 30, 2023, unless TPFM and 4 Pillars mutually agree to terminate the Agreement. Either party may terminate the Agreement with 15 days' notice if either party is in material breach of the Agreement.

2.7.3 TPFM Loan Agreement

The Corporation has entered into the TPFM Loan, as lender, with TPFM, as borrower, on April 14, 2014. A summary of the material terms of the TPFM Loan are summarized below:

- (a) **Loan Amount:** Up to a maximum amount of \$15,000,000. The total amount will be contingent upon the amount of proceeds raised pursuant to this Offering.
- (b) **Maturity Date:** November 30, 2018, subject to an extension at the sole discretion of the Corporation for all or part of the loan to November 30, 2023.
- (c) **Prepayment:** TPFM may prepay all or any portion of the aggregate principal amount then outstanding at any time prior to the Maturity date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- (d) **Repayment:** The Corporation may annually demand a repayment of up to 10% of the loan amount outstanding as of the last day of the previous calendar year, subject to the cash flow of TPFM, a minimum of 60 days prior written notice.
- (e) **Use of Proceeds:** TPFM will use the proceeds to administer the Program.
- (f) **Interest:** With regard to the Bonds issued with interest payments payable quarterly to the Subscribers, the interest will be calculated quarterly, not in advance and shall be payable quarterly by TPFM to the Corporation, and with regard to the Bonds issued with interest payments payable to the Subscribers upon redemption and maturity, the interest will be calculated annually and compound annually.
- (g) **Fees:** All the upfront and ongoing costs and fees associated with the offering of the Bonds by the Corporation under this Offering Memorandum will be paid by TPFM on the Corporation's behalf.

2.7.4 General Security Agreement

TPFM executed an Amended and Restated General Security Agreement on April 14, 2014 in favour of the Corporation as security for the payment and discharge of TPFM's obligations under the TPFM Loan. A summary of the material terms of the GSA are summarized below:

- (a) **Security Interest:** As security for the payment and performance of the obligations of TPFM under the TPFM Loan, TPFM mortgages and charges to the Corporation, and grants to the Corporation a security interest in, and the Corporation takes a security interest in, all of TPFM's right, title and interest in and all present and after-acquired personal property owned, leased, licensed, possessed or acquired by TPFM, or in which TPFM has rights, including all present and after-acquired goods (including equipment and inventory), investment property, instruments, documents of title, chattel paper, intangibles (including accounts), money, crops and fixtures, owned, leased, licensed, possessed or acquired by TPFM, or in which TPFM has rights, and all proceeds of that property, but specifically excluding consumer goods, and any intellectual property right, permit or contract which would be breached or terminated if a security interest was granted in it without the consent of a third party, unless that consent is obtained (other than accounts).

ITEM 3: DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "**Principal Holder**"). Where the Principal Holder is not an individual, the note to the table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder.

Name and municipality of principal residence	Position held	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after the completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held after the completion of the Maximum Offering
Target Capital Inc. ⁽¹⁾ Calgary, Alberta	Shareholder	\$75,000 ⁽²⁾	60,000 Class A Preferred Shares (60%)	60,000 Class A Preferred Shares (60%)
Ayaz Virani Richmond, British Columbia	Director, Chairman and Shareholder	Nil	34,000 Class A Preferred Shares (34%) 100 Class B Common Shares (100%)	34,000 Class A Preferred Shares (34%) 100 Class B Common Shares (100%)
Christopher Jimenez Richmond, British Columbia	Director, President and Chief Executive Officer	Nil	Nil	Nil

(1) Target Capital Inc. is a public company listed on the TSX-V (TCI).

(2) Assuming the maximum fee payable pursuant to the Target Agreement. See Item 2.7.1 Agreement with Target Capital Inc.

3.2 Management Experience

The names and principal occupations of the directors and officers of the Corporation over the past five years are as follows:

Name and position	Principal Occupation and Related Experience
Ayaz Virani Director, Chairman and Shareholder	<p>Mr. Virani manages the Tri City mortgage fund and mortgage portfolio. His keen financial analysis ensures that acquisition opportunities are profitable for the investor and the company.</p> <p>Over the past 26 years he has raised more than \$1 billion towards both residential and commercial project financings. In 1986 he co-founded the Home Mortgage Group Ltd. Mr. Virani also co-founded the original Mortgage Brokers Association of British Columbia. This experience has solidified his reputation within the industry as an expert in all aspects of commercial, construction and residential lending with special focus on private lending.</p> <p>Mr. Virani received a marketing-management diploma (with honors) from the British Columbia Institute of Technology.</p>
Christopher Jimenez Director, President and Chief Executive Officer	<p>For over a decade, Mr. Jimenez has consulted investors on the acquisition, sale and financing of residential and commercial real estate throughout the Greater Vancouver Area. He studied business at The University of Calgary, Marketing Management at Kwantlen College Polytechnic University and graduated with Honours from UBC Sauder School of Business.</p> <p>Mr. Jimenez is also the managing director several companies overseeing the investing, development and marketing of multiple residential projects and has constructed many single family homes in the lower mainland. To complement his knowledge of Real Estate investing and development, he is also experienced in various aspects of commercial construction and residential lending through both financial and private lending institutions.</p>

3.3 Management Experience of TPFM

The names and principal occupations of the directors and officers of TPFM over the past five years are as follows:

Name and position	Principal Occupation and Related Experience
Ayaz Virani Director and Chairman	See above
Christopher Jimenez Director, President and Chief Executive Officer	See above

3.4 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions by any securities commission, stock exchange or governmental regulatory agency that have been in effect during the last ten (10) years against an officer, director or control person of the Corporation or against a company of which any of the foregoing was an officer, director or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was an officer, director or control person at that time.

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

The following table sets out information about the Corporation's outstanding shares, including any options, warrants and other securities convertible into shares of the Corporation:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at April 15, 2014	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	100,000	100,000
Class B Common Shares	Unlimited	\$1.00	100	100

Class A Preferred Shares and Class B Common Shares

There are special rights and restrictions attached to the Class A Preferred Shares and the Class B Common Shares of the Corporation. The following is a brief summary of certain of these rights and restrictions:

- (a) The Corporation is authorized to issue an unlimited number of Class A Preferred shares (the "**Class A Shares**") having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

Voting Rights - The holders of the Class A Shares (the "**Class A Shareholders**") shall be entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation. Each Class A Share shall confer on the holder thereof the right to one vote in person or by proxy at all meetings of shareholders of the Corporation.

Dividend Entitlement - The Class A Shareholders are not entitled to participate in the profits of the Corporation and are not entitled to receive any dividends.

Entitlement on Dissolution or Winding-Up - In the event of a reduction of capital or the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs (a "**Winding-Up Event**"):

- (i) Prior to the Class A Shareholders receiving any consideration in the occurrence of a Winding-Up Event, any bondholders of the Corporation at the time of such Event shall be entitled to receive from the Corporation an amount equal to the face value of their bond together with any accrued interest thereon up to the date of payment (the "**Redemption Amount**") in priority to any distribution of any of the Corporation's assets or property to the Class A Shareholders. If the Corporation does not have sufficient property or assets to pay the aggregate of the Redemption Amount, then each bondholder will be entitled to their pro rata share of the Corporation's property or assets in priority to the Class A Shareholders; and
- (ii) The holders of the Class A Shares shall be entitled to receive an amount equal to the aggregate amount paid up capital on the Class A Shares held by them respectively after repayment of the aggregate Redemption Amount and, in the event that there is not sufficient property or assets to return the entire amount of paid up capital thereon to all shareholders, the amount available for distribution shall be distributed to the shareholders on a pro rata basis according to the number of Class A Shares owned by each shareholder.
- (b) The Corporation is authorized to issue an unlimited number of Class B Common Shares (the "**Class B Shares**") having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

Voting Rights - The holders of the Class B Shares shall not be entitled to receive notice of, to attend or vote at any meetings of the shareholders of the Corporation.

Dividend Entitlement - The right to receive dividends, subject to any preferential rights attaching to any other class or series of shares of the Corporation, as, when and if declared on the Class B Shares by the Corporation. No dividend may be declared or paid on the Class B Shares if payment of the dividend would cause the realizable value of the Corporation's

assets to be less than the aggregate of its liabilities and the amount required to redeem any bonds issued by the Corporation then outstanding having attached thereto a right of redemption or retraction.

Entitlement on Dissolution or Winding-Up - The right, subject to any preferential rights attaching to any bonds issued by the Corporation, to share in the remaining property of the Corporation upon dissolution after all the Class A Shareholders have received payment of the aggregate amount of paid up capital held by each Class A Shareholder.

4.2 Long Term Debt

As of April 15, 2014, the Corporation has no outstanding long term debt other than 999 Bonds. In the event the Corporation is successful in raising funds pursuant to this Offering, it will have the following **debt obligations** to Subscribers through the issue of Bonds offered by the Corporation pursuant to this Offering:

Description of Security	Number authorized to be issued	Number outstanding as at April 15, 2014	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
10% Unsecured Bonds	15,000	1659	1659 ^{(1) (2)} Representing a debt obligation of \$1,659,000 to Subscribers under this Offering plus 10% interest thereon.	15,000 ⁽²⁾ Representing a debt obligation of \$15,000,000 to Subscribers under this Offering plus 10% interest thereon.

(1) The Minimum Offering has already been reached.

(2) See Item 5.1 Terms of Securities, for the terms of the Bonds offered pursuant to this Offering.

4.3 Prior Sales

As of April 15, 2014, there are 100 Class B Preferred Shares and 100,000 Class A Preferred Shares of the Corporation issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
October 4, 2012	Class A Preferred Shares	40,000	\$0.01	\$400
October 5, 2012	Class A Preferred Shares	60,000	\$0.01	\$600
February 1, 2013	Class B Common Shares	100	\$1.00	\$100

ITEM 5: SECURITIES OFFERED

5.1 Terms of Securities

Securities: The securities being offered pursuant to this Offering are 10% unsecured Bonds. The price of each Bond is \$1,000. The minimum number of Bonds that must be purchased by a Subscriber is five (5) Bonds requiring a minimum investment of \$5,000. There is no maximum number of Bonds allocated to any Subscriber.

Interest: At the time of purchase, the Subscribers shall elect one of the following two options in respect of the 10% interest payable on the Bonds:

- (i) each Bond will entitle the holder thereof to 10% simple interest per annum payable quarterly within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year during the term of the Bond, commencing on the last business day of June, 2014; or
- (ii) each Bond will entitle the holder thereof to 10% compound interest calculated annually and payable on the date the Bonds are redeemed by the Corporation in accordance with the terms of this Offering Memorandum.

Maturity and Redemption: Subject to the right of early redemption with respect to the Corporation and the Bondholders as set out below, in the event that a Subscriber provides the Corporation written notice of their intention to redeem their Bonds in full or in part on or before August 31, 2018 (the "**Redemption Notice**"), the Corporation shall redeem the Subscribers' Bonds on November 30, 2018 (the "**First Maturity Date**") through the payment of the principal amount of the Bonds being redeemed and all accrued and unpaid interest thereon.

Reinvestment and Maturity: In the absence of a Redemption Notice from the Subscriber, that Subscriber's investment in the Bonds will be deemed to have been reinvested as of December 1, 2018 and the Subscribers shall receive new replacement Bond certificates with a maturity date of November 30, 2023 (the "**Second Maturity Date**"). On the Second Maturity Date, the Corporation shall redeem all outstanding Bonds on that date through the payment of the principal amount of the Bonds and all accrued and unpaid interest thereon.

Compensation Paid to Sellers and Finders on Reinvestment: Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the December 1, 2018 reinvestment of the Bonds to any one of, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation.

Corporation's Right of Early Redemption: The Corporation may redeem some or all of a Bondholder's Bonds through the payment of the principal sum of the Bonds, plus any unpaid and outstanding accrued interest to the date of redemption, at any time during the term of the Bonds by giving the Bondholders 90 days prior written notice of its intention to redeem.

The Corporation, in its sole discretion, may redeem Bonds from individual Bondholders without offering early redemption to other Bondholders.

Bondholder's Right of Early Redemption: Subject to (i) an annual maximum redemption limit of 10% of the Bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Corporation and of TPFM, any individual Bondholder may redeem some or all of that Bondholder's Bonds upon a minimum of 90 days prior written notice (the "**Early Redemption Notice**") delivered to the registered office of the Corporation. A Bondholder that redeems some or all of that Bondholder's Bonds prior to the First and/or Second Maturity Date is subject to the following redemption fees:

- Early Redemption Notices received prior to November 30, 2014 - a redemption fee equal to 5% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2014 to November 30, 2015 – a redemption fee equal to 4% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2015 to November 30, 2016 – a redemption fee equal to 3% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2016 to November 30, 2017 – a redemption fee equal to 2% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2017 to November 30, 2018 – a redemption fee equal to 1% of the Principal Amount of the Bonds being redeemed by the Corporation, except where a Bondholder's request is in accordance with the Redemption Notice specified above.
- Early Redemption Notices received between December 1, 2018 to November 30, 2019 – a redemption fee equal to 5% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2019 to November 30, 2020 – a redemption fee equal to 4% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2020 to November 30, 2021 – a redemption fee equal to 3% of the Principal Amount of the Bonds being redeemed by the Corporation.

- Early Redemption Notices received between December 1, 2021 to November 30, 2022 – a redemption fee equal to 2% of the Principal Amount of the Bonds being redeemed by the Corporation.
- Early Redemption Notices received between December 1, 2022 to November 29, 2023 – a redemption fee equal to 1% of the Principal Amount of the Bonds being redeemed by the Corporation.

Any such fees shall be deducted by the Corporation from the redemption amount to be paid to the Bondholder.

Liquidation Entitlement: On the liquidation, dissolution or winding-up of the Corporation, the Bondholders shall have priority to all holders of all series of shares, subject to any preferential rights attaching to any other bonds issued by the Corporation, to a return of the principal sum of the respective Bonds and all interest due and owing thereunder, after payments of all expenses, if any.

Obligations Unsecured: The Corporation's debt obligations represented by the Bonds are unsecured obligations and will rank *pari passu* amongst themselves and with all other unsecured and unsubordinated obligations of the Corporation except for such preferences as provided for under applicable law.

Funding of Redemption: Management of the Corporation shall have sole discretion on how the Corporation will fund or finance the redemption of the Bonds. Management may decide to use its existing cash on hand if any, sell assets, or raise additional capital or equity in the Corporation or use a combination of the above methods to accomplish the redemption of the Bonds. There is no assurance that any of the above methods of funding the redemption of the Bonds will be successful or, if accomplished, will raise enough funds to redeem all of the Bonds. It is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity. In that event, the provisions contained under the title "Priority on Liquidation" may apply. **See Item 4.1 Share Capital.**

Limited Recourse: Recourse under the Bonds will be limited to the principal sum of the Bonds and all interest due and owing thereunder. There is no additional recourse by Bondholders for any deficiency in value of the Bonds in the event of non-payment or default by the Corporation of redemption of the Bonds.

An investor in the securities offered under this Offering Memorandum should understand that Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Target does not encourage or discourage an investment in the Corporation.

5.2 Subscription Procedure

5.2.1 Subscription Documents

Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Bonds, that it is purchasing the Bonds as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Bonds and that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws and as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

Reference is made to the Subscription Agreement attached as Schedule A to this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for Bonds, Subscribers must complete, execute and deliver the following documentation to the Corporation at: 503 - 321 Water Street, Vancouver, British Columbia, V6B 1B8

1. one (1) completed and signed copy of the Subscription Agreement (including any exhibits attached thereto);
2. a certified cheque or bank draft
 - (i) in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "TPF The Phoenix Fund Inc.", or
 - (ii) in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement) plus an RRSP administration fee, if any, if you wish to use funds from a Deferred Plan to purchase the Bonds, payable to the financial institution that holds your RRSP account (e.g. "Olympia Trust Company") with your account number noted on the cheque or bank draft;

3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:
 - (i) if you are resident in Ontario and you are purchasing Bonds as an "accredited investor" (as such term is defined by NI 45-106), one (1) completed and signed copy of the Accredited Investor Representation Letter attached to the Subscription Agreement as Exhibit 1;
 - (ii) if you are resident in Alberta, British Columbia, Manitoba, or Saskatchewan, you must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 2-A or Exhibit 2-B, as applicable;
 - (iii) if you are resident in Alberta, Manitoba, or Saskatchewan and are subscribing for more than \$10,000 in Bonds, you must submit one (1) completed and signed copy of the Representation Letter attached to the Subscription Agreement as Exhibit 3;
 - (iv) If resident in Alberta, British Columbia, Manitoba or Saskatchewan and the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, you must submit two (2) properly completed and duly executed Blanket Order 31-505 Risk Acknowledgements in the form attached to the Subscription Agreement as Exhibit 4; and
4. all Subscribers must execute the Target Release attached as Exhibit 5 to the Subscription Agreement.

Subject to applicable securities laws, and the purchaser's two-day cancellation right, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. **See Item 11 Purchasers' Rights.**

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The Minimum Offering amount has already been reached. Additional closings will take place periodically at the Corporation's discretion up to April 15, 2015. It is expected that certificates representing the Bonds will be available for delivery within a reasonable period of time after the relevant closing date(s).

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

5.2.2 Distribution

The Offering is being conducted:

- (i) in Alberta, British Columbia, Manitoba and Saskatchewan pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106; and
- (ii) in the Province of Ontario pursuant to the exemption from the prospectus requirements afforded by Section 2.3 of NI 45-106.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to investors in Alberta, British Columbia, Manitoba and Saskatchewan purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 2-A, Exhibit 2-B and/or Exhibit 4, as applicable.

In addition, Alberta, Manitoba and Saskatchewan investors relying on the exemption set out in Section 2.9 of NI 45-106 must also sign the Certificate of Eligible Investor attached to the Subscription Agreement as Exhibit 3, if their subscription for Bonds is for more than \$10,000.

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors in the Province of Ontario purchasing as principal and who are "accredited investors" as defined in NI 45-106 and that sign the Accredited Investor Representation Letter attached to the Subscription Agreement as Exhibit 1.

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of Alberta, British Columbia, Manitoba, Ontario or Saskatchewan which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Bonds will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The exemptions from the registration requirements contained in the applicable securities laws of each of Alberta, British Columbia, Manitoba, Ontario or Saskatchewan allow the Corporation to offer the Bonds for sale directly to the investors.

ITEM 6: INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

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

The Tax Act and the Regulations thereunder provide generally that a bond or similar obligation of a Canadian corporation (as defined in the Tax Act) which is controlled directly or indirectly by one or more corporations whose shares are listed on a prescribed stock exchange in Canada will constitute a "qualified investment" for a Deferred Plan.

The Corporation is a Canadian corporation. As a result, **the Bonds will constitute a qualified investment for Deferred Plans provided the shares of Target are listed on a stock exchange designated by the Minister of Finance, which they currently are, and as long as Target controls the Corporation.** There is no agreement which restricts the ability of Target to vote its shares of the Corporation or appoint a majority of the Board of Directors of the Corporation. As such, Target should be considered to control the Corporation.

There are additional requirements for a TFSA, RRSP or RRIF in order for the Bonds not to be a "prohibited investment" which would be subject to a special tax. The Bonds will be a "prohibited investment" if the account holder does not deal at "arm's length" with the Corporation or the account holder is a "specified shareholder" of the Corporation as defined in the Tax Act, generally a person who has a 10% or greater interest in the Corporation together with non-arm's length persons. Assuming the account holder meets the above requirements, the Bonds will not be a "prohibited investment".

There can also be additional special taxes for a TFSA, RRSP or RRIF on certain tax "advantages" that unduly exploit the attributes of a TFSA, RRSP or RRIF, including "advantages" on "prohibited investments" and on "non-qualified investments". The rules in the Tax Act that constitute an "advantage" are quite broad, therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The income tax information contained in this Item 6 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and published administrative practices of the CRA. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Bonds. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the Bonds, based upon their own particular circumstances.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, Exempt Market Dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. The Corporation intends to offer these same parties an annual Trailer Fee of up to 1% on the Bonds outstanding after the first year of subscription.

ITEM 8: RISK FACTORS

The purchase of Bonds pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Bonds at this time is highly speculative. The Corporation's business involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Purchasers of Bonds must rely on the ability, expertise, judgement, discretion, integrity and good faith of the management of the Corporation. This Offering is suitable for investors who are willing to rely solely upon the management of the Corporation and who could afford a total loss of their investment.

In addition to factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Bonds. An investment in Bonds involves various risks and uncertainties. The risks discussed in this Offering Memorandum can adversely affect the Corporation's operations, operating results, prospects and financial condition. This could cause investors to lose part or all of their investment. In addition to those set out below and

elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Corporation is not presently aware may also harm the Corporation's investment activities. The following is a summary only of the material risk factors involved in an investment in the Bonds. Potential Subscribers should review these risks with their legal and financial advisors.

Investment and Issuer Risk

1. **Not Reviewed by Regulator:** Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.
2. **No Deposit Insurance:** The Bonds offered pursuant to this Offering Memorandum are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.
3. **Limited Working Capital:** The Corporation will have a limited amount of working capital as the available proceeds of this Offering will be loaned to TPFM.
4. **Redemption Risk:** There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such financing will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
5. **Interest Liquidity and Bond Redemption:** While the Corporation expects to pay interest and redeem the Bonds at the dates referenced in Item 5.1 herein, there is no guarantee that this may occur and, therefore, an investment in the Bonds is unsuitable for those who require guaranteed repayment of principal or regular payments of interest prior to the First or Second Maturity Date of the Bonds. Should the Corporation exercise its right to redeem some or all of the Bonds prior to the First or Second Maturity Date, no bonus or penalty will apply, and Bondholders will have no right to retain their Bonds following the redemption. **EACH POTENTIAL SUBSCRIBER IS ADVISED TO SEEK INDEPENDENT LEGAL ADVICE PRIOR TO COMPLETING A SUBSCRIPTION.**
6. **Tax Risk:** The tax consequences associated with an investment in Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of Bonds. In the event that Target ceases to control the Corporation, ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a Subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds.

If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investments in the Bonds. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**

7. **Changes to the Tax Act:** No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of Bonds with respect to acquiring, holding or disposing of Bonds. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Bonds purchased pursuant to the Offering.
8. **No Advance Tax Ruling:** No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum. **See Item 6 Income Tax Consequences and Deferred Plan Eligibility.**
9. **GAAR Application:** The structuring of this Offering in general and the ownership of a majority of the Class A Preferred shares of the Corporation by Target in particular, as a means to make the Bonds eligible investments for Deferred Plans, may be challenged by the CRA under the general anti-avoidance rule ("GAAR"). No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not GAAR would apply in this case. The comments of Grant Thornton LLP referred to under Item 6 Income Tax Consequences and Deferred Plan Eligibility does not address GAAR.

10. **Change of Directors:** The issued Class A Preferred Shares (the "**Class A Shares**") of the Corporation are held collectively by Target and Ayaz Virani. Pursuant to the BCA and the constating documents of the Corporation, the holders of the Corporation's Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation. Consequently, Target can change the directors of the Corporation and Ayaz Virani does not have a mechanism to ensure that Ayaz Virani and Christopher Jimenez will remain the directors of the Corporation. There is no assurance that the directors of the Corporation will remain the same as disclosed in this Offering Memorandum.
11. **No Trustee:** There is no trustee being used in connection with Bonds issued pursuant to this Offering. Bondholders must rely on the Corporation to make all payments to Bondholders pursuant to the terms of the Bonds.
12. **Directors' Interests:** The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. The directors and officers of the Corporation are engaged and will continue to be engaged in the search for business prospects on their own behalf and on behalf of others.
13. **Conflict of Interest:** Ayaz Virani and Christopher Jimenez, directors and officers of the Corporation, are also directors and officers of TPFM. As a result, there may be an inherent conflict of interest with respect to the officers and directors of the Corporation in the event of a default by TPFM under the TPFM Loan.

There are other potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the BCA.

14. **No Voting Rights:** The directors and officers of the Corporation, and not Bondholders, will make decisions regarding the management of the Corporation's affairs. Subject to the BCA, Bondholders will have no rights to attend meetings of shareholders or vote in any manner. Subscribers must carefully evaluate the personal experience and business performance of the directors and officers of the Corporation. In very limited circumstances, such as an insolvency proceeding, Bondholders may have a right to vote on such proceeding, but such vote would be limited in scope and at that time, a return on the investment in Bonds would likely be compromised.
15. **Reliance on Management:** The success of the TPFM's business strategy depends to a certain extent, on the efforts and abilities of its management and on external factors such as, among other things, the general political and economic conditions that may prevail from time to time, which factors are out of the control of TPFM. A return on investment for a purchaser of Bonds depends upon the revenues received by TPFM. As a result, there is no guarantee that Bondholders will earn a return on their investment in the Bonds.
16. **TPFM Material Adverse Effect:** The success of the Corporation will solely depend upon the performance of TPFM and its ability to pay the principal and interest on the TPFM Loan. There is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on TPFM.
17. **Debt Securities:** The Bonds offered by the Corporation are not a direct investment in the Loans or the TPFM Loan but an investment in debt securities of the Corporation.
18. **Independent Counsel:** No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum, the security granted by TPFM, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.
19. **Sufficiency of Security:** Although obligations of TPFM under the TPFM Loan will be secured by the GSA, there is risk that such security may prove insufficient to satisfy full repayment of all or any amounts of interest or principal owing under the TPFM Loan. There may be interests of third parties that will stand in priority to the Corporation's security. The existence of any intervening encumbrances may prevent the Corporation from realizing on or enforcing some or all of its security against the assets of TPFM. There may be principals at law or at equity that may prevent the Corporation from enforcing some or all of its security against TPFM or its assets. The assets of TPFM may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation. Lenders with security interests in priority to the Corporation's security will take priority over the disposition of any of TPFM's assets, with the result that there may be insufficient assets to repay the indebtedness under the TPFM Loan or the Bonds.

20. **Priority of Legislated Security:** In certain circumstances, applicable legislation provides for the granting of security over the assets of entities to secure repayment of liabilities owing by such entities to certain parties. Such legislated security sometimes is granted priority over security granted by the entity itself. An example is that certain taxation authorities (including the Canada Revenue Agency) are provided with such legislated priority security over the assets of a taxpayer with respect to certain amounts owing by the taxpayer to the taxation authority. Such priority security would have priority over the security granted to the Corporation over the collateral under the GSA.
21. **History:** The Corporation has 1 year operational history and earnings. The Corporation is in the early stage of its business and, therefore, is subject to all risks associated with early stage companies, including: start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.
22. **Highly Speculative:** The purchase of the Bonds is highly speculative. A potential Subscriber should purchase Bonds only if he/she is able to bear the risk of the entire loss of his/her investment. An investment in the Bonds should not constitute a significant portion of a Subscriber's portfolio.
23. **Illiquidity of Investment:** An investment in the Bonds of the Corporation is an illiquid investment. **There is currently no market through which the Bonds of the Corporation may be sold.** The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Bonds. The Bonds are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation. You should only subscribe for the Bonds if you have no need for immediate liquidity. **See Item 10 Resale Restrictions.**
24. **No Security Against Borrowers' Assets:** In the case of unsecured Loans, in the event that the Borrower defaults in its obligations under such unsecured Loan, TPFM will have no security against the assets of the Borrower. There will be interests of other third parties that may stand in priority to the TPFM's security. The existence of any intervening encumbrances may prevent TPFM from realizing on or enforcing some or all of its security against the assets of the Borrower. There may be principals at law or at equity that may prevent TPFM from enforcing some or all of its security against the Borrower or his/her assets. The assets of the Borrower may not have a sufficient value to satisfy any outstanding debt obligations to TPFM. Lenders with security interests in priority to TPFM's will take priority over the disposition of any of the Borrower's assets, with the result that there may be insufficient assets to repay the indebtedness under the unsecured Loan.
25. **Lending Risk:** TPFM's business is to provide loans to Borrowers who may not qualify for financing from conventional lenders. Accordingly, the risk of non-repayment of these loans is higher than a major Canadian Chartered Bank would experience and could result in losses for TPFM. There is a risk that Borrowers may default in repayment of Loans made to them by TPFM. Although the Asset-backed Loans may be secured, may contain personal guarantees and may have other forms of collateral pledged, there is a risk that such guarantees and collateral may be inadequate or may be unenforceable by TPFM. In addition, there may be Loans that are not secured by any collateral. As such, there is a risk that if a sufficiently high number of Borrowers default on their Loans, the assets of TPFM may be insufficient to satisfy its interest and principal obligations under the TPFM Loan and the Corporation, in turn, may be unable to satisfy its interest and principal obligations to the Bondholders. Such loss could lead to reduction in anticipatory return on investments or would result in Subscriber losing his or her entire investment or failing to receive expected returns. Therefore, prospective Subscribers who are not financially able to bear the risk that the Corporation may fail to make timely principal and interest payments on the Bonds should not purchase Bonds. For this reason also, the Bonds may not be a suitable investment for a prospective subscriber's RRSP, RRIF, RESP or TFSA, or that of his or her spouse or child, unless such subscriber or his or her spouse or child, has the capacity to absorb the loss of some or all of his or her investment in Bonds.
26. **Under-Deployment of Funds:** The Corporation's ability to pay interest on the Bonds is dependent upon TPFM's ability to fully utilize amounts received under the TPFM Loan to advance Loans to Borrowers. In the event that funds are not fully loaned in any period there is a risk that TPFM's assets may not be sufficient to satisfy interest and/or principal payment obligations to the Corporation and, subsequently, the Corporation may be unable to satisfy interest and/or principal payment obligations to the Bondholders.
27. **Borrowers Other than Clients of 4 Pillars:** Although the Corporation and TPFM have partnered with 4 Pillars to be the provider of Loans to 4 Pillars' clients, in certain circumstances (i) TPFM may be making Loans to Borrowers that are not clients of 4 Pillars, or (ii) 4 Pillars would no longer be providing a selection of potential Borrowers to TPFM. The agreement

with 4 Pillars is effective until November 30, 2018 subject to an automatic renewal for a further period of 5 years until November 30, 2023, unless TPFM and 4 Pillars mutually agree otherwise. There is no certainty that TPFM would be able to secure Borrowers other than those that are clients of 4 Pillars.

28. **Availability of Suitable Borrowers:** The ability of TPFM to fund Loans in accordance with its objectives and lending policies depends upon the availability of suitable Borrowers and the amount of funds available. There can be no assurance that there will be enough suitable Borrowers or funds available for TPFM to fulfill its obligations under the TPFM Loan and, consequently, the Corporation may not be able to complete its obligations to Bondholders.
29. **Renewal of Loan Businesses:** There can be no assurances that any of the Loans comprising the TPFM's loan portfolios from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. The principal balance of all renewals of Loans, the interest rates and the other terms and conditions of such Loans will be subject to negotiations between the Borrowers and TPFM at the time of renewal. Any lack of renewals may negatively impact the Corporation's ability to satisfy its obligations to Bondholders.
30. **Composition of the Loan Portfolio:** The composition of the TPFM's loan portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the portfolios being less diversified than anticipated. A lack of diversification may result in TPFM being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography. This composition may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.
31. **Failure to Meet Commitments:** TPFM may commit to making future Loans in anticipation of repayment of principal outstanding under existing Loans. In the event that such repayments of principal are not made by the Borrowers, TPFM may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may face liability in connection with its failure to make such advances. This commitment failure may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.
32. **Interest Rate Risk:** The interest rate return for the Bonds are fixed for the term of the Bonds and are not subject to increase in the event of a general rise in domestic interest rates for other investments.
33. **Investment Risk in Respect of TPFM:** The Corporation's short and long term objectives are to raise funds to be loaned to TPFM to ultimately facilitate the administration and operation of the Program by TPFM. A return on investment for a purchaser of Bonds is dependent upon the ability of TPFM to meet its obligations of principal and interest pursuant to the TPFM Loan. As a result, there is no assurance or guarantee that the purchasers of Bonds pursuant to this Offering will earn a return of their investment in the Bonds offered hereunder. The TPFM's business may be, or may become, uneconomic due to the various factor referred to in this Offering Memorandum, as well as other unanticipated factors. This could adversely affect TPFM's ability to repay its TPFM Loan to the Corporation.
34. **Non-Regulated Business:** The business to be conducted by TPFM is not a "trust business", "deposit business", "mortgage business" or "insurance business" for the purposes of the *Financial Institutions Act* (British Columbia) and TPFM is not subject to the minimum capital requirements and other regulatory provisions imposed on such businesses by such Act. TPFM is registered as a "mortgage business" under the reporting requirements of the *Mortgage Brokers Act*. As such, TPFM is subject to the provisions and regulations of the *Mortgage Brokers Act* as administered by FICOM.
35. **Loan Facility Business Risk:** Although TPFM will have some Asset-backed Loans secured by a combination of real and personal property, all real and personal property assets are subject to elements of risk. Real property value and some personal property value are affected by general economic conditions, local real property markets and business markets, the attractiveness of a real property and personal property to purchasers or tenants, competition from other available real properties and other factors. While independent appraisals are generally required before TPFM makes any Asset-backed Loans, the appraised values provided therein, even where reported on an "as is" basis, will not necessarily be reflective of the market value of the underlying real property or personal property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including – for real property - the completion, rehabilitation or lease-up improvements on the real property providing security for the Asset-backed Loans. There can be no guarantee that these conditions will be satisfied and if, and to the extent, they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property or the personal property, at the time the conditions are satisfied, and there is no guarantee that there will be a buyer that will pay the appraised value for that property. To the extent that the appraised

value cannot be obtained on a sale of the property, there is a risk of loss for TPFM should the Borrower fail to make their payments. This lending risk may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.

The real value of the Loans may also depend on the creditworthiness and financial stability of the Borrowers identified by TPFM. Income and funds available for repayment to TPFM would be adversely affected if a significant number of mortgagees, borrowers and/or lessees were unable to pay their obligations to TPFM or if TPFM was unable to invest funds in Loans on economically favourable terms. On default by a Borrower, TPFM may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment. This lending risk may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.

Certain significant expenditures, including property taxes, capital repair, equipment repair, and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property and equipment regardless of whether the property or assets are producing income. TPFM may be required to incur such expenditures to protect its Loans, even if the Borrower is not making the debt service payments required of it under the mortgage, asset-backed financing or retail loan. This lending risk may then negatively impact TPFM's ability to satisfy its obligations under the TPFM Loan and, consequently, the Corporation's ability to satisfy its obligations to Bondholders.

Mortgages tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of the mortgage. Such illiquidity may tend to limit TPFM's ability to vary its portfolio promptly in response to changing economic or investment conditions. If TPFM was required to liquidate its Asset-backed Loans, the proceeds to TPFM might be significantly less than the obligations due and owing under the TPFM Loan and by the Corporation to the Bondholders.

If there is a default on Loan, it may be necessary for TPFM, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to maintain prior encumbrances in good standing. In those cases, it is possible that the total amount recovered by TPFM may be less than the total investment, resulting in loss to TPFM.

ITEM 9: REPORTING OBLIGATIONS

9.1 Reporting to Bondholders

We are not required to provide you with any documents on an annual or ongoing basis.

The Corporation is not, and has no intention of becoming, a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with the securities regulatory authorities audited interim financial statements or audited year-end financial statements.

The Corporation will provide Bondholders, on request, with access to audited financial statements of the Corporation within 180 days of the Corporations fiscal year end (being December 31) each year that the Bonds are outstanding.

Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.

ITEM 10: RESALE RESTRICTIONS

These Bonds are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Bonds unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

10.1 General Statement

For trades in Alberta, British Columbia, Saskatchewan and Ontario:

The Bonds will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

For trades in Alberta, British Columbia, Saskatchewan and Ontario:

Unless permitted under securities legislation, you cannot trade the Bonds without an exemption before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

The Corporation does not intend to become a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- I. the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- II. you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11: PURCHASERS' RIGHTS

If you purchase the Bonds you will have certain rights, some of which are described below. For complete information about your rights, you should consult a lawyer.

11.1 Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase the Bonds. To do so, you must send a notice to the Corporation before midnight on the second business day after you sign the Subscription Agreement in respect of the Bonds.

11.2 Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the offering jurisdictions provide you with a remedy to sue to cancel your agreement to buy these securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "**misrepresentation**" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are 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. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, the Corporation will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

11.3 Statutory Rights of Action for Subscribers in the Provinces of Alberta and British Columbia

If you are a resident in Alberta or British Columbia and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue

- (a) the Corporation to cancel your agreement to buy the Bonds, or
- (b) for damages against the Corporation, every person who was a director of the Corporation at the date of the Offering Memorandum, and every person or company who signed this Offering Memorandum.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, the Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

This statutory 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation; or
- (ii) three (3) years after you signed the agreement to purchase the Bonds.

You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.

You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.

11.4 Statutory Rights of Action for Subscribers in the Province of Manitoba

If you are a resident in Manitoba and there is a misrepresentation in this Offering Memorandum, together with any amendment to it, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Bonds; or
- (b) for damages against the Corporation, every person who was a director of the Corporation at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, the Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

This statutory 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation; or
- (ii) two (2) years after you signed the agreement to purchase the Bonds.

You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.

You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.

11.5 Statutory Rights of Action for Subscribers in the Province of Ontario

If you are a resident of Ontario and there is a misrepresentation in this Offering Memorandum, together with any amendment to it, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy these Bonds; or
- (b) for damages against the Corporation.

This statutory 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) 180 days after learning of the misrepresentation; or
- (ii) three (3) years after you signed the agreement to purchase the Bonds.

The statutory right of action is not available to the purchaser that is:

- (a) a Canadian financial institution, meaning either:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under that Act; or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),
- (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.

You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.

11.6 Statutory Rights of Action for Subscribers in the Province of Saskatchewan

If you are resident in Saskatchewan and this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, subject to certain limitations, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Bonds; or
- (b) for damages against:
 - (i) the Corporation, every person who was a director or the promoter of the Corporation at the date of the Offering Memorandum;
 - (ii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them;
 - (iii) every person who, or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed the Offering Memorandum; and
 - (iv) every person who, or company that, sells the Bonds on behalf of the Corporation under the Offering Memorandum.

This statutory 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 Bonds. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Bonds.

You must commence your action for damages within the earlier of:

- (i) one year after learning of the misrepresentation; or
- (ii) six (6) years after you signed the agreement to purchase the Bonds.

In addition, subject to certain limitations, where any advertising or sales literature (as such terms are defined in the Saskatchewan securities legislation) disseminated in connection with the offering contains a misrepresentation, a purchaser who purchases Bonds referred to in that advertising or sales literature has a right of action against the Corporation, every promoter and director of the issuer, as the case may be, and every person who or company that sells Bonds under the offering with respect to which the

advertising or sales literature was disseminated. In addition, subject to certain limitations, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the Bonds and the verbal statement is made either before or contemporaneously with the purchase of Bonds, the purchaser has a right of action for damages against the individual who made the verbal statement.

You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.

You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.

THE SECURITIES LAWS OF ALBERTA, BRITISH COLUMBIA, MANITOBA, SASKATCHEWAN AND ONTARIO ARE COMPLEX. THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

THE RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO, AND WITHOUT DEROGATION FROM, ANY OTHER RIGHTS OR REMEDIES WHICH THE SUBSCRIBERS MAY HAVE AT LAW. SUBSCRIBERS SHOULD CONSULT THEIR OWN LEGAL ADVISORS WITH RESPECT TO THEIR RIGHTS AND THE REMEDIES AVAILABLE TO THEM.

ITEM 12: FINANCIAL STATEMENTS

12.1 Audited Financial Statements of the Corporation

TPF The Phoenix Fund Inc.

Financial Statements

December 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TPF The Phoenix Fund Inc.

We have audited the accompanying financial statements of TPF The Phoenix Fund Inc., which comprise the statement of financial position as at December 31, 2013 and the statements of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Canada and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

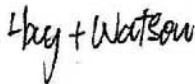
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the TPF The Phoenix Fund Inc. as at December 31, 2013 and the results of its operations, changes in partners' equity and cash flows for the year then ended, in accordance with accounting principles generally accepted in Canada.

Other Matters

The financial statements of TPF The Phoenix Fund Inc. for the period from incorporation on October 4, 2012 to December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 7, 2013.



Chartered Accountants
Vancouver, British Columbia
February 19, 2014

TPF The Phoenix Fund Inc.

(Incorporated under the laws of British Columbia)

Statement of Financial Position

As at December 31,

	2013	2012
ASSETS		
Current		
Cash	\$ 571	\$ 7,694
Receivable from related party (note 5)	21,450	-
	22,288	7,694
	-	-
Loan receivable from a related party (notes 6 & 7)	737,000	-
	\$759,021	\$ 7,694
LIABILITIES		
Current		
Interest payable and accrued	\$ 20,921	\$ -
Payable to related party (note 5)	-	6,694
	20,921	6,694
Bonds (note 8)	737,000	-
	757,921	6,694
SHAREHOLDERS' EQUITY		
Share capital (note 9)	1,100	1,000
Retained earnings	-	-
	1,100	1,000
	\$ 759,021	\$ 7,694

General business description (note 1)

Commitments (note 10)

Subsequent event (note 12)

These financial statements were approved by Directors of the Corporation on February 19, 2014

Signed "Ayaz Virani" Director

Signed "Chris Jimenez" Director

See accompanying notes to the financial statements

TPF The Phoenix Fund Inc.

(Incorporated under the laws of British Columbia)

Statement of Financial Position

As at December 31,

	2013	2012
ASSETS		
Current		
Cash	\$ 571	\$ 7,694
Receivable from related party (note 5)	21,450	-
	22,288	7,694
	-	-
Loan receivable from a related party (notes 6 & 7)	737,000	-
	\$759,021	\$ 7,694
LIABILITIES		
Current		
Interest payable and accrued	\$ 20,921	\$ -
Payable to related party (note 5)	-	6,694
	20,921	6,694
Bonds (note 8)	737,000	-
	757,921	6,694
SHAREHOLDERS' EQUITY		
Share capital (note 9)	1,100	1,000
Retained earnings	-	-
	1,100	1,000
	\$ 759,021	\$ 7,694

General business description (note 1)

Commitments (note 10)

Subsequent event (note 12)

These financial statements were approved by Directors of the Corporation on February 19, 2014

Signed "Ayaz Virani" Director

Signed "Chris Jimenez" Director

See accompanying notes to the financial statements

TPF The Phoenix Fund Inc.

Statements of Income and Comprehensive Income

For the periods ended December 31,

	2013 (12 months)	2012 (3 months)
Revenue		
Interest income	\$ 20,921	\$ -
	20,921	-
Expenses		
Interest expense	20,921	-
NET INCOME AND COMPREHENSIVE INCOME	\$ -	\$ -
BASIC AND DILUTED INCOME PER SHARE	\$ -	\$ -
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	1050	1000

See accompanying notes to the financial statements

TPF The Phoenix Fund Inc.

Statement of Changes in Shareholders' Equity

For the periods ended December 31,

	2013 (12 months)	2012 (3 months)
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ -	\$ -
Net income and comprehensive income	-	-
RETAINED EARNINGS, END OF PERIOD	\$ -	\$ -
SHARE CAPITAL, BEGINNING OF PERIOD (Note 9)	\$ 1,000	\$ -
Preferred shares issued during the period	-	\$1000
Common shares issued during the period	100	-
SHARE CAPITAL, END OF PERIOD	\$ 1,100	\$ 1,000

See accompanying notes to the financial statements

TPF The Phoenix Fund Inc.**Statement of Cash Flows**

For the periods ended December 31,

	2013	2012
	(12 months)	(3 months)
Cash provided by (used in)		
Operating activities		
Net income (loss)	\$ -	\$ -
Changes in non-cash working capital balances		
Advances(to)from related party	(28,114)	6,694
Interest payable and accrued	20,921	-
	(7,223)	6,694-
Investing activities		
Loans receivable from related party	(737,000)	-
	-	-
Financing activities		
Increase in due to (from) related party		
Proceeds from issuance of bonds	737,000	
Proceeds from issuance of share capital	100	1,000
	737,100	1,000
INCREASE (DECREASE) IN CASH	(7,123)	7,694
CASH, BEGINNING OF PERIOD	7,694	-
CASH, END OF PERIOD	\$ 571	\$ 7,694

See accompanying notes to the financial statements

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

1. NATURE OF OPERATIONS

TPF The Phoenix Fund Inc. (the "Corporation") was incorporated pursuant to the Business Corporations Act (British Columbia) on October 4, 2012. The Corporation was formed to raise funds pursuant to an offering (note 8) for the purposes of providing funds to TPFM The Phoenix Fund Management Ltd ("TPFM") for the operation and administration of a loan portfolio.

On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars Consulting Group Inc. ("4 Pillars"), enabling the Corporation to provide loans to individual clients of 4 Pillars (note 10). On August 23, 2013 The Corporation assigned the loan program agreement to TPFM.

On August 23, 2013 the Corporation issued a continuous offering memorandum (note 8) for the issue of from 150 (minimum) to 15,000 (maximum) unsecured bonds, at a price of \$1,000 per bond and payable with simple interest of 10% per annum on March 15, June 15, September 15, and December 15 of each year that the bond is outstanding. The proceeds from the bonds are to be lent to TPFM under the August 23, 2013 loan agreement between the Corporation and TPFM (note 8). The Corporation intends to issue an amended and restated continuous offering memorandum in 2014 (note 12).

The Corporation's registered office is 1450 – 13401 108th Avenue, Surrey, British Columbia V3T 5T3.

The business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the necessary funds to conduct profitable future operations.

2. BASIS OF PREPARATION

Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Board of Directors and authorized for issue on February 19, 2014.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.
The methods used to measure fair values are discussed in note 4.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgments and estimates (continued)

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is the valuation of financial instruments (note 4). In addition, the amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is also subject to audit and interpretation by taxation authorities.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets include any outstanding accounts receivable and cash and cash equivalents. Purchases and sale of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Corporation. Financial assets are derecognized when the rights to receive cash flows have expired or are transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of the initial recognition based on the purpose for which the financial assets were acquired:

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy. The Corporation has designated cash as held for trading.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the date of the statement of financial position, which are classified as non-current assets. Assets in this category include accounts receivable which are classified as current assets in the statement of financial position.

The Corporation has designated \$737,000 as long term loans receivable. These loans have maturities greater than twelve months after the date of the statement of financial position.

Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They consist of investments in equity securities and certain other debt securities. They are included in other non-current financial assets unless management intends to dispose of the investments within 12 months of the date of the statement of financial position. Available-for-sale financial assets are recorded in other comprehensive income until realized, at which time they are recorded through profit or loss. The Corporation has not designated any financial assets as available-for-sale.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassification of financial assets is limited to debt instruments. Reclassifications are accounted for at fair value of the financial asset at the date of reclassification.

Financial liabilities

Financial liabilities primarily consist of bank indebtedness (if any), accounts payable and accrued liabilities and due to related party. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged and fair value for liabilities that are hedged. Non-performance risk, including the Corporation's own credit risk for financial liabilities, is considered when determining the fair value of financial liabilities.

Equity instruments

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity.

Impairment

The Corporation addresses impairment of assets at each statement of financial position date, based on objective evidence which would reduce the carrying value of a financial asset or a group of financial assets, other than those at fair value through profit and loss. When it is determined that an impairment has occurred, the loss is recognized in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Receivables that are assessed not to be impaired are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables may include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in the national or local economic conditions that may default on receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

The carrying amount accounts receivable is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited through the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Any increase in fair value subsequent to an impairment loss with respect to available-for-sale equity instruments is recognized in other comprehensive income.

Income and expense recognition

Income and expenses are recognized in the financial statements on an accrual basis.

Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery is recorded in profit and loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry forward of non-capital losses, can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations

In addition to the foregoing accounting policies outlined, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2013 and which have not yet been adopted by the Corporation. These include:

- i. IFRS 7, Financial Instruments: Disclosures, effective for annual periods beginning on or after January 1, 2015. In December 2011, the IASB issued new disclosure requirements for financial assets and liabilities that (1) are offset in the statement of financial position; or (2) subject to master netting agreements or similar arrangements.
- ii. IFRS 9, Financial Instruments, effective for annual periods beginning on or after January 1, 2015. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39.

Management is currently assessing the new requirements, however, it is anticipated that the adoption of these new standards, interpretations and amendments are unlikely to have a significant impact on the Corporation's financial statements.

4. DETERMINATION OF FAIR VALUES

Certain of the Corporation's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash, accounts payable and accrued liabilities and due to related party approximates their carrying values due to their short term to maturity.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.

5. RECEIVABLE FROM A RELATED PARTY

The amount is receivable from TPFM and consists of interest receivable of \$20,921 and expenses paid on behalf of TPFM of \$529. These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

6. LOANS RECEIVABLE FROM A RELATED PARTY

The loans receivable from a related party represent advances made during the period to TPFM under the TPFM Loan Agreement (Note 7).

TPFM uses the funds loaned to it by the Corporation for the operation and administration of the Program (note 10) as a provider of loans to consumer debtors who meet TPFM's criteria and who use the borrowed funds to settle debt under a formal or informal debt restructuring plan agreed upon by creditors.

Pursuant to the TPFM Loan Agreement, obligations of TPFM are secured by way of a General Security Agreement dated August 23, 2013 in favor of the Corporation for the payment and discharge of TPFM's obligations under the TPFM Loan Agreement.

These transactions are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

7. TPFM LOAN AGREEMENT (the "TPFM Loan")

The Corporation entered into the TPFM Loan, as the lender, with TPFM, as the borrower, on August 23, 2013 (note 12). A summary of the material terms of the TPFM Loan are as follows:

- *Loan Amount:* Up to a maximum amount of \$15,000,000. The total amount is contingent upon the proceeds raised by the Corporation through the issue of bonds (note 9).
- *Maturity date:* November 30, 2018, subject to extension, at the sole discretion of the Corporation, for all or part of the loan to November 30, 2023.
- *Prepayment:* TPFM may prepay all or portion of the aggregate principal amount outstanding at any time prior to the maturity date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- *Use of Proceeds:* TPFM will use the proceeds to administer the Program (note 10).
- *Interest:* The loan will bear simple interest at the rate of 10% per annum payable quarterly on the last business day of every calendar quarter during the term of the loan commencing on the last business day of December, 2013
- *Fees:* All the upfront and ongoing costs and fees associated with the offering of the bonds by the Corporation will be paid by TPFM on the Corporation's behalf.

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

8. BONDS

The Corporation has issued an offering memorandum (the "offering") for unsecured bonds, of up to a maximum of 15,000 bonds, at a price of \$1,000 per bond for expected total gross proceeds of \$15,000,000 and a minimum of 150 bonds at a price of \$1,000 per bond for total gross proceeds of \$150,000. Each bond bears simple interest of 10% per annum, payable on March 15, June 15, September 15, and December 15 of each year in which it is outstanding.

The Corporation or the bondholder may provide written notice on or before August 31, 2018 (the "First Redemption"), of their intention to redeem some or all of the bonds, which will then be redeemed on November 30, 2018 (the "First Maturity Date"). In the absence of written notice from the bondholder on or before August 31, 2018, the bonds shall mature on November 30, 2023 (the "Second Maturity Date").

Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Corporation and of TPFM, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice"). Bondholders who redeem some or all of their bonds prior to the First and/or Second Maturity Date are subject to the following redemption fees:

- Early Redemption Notice received prior to November 30, 2014 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2014 and November 30, 2015 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2015 and November 30, 2016 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2016 and November 30, 2017 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2017 and November 30, 2018 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Corporation, except where a Bondholder's request is in accordance with the Redemption Notice specified above.
- Early Redemption Notice received between December 1, 2018 and November 30, 2019 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2019 and November 30, 2020 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2020 and November 30, 2021 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2021 and November 30, 2022 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Corporation
- Early Redemption Notice received between December 1, 2022 and November 29, 2023 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Corporation.

Redemption fees are deducted by the Corporation from the redemption amount to be paid to the bondholder.

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

9. SHARE CAPITAL

Authorized

Unlimited number of Class A voting preferred shares

(Class A preferred shares)

Unlimited number of Class B non-voting common shares

(Class B common shares)

Issued and outstanding

	Number	2013 Amount	2012 Amount
Class A preferred shares	100,000	\$ 1,000	\$ 1,000
Class B common shares	100	100	-

The Corporation was formed on October 4, 2012 and issued 100,000 Class A preferred shares issued at \$0.01 per share during the period ended December 31, 2012.

On February 1, 2013, 100 Class B common shares were issued at \$1 per share.

10. COMMITMENTS

Related party transactions

On October 5, 2012, the Corporation signed an agreement with Target Capital Inc. ("Target"), the majority shareholder of the Corporation, whereby the Corporation agrees to pay Target an annual fee equal to \$2,500 plus ½ of 1% of the amount of capital raised from the offering (note 8) in excess of \$500,000 through deferred plans (any one of, or collectively, a Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan and Tax-Free Savings Account, all as defined under the Income Tax Act). The minimum term of the agreement is two years but is expected to be renewed until the Bonds issued as a result of the offering (note 9) either mature or are redeemed by the Corporation. The fees will be paid to Target by TPFM. These transactions are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

Loan program agreement

On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars (the "Program") whereby the Corporation will provide loans to clients of 4 Pillars (the "Borrowers") from the proceeds of the offering. The Corporation will provide all funds required to operate the Program and will have full discretion as to whom to lend funds to, including the discretion on fees, expenses, interest and term of the loans to Borrowers. The term of the Program shall expire November 30, 2018, with an automatic renewal until November 30, 2023, unless the Corporation and 4 Pillars mutually agree to terminate the Program. Either party may terminate the Program with 15 days' notice if either party is in material breach of the terms of the Program. On August 23, 2013 The Corporation has assigned the right, title, interest and estate in and to the Program to TPFM.

TPF The Phoenix Fund Inc.
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

11. FINANCIAL RISK MANAGEMENT

Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risks, and the Corporation's management of capital.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Directors have the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at December 31 is as follows:

	Carrying amount	
	2013	2012
Cash	\$ 571	\$ 7,694
Due from a related party (note 5)	21,717	-
Loans receivable from a related party (notes 6 & 7)	737,000	-

Cash

Cash consists of cash bank balances. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity will be impacted by various external events and conditions.

The Corporation's financial liabilities at December 31, 2013 consist of interest payable and accrued and amounts due from a related party.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future debt securities (note 8).

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest rate return for the bonds is fixed for the term of the bonds and not subject to increase in the event of a general rise in domestic interest rates for other investments

Capital Management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

The Corporation will manage its capital structure and make changes to it in the light of changes to economic conditions and the risk characteristics of the nature of the business. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Corporation currently has accounts payable and accrued liabilities and due to a related party and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

12. SUBSEQUENT EVENT

The Corporation intends to issue an amended and restated continuous offering memorandum (note 8) for the issue of from 150 (minimum) to 15,000 (maximum) unsecured bonds, at a price of \$1,000 per bond and payable with compound interest at 10% per annum until maturity. The proceeds from the bonds are to be lent to TPFM under a loan agreement between the Corporation and TPFM (note 8) signed on August 23, 2013.

12.2 Unaudited Financial Statements of TPFM The Phoenix Fund Management

TPFM The Phoenix Fund Management Ltd.
Financial Statements
(Stated in Canadian Dollars)
(Unaudited)
December 31, 2013

TPFM The Phoenix Fund Management Ltd.

Financial Statements

December 31, 2013

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TPFM The Phoenix Fund Management Ltd.

Notice to Shareholders

December 31, 2013

Management's Responsibility for Financial Reporting

The accompanying unaudited financial statements of TPFM The Phoenix Fund Management Ltd. were prepared by management in accordance with Accounting Standards for Private Enterprises ("ASPE"). Only changes in accounting policies have been disclosed in these unaudited financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited financial statements do not contain untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which is made, as of the date of and for the periods presented by the unaudited financial statements and (ii) the unaudited financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An audit committee assists the Board of Directors in fulfilling this responsibility. The audit committee meets with management to review the financial reporting process and the unaudited financial statements together with other financial information of the Corporation. The audit committee reports its findings to the Board of Directors for its consideration in approving the unaudited financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Corporation discloses that its external accountants have not reviewed the unaudited financial statements for the period ended December 31, 2013.

TPFM The Phoenix Fund Management Ltd.
Statement of Financial Position
(Unaudited)
As at December 31, 2013

Assets

Current

Cash and equivalents	\$ 159,068
Interest receivable	11,000
Current portion of loans receivable	110,800
	<u>280,868</u>

Long Term

Loans receivable (note 5)	745,262
Office furniture and equipment (note 7)	6,345
Deferred financing costs	43,525
	<u>795,132</u>
	<u>\$ 1,076,000</u>

Liabilities

Current

Interest payable and accrued	\$ 5,300
Promissory notes (note 16)	120,000
Deferred income (note 8)	39,556
Payable to related party (note 10)	21,450
	<u>186,306</u>

Long Term

Loan payable to related party (note 11)	737,000
Due to a shareholder (note 13)	235,708
	<u>972,708</u>
	<u>1,159,014</u>

Shareholder's Equity

Share capital (note 14)	200
Deficit	(83,214)
	<u>(83,014)</u>
	<u>\$ 1,076,000</u>

General business description (note 1)
Commitments (note 16)
Subsequent event (note 17)

These financial statements are authorized for issue by the Board of Directors on April 14, 2014
They are signed on the Corporation's behalf by:

signed "Ayaz Virani" Director

signed "Christopher Jimenez" Director

See accompanying notes to the financial statements

TPFM The Phoenix Fund Management Ltd.
Statements of Loss and Comprehensive Loss
(Unaudited)
For the year ended December 31, 2013

Revenue	<u>\$ 112,145</u>
Expenses	
Consulting fees	26,820
Advertising and promotion	23,569
Professional fees	25,218
Miscellaneous loan costs	6,779
Accounting	32,087
Interest expense	41,221
Meals and entertainment	10,529
Amortization	2,499
Overhead costs	<u>26,637</u>
	<u>195,359</u>
NET LOSS AND COMPREHENSIVE LOSS	<u>\$ (83,214)</u>
BASIC AND DILUTED INCOME PER SHARE	<u>(555)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - basic and diluted	<u>\$ 150</u>

See accompanying notes to the financial statements

TPFM The Phoenix Fund Management Ltd.
Statement of Changes in Shareholder's Equity
(Unaudited)
For the year ended December 31, 2013

	Number of Shares	Share Capital Stated Value	Net loss and comprehensiv e loss	Total Equity
Class A shares issued on incorporation (note 14)	100	\$ 100	-	\$ 100
Class A shares issued during the period	100	100	-	100
Loss for the year			(83,214)	(83,214)
Balance December 31, 2013		\$ 200	\$ (83,214)	\$ (83,014)

See accompanying notes to the financial statements

TPFM The Phoenix Fund Management Ltd.
Statement of Cash Flows
(Unaudited)

For the year ended December 31, 2013

Cash provided by (used in):

Cash flows from operating activities

Net loss	\$ (83,214)
Amortization	2,499
Loss from disposition of furniture	2,000
	<u>(78,715)</u>

Changes in non-cash working capital balances

Interest receivable	(11,000)
Accounts payable and accrued liabilities	5,300
Deferred income	39,556
Payable to related party	21,450
	<u>55,306</u>

Cash flows from financing activities

Loan from related party	737,000
Proceeds from issuance of promissory notes	120,000
Advances from shareholders	235,708
Proceeds from issuance of share capital	200
	<u>1,092,908</u>

Net cash provided by financing activities

Cash flows from investing activities

Loans receivable	(856,062)
Increase in deferred financing costs	(43,525)
Office furniture and equipment	(10,844)
	<u>(910,431)</u>

Net cash provided by investing activities

Change in cash, beginning cash, end of period cash	<u>\$ 159,068</u>
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See accompanying notes to the financial statements

1. Nature of operations

TPFM The Phoenix Fund Management Ltd. (the "Corporation") was incorporated pursuant to the Business Corporations Act (British Columbia) on October 3, 2012. The Corporation was formed for the purpose of providing assets backed and unsecured loans using funds advanced by TPF The Phoenix Fund Inc. ("TPF"). The Corporation commenced operations on January 1, 2014.

On August 23, 2013 the Corporation entered into a loan agreement with TPF The Phoenix Fund Inc. ("TPFM Loan") (note 12).

Under the loan agreement TPF lends funds to TPFM for the purpose of administering the Program (note 6).

The Corporation's registered office is 1450 - 13401 108th Avenue Surrey, British Columbia V3T 5T3

The business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the amount of funds to finance its activities.

2. Basis of presentation

Statement of compliance

The Company prepares its financial statements in accordance with the Canadian Accounting Standards for Private Enterprises ("ASPE").

These financial statements were authorized for issue by the Directors of the Corporation on April 14, 2014

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings. The methods used to measure fair values are discussed in note 3.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. Significant accounting policies

Critical accounting judgments and estimates

The preparation of financial statements in conformity with ASPE requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is valuation of financial instruments (note 4). In addition, the amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted.

3. Significant accounting policies (continued)

Critical accounting judgments and estimates (continued)

They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is also subject to audit and interpretation by taxation authorities.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets include any outstanding accounts receivable and cash and cash equivalents. Purchases and sales of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Corporation. Financial assets are derecognised when the rights to receive cash flows have expired or are transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of the initial recognition based on the purpose for which the financial assets were acquired.

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and in its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy. The Corporation has designated cash as held for trading.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the date of the statement of financial position, which are classified as non-current assets. Assets in this category include accounts receivable which are classified as current assets in the statement of financial position.

The Corporation has designated \$110,800 as the current portion of loans receivable

The Corporation has designated \$745,262 as long term loans receivable. These loans have maturities greater than twelve months after the date of the statement of financial position.

Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables (continued)

Recognition and measurement (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They consist of investments in equity securities and certain other debt securities. They are included in other non-current financial assets unless management intends to dispose of the investments within twelve months of the date of the statement of financial position. Available-for-sale financial assets are recorded in other comprehensive income until realized, at which time they are recorded through profit or loss. The Corporation has not designated any financial assets as available-for-sale.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassification of financial assets is limited to debt instruments. Reclassifications are accounted for at fair value of the financial asset at the date of reclassification.

Financial Liabilities

Financial liabilities primarily consist of bank indebtedness (if any), accounts payable and accrued liabilities and due to related party. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged and fair values for liabilities that are hedged. Non-performance risk, including the Corporation's own credit risk for financial liabilities, is considered when determining the fair value of financial liabilities.

Equity instruments

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity.

Impairment

The Corporation addresses impairment of assets at each statement of financial position date, based on objective evidence which would reduce the carrying value of a financial asset or a group of financial assets, other than those at fair value through profit and loss. When it is determined that an impairment has occurred, the loss is recognized in profit and loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Receivables that are assessed not to be impaired are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables may include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in the national or local economic conditions that may default on receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

3. Significant accounting policies (continued)

Financial instruments (continued)

Equity instruments (continued)

Impairment (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

The carrying amount accounts receivable is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited through the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Any increase in fair value subsequent to an impairment loss with respect to available-for-sale equity instruments is recognized in other comprehensive income.

Income and expense recognition

Income and expenses are recognized in the financial statements on an accrual basis.

Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery is recorded in profit and loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Current tax is the expected payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry forward of non-capital losses, can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

3. Significant accounting policies (continued)

Financial instruments (continued)

Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligation whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. Determination of fair values

Certain of the Corporation's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement

and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash, interest receivable, accounts payable and accrued liabilities and due to related party approximates their carrying values due to their short term to maturity.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.

5. Loans receivable

The Corporation uses the funds loaned to it by TPF for the operation and administration of the Program (note 6) as a provider of loans to consumer debtors who meet the Corporations criteria and who use the borrowed funds to settle debt under a formal or informal debt restructuring plan agreed upon by the creditors.

These transactions are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

TPFM The Phoenix Fund Management Ltd.
Notes to the Financial Statements
(Unaudited)
December 31, 2013

6. Loan program agreement (the "Program")

On November 1, 2012, and amended February 4, 2013, TPF entered into an exclusive loan program agreement with 4 Pillars (the "Program") whereby TPF will provide loans to clients of 4 Pillars (the "Borrowers") from the proceeds of the offering. TPF will provide all funds required to operate the Program and will have full discretion as to who to lend funds to, including the discretion on fees, expenses, interest and term of the loans to Borrowers. The term of the Program shall expire November 30, 2018, with an automatic renewal until November 30, 2023, unless TPF and 4 Pillars mutually agree to terminate the Program. Either party may terminate the Program within 15 days' notice if either party is in material breach of the terms of the Program. On August 23, 2013 TPF assigned the right, title, interest and estate in and to the Program to the Corporation.

7. Office furniture and equipment

Office furniture and equipment consists of office furniture and computers and computer software, recorded at cost and amortized over the estimated life as follows:

Furniture 20% using the half year rule. Software licence over the 2 year term. Computer equipment 30% using the half year rule.

	Cost \$	Amortization and accumulated amortization \$	Disposition \$	Net Book Value \$
Furniture	4,262	(420)	(2,000)	1,842
Software	4,088	(1,705)		2,383
Computer	2,494	(374)		2,120
	10,844	(2,499)	(2,000)	6,345

8. Deferred income

Deferred income relates to lender fees which have been collected on loans receivable. These fees are amortized over the term of the loan.

9. Promissory notes

The promissory notes carry interest at 12% per annum payable quarterly on December 15, March 15, June 15 and September 15. The notes are redeemable at the Corporations discretion. The proceeds are used to administer the Program.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

10. Payable to a related party

The amount is payable to TPF and consists of interest payable of \$20,921 and expenses paid on behalf of the Corporation of \$529. These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

11. Loans payable to a related party

The loans payable to a related party represent advances made during the year by TPF under the TPFM Loan Agreement (note 12). These transactions are in the normal course of operations and are measured at the exchange amounts agreed on by the related parties.

TPFM The Phoenix Fund Management Ltd.
Notes to the Financial Statements
(Unaudited)
December 31, 2013

12. TPFM Loan agreement (the "TPFM Loan")

The Corporation has entered into the TPFM Loan, as a borrower, with TPF, as lender, on August 23, 2013. A summary of the material terms of the TPFM Loan are as follows:

- Loan Amount: Up to a maximum amount of \$15,000,000. The total amount is contingent upon the amount of proceeds raised through bond issuance.
- Maturity date: November 30, 2018 subject to extension at the sole discretion of the Corporation for all or part of the loan to November 30, 2023.
- Prepayment: TPFM may prepay all or portion of the aggregate principal amount then outstanding at any time prior to the maturity date, together with all accrued but unpaid interest and fees thereon without notice, bonus or penalty.
- Use of Proceeds: TPFM will use the proceeds to administer the Program.
- Interest: The loan will bear simple interest at the rate of 10% per annum payable quarterly on the last business day of every calendar quarter during the term of the loan commencing on the last business day of December, 2013
- Fees: All the upfront and ongoing costs and fees associated with the offering of the Bonds by the Corporation will be paid by TPFM on the Corporation's behalf.

13. Due to a shareholder

The amounts due to a shareholder are unsecured, and bear interest at 12% per annum. The Corporation intends to repay the amounts as the funds become available.

14. Share capital

Authorized

As at December 31 2013 the Corporation was authorized to issue the following:

- Unlimited number of Class A voting common shares without par value (Class A shares)
- Unlimited number of Class B voting common shares without par value and restriction on dividends (Class B shares)
- Unlimited number of Class C non-voting common shares without par value (Class C shares)
- Unlimited number of Class D shares non-voting common shares par value .01 with special rights and restrictions. (Class D shares)
- Unlimited number of Class E non-voting preferred shares with special rights and restrictions (Class E shares)

Issued and outstanding:

		2013	2012
	Number	Amount	Amount
Class A shares	200 \$	200 \$	100

15. Financial risk management

Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risks, and the Corporation's management of capital.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Directors have the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at December 31, 2013 is as follows:

Cash	\$159,068
Loans receivable	\$856,062

Cash

Cash consists of cash bank balances. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity will be impacted by various external events and conditions.

The Corporation's financial liabilities at December 31, 2013 consist of interest payable and accrued and amounts due from a related party.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future debt securities (note 9).

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest rate return for the Bonds is fixed for the term of the Bonds and not subject to increase in the event of a general rise in domestic interest rates for other investments

15. Financial risk management (continued)

Capital Management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

The Corporation will manage its capital structure and make changes to it in the light of changes to economic conditions and the risk characteristics of the nature of the business. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Corporation currently has accounts payable and accrued liabilities and due to a related party and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures..

16. Commitments

Related party transactions

Pursuant to the TPFM Loan agreement , obligations of the Corporation are secured by way of a General Security Agreement dated August 23, 2013 in favour of TPF for payment and discharge of the Corporations obligations under the TPFM Loan Agreement.

17. Subsequent event

TPFM Loan agreement

The Corporation is in the process of amending the TPFM Loan Agreement (note 11) for the timing of the payment of interest.

Lease agreement

The Corporation entered into a 3 year lease agreement commencing January 1, 2014 for office space at \$2,654 per month.

ITEM 13: DATE AND CERTIFICATE

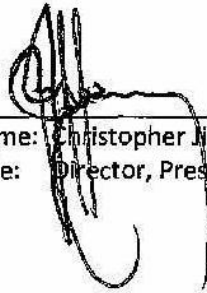
Dated: April 15, 2014

This Offering Memorandum does not contain a misrepresentation.

**ON BEHALF OF THE DIRECTORS, OFFICERS AND PROMOTERS OF:
TPF THE PHOENIX FUND INC.**



Name: Ayaz Virani
Title: Director & Chairman



Name: Christopher Jimenez
Title: Director, President & Chief Executive Officer

SCHEDULE A – SUBSCRIPTION AGREEMENT

PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:

1. A signed copy of this Subscription Agreement;
2. A certified cheque or bank draft
 - a. in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "**TPF The Phoenix Fund Inc.**", or
 - b. in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement) plus an RRSP administration fee, if any, if you wish to use funds from a Deferred Plan to purchase the Bonds, payable to the financial institution that holds your RRSP account (e.g. "Olympia Trust Company") with your account number noted on the cheque or bank draft;
3. All Subscribers must complete the following table pursuant to the instructions below:

Interest Option Selection

The Subscriber elects to receive **[check appropriate box]**:

- 10% simple interest calculated per annum payable quarterly; or
- 10% compound interest calculated annually and payable on the date the Bonds are redeemed

Insider Status

The Subscriber either **[check appropriate box]**:

- is an "Insider" of the Corporation as defined in the *Securities Act* (British Columbia); or
- is not an Insider of the Corporation

Registrant Status

The Subscriber either **[check appropriate box]**:

- is a "Registrant" as defined in the *Securities Act* (British Columbia); or
- is not a Registrant

4. A properly completed and duly executed copy of the appropriate investor qualification form(s):
 - If the Subscriber is a resident in **Ontario**, two (2) copies of the **Accredited Investor Representation Letter** in the form attached to this Subscription Agreement as **Exhibit 1** (please initial the Appendix as indicated);
 - If the Subscriber is a resident in the province of **Alberta, British Columbia, Manitoba, or Saskatchewan**, two (2) copies of the **Risk Acknowledgement** in the form attached to this Subscription Agreement as **Exhibit 2-A or Exhibit 2-B**, as applicable (one copy may be retained for your records);
 - if the Subscriber is a resident in the province of **Alberta, Manitoba, or Saskatchewan** and is subscribing for more than \$10,000 in Bonds, one (1) completed and signed copy of the **Representation Letter** attached to this Subscription Agreement as **Exhibit 3**; and
 - If the Subscriber is a resident in the province of **Alberta, British Columbia, Manitoba or Saskatchewan** and the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, two (2) properly completed and duly executed **Blanket Order 31-505 Risk Acknowledgements** in the form attached to this Subscription Agreement as **Exhibit 4**; and
5. One (1) properly completed and signed copy of the **Release of Any Claims by Subscriber Against Controlling Shareholder** in the form attached to the Subscription Agreement as **Exhibit 5**.

PLEASE DELIVER YOUR SUBSCRIPTION TO:

TPF The Phoenix Fund Inc.
503 - 321 Water Street
Vancouver, BC V6B 1B8

SUBSCRIPTION FOR BONDS

TO: TPF The Phoenix Fund Inc. (the "Corporation")

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number and type of bonds of the Corporation ("**Bonds**") set forth below for the subscription amount set forth below, representing a subscription price of \$1,000 per Bond, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Bonds of TPF The Phoenix Fund Inc." attached hereto (the "**Subscription Agreement**"). **In addition to this page, the Subscriber must also complete all applicable exhibits attached hereto.**

Full Legal Name of Subscriber (please print) _____ By: _____ Signature of Subscriber or its Authorized Representative _____ Official Title or Capacity (please print) _____ Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber) _____ Date of Execution _____ Social Insurance Number / Business Number _____ _____ Subscriber's Address (including postal code) _____ Telephone Number (including area code) _____ E-mail Address _____
--

Subscription Amount: \$ _____
Number of Bonds: _____
Interest Selection: [] 10% simple interest calculated per annum payable quarterly; or [] 10% compound interest calculated annually and payable on the date the Bonds are redeemed
If the Subscriber is signing as agent for a principal and is not a trust corporation or, in Alberta or British Columbia, a portfolio manager in any case, purchasing as a trustee or an agent for accounts fully managed by it, complete the following and ensure that the applicable schedules attached hereto are completed in respect of such principal: _____ Name of Principal _____ Principal's address (including postal code) _____ Telephone Number (including area code) _____ E-mail Address _____

Register the Bonds (if different from above) as follows: _____ Name _____ Account reference, if applicable _____ Address (including postal code) _____ _____

Deliver the Bonds (if different from address given) as follows: _____ Name _____ Contact Name _____ Address (including postal code) _____ Telephone Number (including area code) _____
--

FOR OFFICE USE ONLY		
ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.		
TPF THE PHOENIX FUND INC. Per: _____ Date: _____		Certificate No. Issued: _____

(This is the first page of an agreement comprised of 9 pages (excluding Exhibits 1-5 hereto))

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR
BONDS OF TPF THE PHOENIX FUND INC.**

Definitions. In this Subscription Agreement:

- (a) "**Aggregate Subscription Amount**" means the aggregate dollar amount of the subscription under this Subscription Agreement;
- (b) "**Bonds**" means the Bonds of the Corporation offered pursuant to the Offering Memorandum;
- (c) "**Closing Date**" means the date(s) on which Bonds are issued by the Corporation pursuant to the Offering Memorandum;
- (d) "**Corporation**" means TPF The Phoenix Fund Inc., a corporation incorporated under the *Business Corporations Act* (British Columbia);
- (e) "**Offering**" means the offering of Bonds of the Corporation pursuant to the Offering Memorandum;
- (f) "**Offering Memorandum**" means the amended and restated offering memorandum of the Corporation dated April 15, 2014;

Acknowledgements of the Subscriber. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:

- (a) this subscription is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;
- (b) where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, Exempt Market Dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. The Corporation intends to offer these same parties an annual Trailer Fee of up to 1% on the Bonds outstanding after the first year of subscription;
- (c) the Bonds subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Corporation of up to 15,000 Bonds at a subscription price of \$1,000 per Bond (the "**Offering**");
- (d) other than as may arise with respect to applicable securities laws no director, officer, employee, partner, contractor, incorporator or shareholder of the Corporation or any corporate successor thereto will have any liability for any obligations with respect to the payment of principal or interest under the Bonds to a Bondholder for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Bondholder by accepting Bond waives and releases all such liability and this waiver and release are part of the consideration for the issuance of the Bonds;
- (e) **the following capitalized terms shall have the same meaning as provided for within the Offering Memorandum:**

The Subscriber consents to the TPFM Loan and agrees that the TPFM Loan will not constitute a breach of any fiduciary or other duty of the directors and officers of the Corporation and will not give rise to any obligation by TPFM, or its respective officers, directors or shareholders to account to the Corporation or its Bondholders for any profit made by TPFM from the use of the TPFM Loan proceeds by TPFM; and

- (f) **the Subscriber is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.**

Representations, Warranties and Covenants of the Subscriber. By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:

- (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;

- (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;
- (c) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;
- (d) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
- (e) if the Subscriber is acting as agent or trustee for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;
- (f) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (g) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting) is purchasing the Bonds as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Bonds, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" or "Principal's Address", as the case may be, on the face page hereof and it fully complies with one or more of the criteria set forth below:
 - (i) if the Subscriber is resident in or otherwise subject to applicable securities laws of **Ontario**, it is an "accredited investor" as such term is defined in National Instrument 45-106 entitled "Prospectus and Registration Exemptions" promulgated under the *Securities Act* (Ontario) and has concurrently executed and delivered a **Representation Letter** in the form attached as **Exhibit 1** to this Subscription Agreement and has **initialed in Appendix "1"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition; or
 - (ii) if the Subscriber is a resident in the province of **British Columbia**, two (2) copies of the **Risk Acknowledgement** in the form attached to this Subscription Agreement as **Exhibit 2-A or Exhibit 2-B**, as applicable (one copy may be retained for your records) and if the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, two (2) properly completed and duly executed **Blanket Order 31-505 Risk Acknowledgements** in the form attached to this Subscription Agreement as **Exhibit 4** (one copy may be retained for your records); or
 - (iii) if the Subscriber is a resident in the province of **Alberta, Saskatchewan or Manitoba**, (i) two (2) copies of the **Risk Acknowledgement** in the form attached to this Subscription Agreement as **Exhibit 2-A or Exhibit 2-B**, as applicable (one copy may be retained for your records), (ii) if subscribing for more than \$10,000 in Bonds, one (1) copy of the **Eligible Investor Representation Letter** in the form attached to this Subscription Agreement as **Exhibit 3**, and (iii) if the Bonds are sold by a market participant not registered in accordance with the applicable securities regulatory authority, two (2) properly completed and duly executed **Blanket Order 31-505 Risk Acknowledgements** in the form attached to this Subscription Agreement as **Exhibit 4** (one copy may be retained for your records); or
 - (iv) if the Subscriber is a resident of or otherwise subject to applicable securities of any jurisdiction not referred to herein, it complies with the requirements of all applicable securities legislation in the jurisdiction of its residence and will provide such evidence of compliance with all such matters as the Corporation or its counsel may request and the purchase of the Bonds does not contravene any of the applicable securities laws in the Subscriber's jurisdiction of residence and does not trigger (i) any obligation to prepare and file a prospectus or any other ongoing reporting requirements with respect to such purchase or otherwise in the Subscriber's jurisdiction of residence, or (ii) any registration or other obligation on the part of the Corporation;

- (h) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Bonds;
 - (i) is capable of assessing the proposed investment in the Bonds as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation; and
 - (ii) is able to bear the economic risk of loss of its investment in the Bonds;
- (i) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Bonds;
- (j) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Bonds and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:
 - (i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;
 - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and
 - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (k) the Subscriber confirms that neither the Corporation or any of its representative directors, employees, officers or affiliates, have made any representations (written or oral) to the Subscriber:
 - (i) regarding the future value of the Bonds;
 - (ii) that any person will resell or repurchase the Bonds;
 - (iii) that the Bonds will be listed on any stock exchange or traded on any market; or
 - (iv) that any person will refund the purchase price of the Bonds other than as provided in this Subscription Agreement;
- (l) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Bonds as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Bonds, and the resale restrictions and "hold periods" to which the Bonds are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation with respect to such suitability, tax consequences, and resale restrictions;
- (m) except for the Subscriber's knowledge regarding its subscription for Bonds hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (British Columbia)) in the affairs of the Corporation that has not been generally disclosed;
- (n) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Bonds, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
- (o) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Bonds and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Bonds as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;

- (p) the Subscriber understands that it will not resell the Bonds except in accordance with limited exemptions available under applicable securities legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber's compliance with applicable resale restrictions;
- (q) the Subscriber acknowledges that it is aware that there is no market upon which the Bonds trade and there is no assurance that any of the Bonds will be listed and posted for trading on a stock exchange or dealer network in the future;
- (r) the Subscriber understands that the sale of the Bonds is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, and the requirement to sell securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Bonds pursuant to such exemptions, certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages in the event of a misrepresentation may not be available to the Subscriber in connection with the purchase and sale of the Bonds;
- (s) the Subscriber understands that any certificates representing the Bonds will bear a legend indicating that the resale of such securities is restricted;
- (t) the Subscriber is not a "US Person" (as that term is defined by Regulation S under the US Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a US Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Bonds for the account or benefit of a US Person or a person in the United States;
- (u) the Bonds have not been Offered to the Subscriber in the United States, and the individuals making the order to purchase the Bonds and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;
- (v) the Subscriber undertakes and agrees that it will not offer or sell any of the Bonds in the United States unless such Securities are registered under the US Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;
- (w) the Subscriber acknowledges that, in addition to any other requirements under applicable securities legislation to which a disposition of any of the Bonds by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Bonds;
- (x) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Bonds;
- (y) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;
- (z) the Subscriber is not a non-resident for the purposes of the *Income Tax Act* (Canada);
- (aa) the Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (British Columbia), will not become a "control person" of the Corporation by purchasing the number of Bonds subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;
- (bb) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation except as expressly set forth herein or in the Offering Memorandum;
- (cc) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) Act (Canada) (the "PCMLA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's

subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

- (dd) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders or security holders, including the Subscriber; and
- (ee) **the Subscriber acknowledges that an investment in the Bonds is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Bonds and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Bonds. Resale of such Bonds will require the availability of exemptions from the prospectus requirements of applicable securities legislation, or the application for a discretionary order of the securities commission or similar regulatory authority in the Subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with relevant securities legislation, orders or policies concerning the purchase, holding of, and resale of the Bonds.**

Timeliness of Representations, etc. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Bonds and any subsequent disposition by the Subscriber of any of the securities.

Indemnity. The Subscriber acknowledges that the Corporation and its counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Bonds) to purchase Bonds under the Offering, and hereby agrees to indemnify the Corporation and its directors, officers, employees, advisers, affiliates, shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at 503 - 321 Water Street, Vancouver, British Columbia, V6B 1B8 of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.

Deliveries by Subscriber prior to Closing. The Subscriber agrees to deliver to the Corporation not later than 5:00 p.m. (Pacific Time) on the day that is two business days before any Closing Date of which the Subscriber receives notice:

- (a) this duly completed and executed Subscription Agreement;
- (b) a certified cheque or bank draft
 - a. in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "TPF The Phoenix Fund Inc.", or
 - b. in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement) plus an RRSP administration fee, if any, if you wish to use funds from a Deferred Plan to purchase the Bonds, payable to the financial institution that holds your RRSP account (e.g. "Olympia Trust Company") with your account number noted on the cheque or bank draft;or payment of the same amount in such other manner as is acceptable to the Corporation;
- (c) properly completed and duly executed copies of the appropriate investor qualification form(s), Blanket Order 31-505 Risk Acknowledgement form and Release of Any Claims by Subscriber Against Controlling Shareholder form as described on page 2 of this Subscription Agreement; and
- (d) such other documents as may be requested by the Corporation as contemplated by this Subscription Agreement.

Consent to Collection of Personal Information. If the Subscriber is an individual, the Subscriber acknowledges that the Subscriber has provided, in this Subscription Agreement, to the Corporation information (the "Personal Information") of a personal nature that may or may not be protected under applicable privacy legislation. This information is being collected, used and may be disclosed by the Corporation for the following purposes (the "Purposes"):

- (a) in order to complete the Offering;

- (b) to be kept in the corporate records of the Corporation, on its securities registers and Bondholders lists, maintained by the Corporation and/or the Corporation's transfer agent;
- (c) to be disclosed to securities/tax regulatory authorities or other government bodies as required and in accordance with applicable securities laws and tax laws;
- (d) as long as the Subscriber is a security holder of the Corporation, to be disclosed to other third parties held to an obligation of confidentiality to the Corporation such as its legal counsel, its accountants, transfer agent, securities depository, or any other entity for: (i) the purpose of sending financial statements and other disclosure documentation required to be sent by law to the Shareholders of the Corporation, and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Corporation and such other third party; and
- (e) to enforce the obligations contemplated by this Subscription Agreement.

The Subscriber or the person subscribing for the Bonds on behalf of a disclosed beneficial purchaser hereby consents to the collection, use and disclosure by the Corporation of the Personal Information for the Purposes.

Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. In Ontario, the Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone (416) 593-8086, Facsimile: (416) 593-8252 is the public official who can answer questions about the indirect collection of personal information. The Subscriber's personal information may be disclosed by the Corporation or its counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the offering, including legal counsel. By executing this Subscription Agreement and the, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Subscription Agreement as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transactions contemplated hereby.

Partial Acceptance or Rejection of Subscription. The Corporation may, in its absolute discretion, accept or reject the Subscriber's subscription for Bonds as set forth in this Subscription Agreement, in whole or in part, and the Corporation reserves the right to allot to the Subscriber less than the amount of Bonds subscribed for under this Subscription Agreement.

Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon among other things, the sale of the Bonds to the Subscriber being exempt from any prospectus and offering memorandum requirements of applicable securities laws. The Corporation will be deemed to have accepted this Subscription Agreement upon the delivery at Closing of the certificates representing the Bonds to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

If this Subscription Agreement is rejected in whole, any cheque(s) or bank draft(s) delivered by the Subscriber to the Corporation on account of the Aggregate Subscription Amount for the Bonds subscribed for will be promptly returned to the Subscriber without interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Corporation exceeds the subscription price of the number of Bonds sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, will be promptly delivered to the Subscriber without interest.

Time and Place of Closing. The sale of the Bonds will be completed at the office of TPF The Phoenix Fund Inc., 503 - 321 Water Street, Vancouver, British Columbia, V6B 1B8 at 11:00 a.m. (Mountain Standard Time) or such other time or place as the Corporation may determine (the "Closing Time") on the Closing Date. The Corporation reserves the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.

Subject to Regulatory Approval. The obligations of the parties hereunder are subject to all required regulatory approvals being obtained.

Representations and Warranties of the Corporation. The Corporation hereby represents and warrants to the Subscriber (and acknowledges that the Subscriber is relying thereon) that:

- (a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Bonds to the Subscriber;
- (b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;
- (c) the Corporation has complied or will comply with all applicable corporate and securities laws in connection with the Offer and sale of the Bonds;
- (d) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court;
- (e) the execution, delivery and performance of this Subscription Agreement by the Corporation and the issue of the Bonds to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound; and
- (f) it makes no representation or warranty as to whether the Bonds are qualified investments for a trust governed by a Deferred Plan.

No Partnership. Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Corporation.

Governing Law. The contract arising out of acceptance of this Subscription Agreement by the Corporation shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

Time of Essence. Time shall be of the essence of this Subscription Agreement.

Entire Agreement. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

Facsimile Copies. The Corporation shall be entitled to rely on delivery of a facsimile copy of executed subscriptions, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.

Counterpart. This Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

Severability. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

Survival. The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

Interpretation. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.

Amendment. Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.

Costs. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Bonds to the Subscriber shall be borne by the Subscriber.

Withdrawal. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

Assignment. Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.

Language. The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Bonds be drawn up in the English language only. **Le souscripteur reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente des bons de souscription spéciaux soient rédigés en anglais seulement.**

**EXHIBIT 1
REPRESENTATION LETTER
(FOR ONTARIO ACCREDITED INVESTORS)**

TO: TPF The Phoenix Fund Inc. (the "Corporation")

In connection with the purchase of bonds (the "Bonds") of the Corporation by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "Subscriber" for the purposes of this Exhibit 1), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. the Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;
2. the Subscriber is purchasing the Bonds as principal for its own account;
3. the Subscriber is an "accredited investor" within the meaning of National Instrument 45-106 entitled "Prospectus and Registration Exemptions" by virtue of satisfying the indicated criterion as set out in Appendix A to this Representation Letter;
4. the Subscriber was not created or used solely to purchase or hold securities as an "accredited investor" as described in paragraph (XIII) of the attached Appendix A of this Exhibit 1; and
5. upon execution of this Exhibit 1 by the Subscriber, this Exhibit 1 shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 20__.

Print name of Subscriber

By: _____
Signature

Print name of Signatory (if different from Subscriber)

Title

**IMPORTANT: PLEASE MARK THE CATEGORY OR CATEGORIES
IN APPENDIX A ON THE NEXT PAGE THAT DESCRIBES YOU**

(FOR ONTARIO ACCREDITED INVESTORS)

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

Accredited Investor - (defined in National Instrument 45-106) means:

- _____ I. a Canadian financial institution, or an authorized foreign bank named in Schedule III of the Bank Act (Canada); or
- _____ II. the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- _____ III. a subsidiary of any person referred to in paragraphs (I) or (II), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or
- _____ IV. a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the Securities Act (Ontario) or the Securities Act (Newfoundland and Labrador); or
- _____ V. an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (IV); or
- _____ VI. the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or
- _____ VII. a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or
- _____ VIII. any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
- _____ IX. a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or
- _____ X. an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; or
- _____ XI. an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (XX) below, which must be initialed.)

- _____ XII. an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or
- _____ XIII. a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or

- _____ XIV. an investment fund that distributes or has distributed its securities only to
- (a) a person that is or was an accredited investor at the time of the distribution, or
 - (b) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106, or
 - (c) a person described in paragraph (a) or (b) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or
- _____ XV. an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or
- _____ XVI. a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or
- _____ XVII. a person acting on behalf of a fully managed account managed by that person, if that person
- (a) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and
 - (b) in Ontario, is purchasing a security that is not a security of an investment fund; or
- _____ XVIII. a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or
- _____ XIX. an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (I) to (IV) or paragraph (IX) in form and function; or
- _____ XX. a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by Directors, are persons that are accredited investors (as defined in National Instrument 45-106); or
- (Note: if you are purchasing as an individual accredited investor, paragraph (XI) above must be initialed rather than paragraph (XX))
- _____ XXI. an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- _____ XXII. a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as
- (a) an accredited investor, or
 - (b) an exempt purchaser in Alberta or British Columbia after September 14, 2005.

For the purposes hereof:

- (a) "**Canadian financial institution**" means
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) "**control person**" has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds:
- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
 - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (c) "**Director**" means:
- (i) a member of the board of Directors of a company or an individual who performs similar functions for a company, and

- (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a Director of a company;
- (d) **"eligibility adviser"** means:
 - (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
 - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 1. have a professional, business or personal relationship with the issuer, or any of its Directors, executive Officers, founders, or control persons, and
 2. have acted for or been retained personally or otherwise as an employee, executive Officer, Director, associate or partner of a person that has acted for or been retained by the issuer or any of its Directors, executive Officers, founders or control persons within the previous 12 months;
- (e) **"executive Officer"** means, for an issuer, an individual who is:
 - (i) a chair, vice-chair or president,
 - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
 - (iii) an Officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or
 - (iv) performing a policy-making function in respect of the issuer;
- (f) **"financial assets"** means:
 - (i) cash,
 - (ii) securities, or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (g) **"foreign jurisdiction"** means a country other than Canada or a political subdivision of a country other than Canada;
- (h) **"founder"** means, in respect of an issuer, a person who,
 - (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
 - (ii) at the time of the trade is actively involved in the business of the issuer;
- (i) **"fully managed account"** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (j) **"investment fund"** has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (k) **"jurisdiction"** means a province or territory of Canada except when used in the term foreign jurisdiction;
- (l) **"local jurisdiction"** means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (m) **"non-redeemable investment fund"** means an issuer,
 - (i) whose primary purpose is to invest money provided by its security holders;
 - (ii) that does not invest;
 1. for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
 2. for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
 - (iii) that is not a mutual fund;
- (n) **"person"** includes:
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (o) **"regulator"** means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;
- (p) **"related liabilities"** means
 - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets;
- (q) **"Schedule III bank"** means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (r) **"spouse"** means, an individual who,

- (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (s) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars

EXHIBIT 2-A

To be executed where the party selling the Bonds is not registered under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN AND MANITOBA RESIDENTS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc will pay \$_____ of this to _____ as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

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You have 2 business days to cancel your purchase.

To do so, send a notice to TPF The Phoenix Fund Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after the closing at which you agree to purchase the securities. You can send the notice by fax or email or deliver it in person to TPF The Phoenix Fund Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name: **TPF The Phoenix Fund Inc.**
 Address: 503 – 321 Water Street
 Vancouver, British Columbia, V6B 1B8
 Tel: (604) 336-0185
 Fax: (604) 676-2622
 Email: info@thephoenixfund.ca

You are buying Exempt Market Securities

They are called exempt market securities because two parts of securities law do not apply to them. If an issuer wants to sell exempt market securities to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an Offering Memorandum

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, contact your local securities regulatory authority or regulator.

If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at www.bcsc.bc.ca.

If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.

If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at www.sfsc.gov.sk.ca.

If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca.

**Instruction: The purchaser must sign 2 copies of this form.
The purchaser and the issuer must each receive a signed copy.**

EXHIBIT 2-A

To be executed where the party selling the Bonds is not registered under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN AND MANITOBA RESIDENTS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc. will pay \$_____ of this to _____ as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

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 Vancouver, British Columbia, V6B 1B8
 Tel: (604) 336-0185
 Fax: (604) 676-2622
 Email: info@thephoenixfund.ca

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- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an Offering Memorandum

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, contact your local securities regulatory authority or regulator.

If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at www.bcsc.bc.ca.

If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.

If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at www.sfsc.gov.sk.ca.

If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca.

**Instruction: The purchaser must sign 2 copies of this form.
The purchaser and the issuer must each receive a signed copy.**

EXHIBIT 2-B

To be executed where the party selling the Bonds is registered under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO RESIDENTS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc. will pay \$_____ of this to _____ as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase.

To do so, send a notice to TPF The Phoenix Fund Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after the closing at which you agree to purchase the securities. You can send the notice by fax or email or deliver it in person to TPF The Phoenix Fund Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name: **TPF The Phoenix Fund Inc.**
 Address: 503 – 321 Water Street
 Vancouver, British Columbia, V6B 1B8
 Tel: (604) 336-0185
 Fax: (604) 676-2622
 Email: info@thephoenixfund.ca

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an Offering Memorandum

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, contact your local securities regulatory authority or regulator.

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at www.bcsc.bc.ca.
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.
- If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at www.sfsc.gov.sk.ca.
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca.
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at www.osc.gov.on.ca

**Instruction: The purchaser must sign 2 copies of this form.
The purchaser and the issuer must each receive a signed copy.**

EXHIBIT 2-B

To be executed where the party selling the Bonds is registered under National Instrument 31-103

FORM 45-106F4

TO BE COMPLETED BY BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO RESIDENTS

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Offering Memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ in total; this includes any amount I am obliged to pay in future. TPF The Phoenix Fund Inc. will pay \$_____ of this to _____ as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase.

To do so, send a notice to TPF The Phoenix Fund Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after the closing at which you agree to purchase the securities. You can send the notice by fax or email or deliver it in person to TPF The Phoenix Fund Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name: **TPF The Phoenix Fund Inc.**
 Address: 503 – 321 Water Street
 Vancouver, British Columbia, V6B 1B8
 Tel: (604) 336-0185
 Fax: (604) 676-2622
 Email: info@thephoenixfund.ca

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an Offering Memorandum

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, contact your local securities regulatory authority or regulator.

- If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800-373-6393), or visit its website at www.bcsc.bc.ca.
- If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at <http://www.albertasecurities.com>.
- If you live in Saskatchewan, contact the Financial Services Commission at (306) 787-5645, or visit its website at www.sfsc.gov.sk.ca.
- If you live in Manitoba, contact the Manitoba Securities Commission at (204) 945-2548, or visit its website at www.msc.gov.mb.ca.
- If you live in Ontario, contact the Ontario Securities Commission at Telephone: (416) 593-3682, or visit its website at www.osc.gov.on.ca

**Instruction: The purchaser must sign 2 copies of this form.
The purchaser and the issuer must each receive a signed copy.**

EXHIBIT 3

OFFERING MEMORANDUM EXEMPTION REPRESENTATION LETTER - 45-106 ELIGIBLE INVESTOR

TO BE COMPLETED BY ALBERTA, SASKATCHEWAN AND MANITOBA WHO ARE SUBSCRIBING FOR MORE THAN \$10,000 IN BONDS.

The undersigned (the "Subscriber") hereby confirms and certifies to TPF The Phoenix Fund Inc. that the Subscriber is purchasing the Bonds as principal, that the Subscriber is resident in the jurisdiction set out on the execution page hereof, and that the Subscriber is: **[check appropriate boxes]**

- an "eligible investor", being a person or company whose **[circle one or more]**
 - (i) net assets, alone or with a spouse, exceed CDN \$400,000,
 - (ii) net income before taxes exceeded CDN \$75,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year, or
 - (iii) net income before taxes combined with that of a spouse exceeded CDN \$125,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year,
- a person or company of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,
- a general partnership in which all of the partners are eligible investors,
- a limited partnership in which the majority of the general partners are eligible investors,
- a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
- an accredited investor (as defined in National Instrument 45-106),
- a person who is a family member, close personal friend or close business associate as described in Section 2.5 of National Instrument 45-106; or
- person or company that has obtained advice regarding the suitability of the investment and if the person or company is in a jurisdiction of Canada that advice has been obtained from an eligibility adviser (as defined in National Instrument 45-106).

EXECUTED by the Subscriber this _____ day of _____, 20__.

If a corporation, partnership or other entity:

If an individual:

Signature of Authorized Signatory

Signature

Name and Position of Signatory

Print Name

Name of Purchasing Entity

Jurisdiction of Residence

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EXHIBIT 4

If the Bonds are being sold by a party pursuant to the terms and conditions of the Alberta Securities Commission Blanket Order 31-505, then Exhibit 4 must be completed.

**Risk Acknowledgement under BLANKET ORDER 31-505
Registration Exemption for Trades in
Connection with Certain Prospectus-Exempt Distributions**

Name of Issuer: TPF THE PHOENIX FUND INC.

Name of Seller: _____

I acknowledge that:

1. the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
2. the person selling me these securities does not act for me;
3. this is a risky investment and I could lose all my money; and
4. I am investing entirely at my own risk.

Date: _____

Signature of Purchaser

Print name of Purchaser

Name of salesperson acting on behalf of seller

Sign two copies of this document. Keep one copy for your records.

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National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

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If the Bonds are being sold by a party pursuant to the terms and conditions of the Alberta Securities Commission Blanket Order 31-505, then Exhibit 4 must be completed.

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4. I am investing entirely at my own risk.

Date: _____

Signature of Purchaser

Print name of Purchaser

Name of salesperson acting on behalf of seller

Sign two copies of this document. Keep one copy for your records.

**W
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If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

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EXHIBIT 5

RELEASE OF ANY CLAIMS BY SUBSCRIBER AGAINST CONTROLLING SHAREHOLDER

TO BE COMPLETED BY ALL INVESTORS

TO: Target Capital Inc.

In consideration for Target Capital Inc. ("Target") continuing to act as the controlling shareholder of TPF The Phoenix Fund Inc. (the "Corporation") and such other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged and confirmed, the undersigned hereby agree as follows:

1. Prior to subscribing for securities of the Corporation (the "Securities"), the undersigned subscriber (the "Subscriber") acknowledges that it has received an offering memorandum, prospectus or term sheet from the Corporation (the "Offering Documents").
2. The Subscriber confirms that it has read the Offering Documents and understands the terms on which the Securities are being offered.
3. The Subscriber acknowledges and confirms that Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation.
4. The Subscriber hereby acknowledges that Target owes no fiduciary duty of care or any other duty to the Subscriber in connection with the Securities issued by the Corporation. **Further, the Subscriber agrees that Target shall not be liable to the Subscriber for any costs, expenses, liabilities, losses or damages suffered or incurred by the Subscriber in connection with its investment in the Corporation, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Securities issued by the Corporation.**
5. The Subscriber hereby releases and forever discharges Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Corporation or the acquisition of the Securities from the Corporation.
6. The Subscriber acknowledges and confirms that it was encouraged to seek independent legal advice before executing and delivering this release.
7. This release may be executed in several counterparts and by facsimile, each of which when so executed shall be deemed to be an original, and all such counterparts shall be deemed to be executed effective as of the day and year hereinafter written.

Dated as of the ____ day of _____, 20__.

(Signature of Subscriber)

(Name of Subscriber – Please Print)