

**ANNEX D-4**

**CROWDFUNDING PROSPECTUS EXEMPTION AND CROWDFUNDING PORTAL REQUIREMENTS**

**PROPOSED FORM 45-108F1  
CROWDFUNDING OFFERING DOCUMENT**

**Instructions**

This Form contains the disclosure items that an entity distributing securities under the crowdfunding prospectus exemption (the **issuer** or **you**) must include in a crowdfunding offering document. If any disclosure item is not applicable, include the relevant heading and state “Not applicable” under it.

Use plain language and focus on relevant information that would assist investors in making an investment decision. Use tables, charts and other graphic methods of presenting information if this will make information easier to understand. A longer document is not necessarily a better document.

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## ITEM 1 – REQUIRED STATEMENTS

### 1.1 – Warning

Include the following text at the top of this crowdfunding offering document.

#### **WARNING TO INVESTORS**

This document is intended to help you decide whether or not to make a crowdfunding investment in this issuer. **Read this document carefully before making any investment decision.**

You should understand the following before you make an investment:

- **Many start-ups and small businesses fail.** Investing in these entities through crowdfunding involves a high degree of risk, and you should not invest in this offering unless you can afford to lose your entire investment.
- **You may not be able to resell your securities.** Securities of start-ups and small businesses are difficult to sell. The securities are subject to resale restrictions under securities legislation.
- **You may receive limited ongoing information about the issuer’s performance.** Unless the issuer is a reporting issuer, you will receive limited ongoing information about how the issuer’s business is performing.
- **No securities regulatory authority has reviewed this offering.** No securities regulatory authority has reviewed this crowdfunding offering document for its truth or accuracy. No securities regulatory authority has reviewed the business or management of the issuer, the securities being offered or any other aspect of this offering.

## ITEM 2 – FINANCING FACTS

### 2.1 – Offering summary

Provide the following information in the format set out below:

#### Offering Details

Issuer information	
Full legal name of issuer	
Legal status (form of entity and jurisdiction of organization)	
Date of organization	
Reporting issuer (yes/no)	
Offering information	
Type of securities being offered	
Additional rewards or benefits that are not securities	

Offering start date	
Offering closing date	
Name of any person promoting or marketing this offering	
Registered funding portal	
Name of registered funding portal	
Full website address of registered funding portal	

Amount of offering

Number or principal amount of securities being offered <sup>(1)</sup>	\$ _____
Offering price per security	\$ _____
Total amount of offering	\$ _____

Estimated expenses of offering

Fees to be paid to registered funding portal <sup>(2)</sup>	\$ _____
Other expenses of offering, if any <sup>(3)</sup>	\$ _____
Total estimated expenses of offering	\$ _____
Estimated net proceeds of offering	\$ _____

- (1) This information relates to the minimum number or principal amount of securities being offered. Disclose whether there is a maximum number or principal amount of securities being offered.
- (2) Disclose the estimated number and value of the issuer's securities to be issued, if any, in consideration for all or a portion of the portal's fees.
- (3) State the nature of each expense, the estimated amount of the expense and to whom it is being paid.

**2.2 – Description of securities offered and relevant rights**

Basic information about securities

Provide basic information about the rights and characteristics of the securities being offered, including:

- (a) dividend rights,
- (b) voting rights,
- (c) interest rates (if applicable), and
- (d) conversion rights (if applicable).

#### Other rights or obligations

State whether investors will have protections such as tag-along or pre-emptive rights. If no such rights will be provided or are minimal in nature, explain:

- (a) the risks associated with being a minority security holder, and
- (b) that the absence of such rights affects the value of the securities.

#### Dilution

Include the following statement:

The rights of purchasers of the securities under this offering may be diluted or negatively affected as a result of a number of factors, including the rights and characteristics of other securities already issued by the issuer, future issuances of securities by the issuer, and potential changes to the capital structure and/or control of the issuer.

#### **2.3 – Ability to resell securities**

Disclose:

- (a) whether there is any market for the securities and the impact on an investor’s ability to resell the securities, and
- (b) the applicable resale restrictions under securities legislation.

#### **2.4 – Rights of action for misrepresentation and right of withdrawal**

State that an investor has the following contractual rights:

- (a) a right of action for damages or rescission if this crowdfunding offering document, or any document or video made available to a purchaser in addition to this crowdfunding offering document, contains a misrepresentation, and
- (b) a right to withdraw from a purchase of securities offered by this crowdfunding offering document.

Explain how an investor can exercise each of the above rights, including who an investor needs to contact, how an investor can contact such person and the deadline for an investor to do so. You may choose to include a link to the relevant portion of the registered funding portal’s website.

## 2.5 – Concurrent offerings

Provide the following information about each concurrent offering by the issuer during the period beginning on the first day of the distribution period of this offering and ending one month after the end of the distribution period of this offering:

Type of securities being offered	
Proposed size of concurrent offering	
Proposed closing date of concurrent offering	
Price of securities offered in concurrent offering	

## 2.6 – Use of proceeds

### Minimum subscription

State the minimum funds to be raised in this offering.

### Use of proceeds

State in a table how you intend to spend the net proceeds to be raised from this offering, including the principal purposes to which proceeds will be allocated, for both of the following circumstances:

- (a) if you raise the minimum funds to be raised in this offering, and
- (b) if you raise more than the minimum funds.

### Proceeds for insiders and related parties

Disclose if any of the following persons will receive any proceeds from this offering, directly or indirectly and, if so, the amount each person will receive:

- (a) any of your executive officers, directors or founders,
- (b) a person promoting or marketing this offering,
- (c) a person who owns 20% or more of your voting securities, or
- (d) any other person that is a related party to you.

## 2.7 – Ability to achieve next milestone or business plan

State your current financial resources (not including the proceeds from this offering). Explain how the net proceeds of this offering, the net proceeds of any concurrent offering, and your current financial resources will enable you to achieve the next milestone in your business plan or, if there are no milestones in your business plan, to carry out the activities that are set out in the plan as disclosed in Item 3 – Issuer Facts.

## **2.8 – Other crowdfunding offerings**

Provide the following information for all previous crowdfunding offerings (both completed offerings and offerings that were commenced but were not completed) made by you, your affiliate or any other entity that is engaged in common enterprise with you or your affiliate:

*For crowdfunding offerings that were commenced but not completed:*

- (a) the date that each offering was discontinued,

*For completed crowdfunding offerings:*

- (b) the date that each offering commenced and the date each offering was completed,
- (c) the registered funding portal through which the offering was made,
- (d) the offering amount stated in the relevant crowdfunding offering document and the actual amount raised, and
- (e) the intended use of proceeds stated in the relevant crowdfunding offering document and the actual use of proceeds.

## **2.9 – Persons promoting and marketing this offering**

State the name of each person promoting and marketing this offering. Include a link to any other crowdfunding offerings that the person has been involved with in a similar capacity within the past two years.

## **ITEM 3 – ISSUER FACTS**

### **3.1 – Business of the issuer**

Briefly describe:

- (a) your business or proposed business,
- (b) your business plan, including any goals or milestones in your business plan,
- (c) how your business has evolved over the last two years (or, if you were founded less than two years ago, since your formation), including your activities over that period of time, advancements in achieving your business plan and the current status of your business relative to your business plan, and
- (d) if applicable, the next milestone in your business plan, the anticipated length of time to achieve the milestone and the total cost and a breakdown of the key expenditures to achieve the milestone.

### **3.2 – Principal risks facing the business**

State no more than the six most important risks facing your business that could result in an investor losing the value of the investor's investment. The risks should be disclosed in order of most to least significant. These risks should exclude the general risks identified under "Warning to Investors" on the first page of this crowdfunding offering document.

In addition to discussing the principal risks in this crowdfunding offering document, reporting issuers may refer to the risk disclosure in their continuous disclosure documents (for example, their annual information form or MD&A).

### **3.3 – Financial information**

#### Reporting issuer

If you are a reporting issuer, attach as an appendix to this crowdfunding offering document:

- (a) the most recent annual financial statements you have filed with the securities regulatory authority, and
- (b) each of the most recent interim financial reports you have filed with the securities regulatory authority for an interim period that is subsequent to the financial year covered by the annual financial statements referred to in paragraph (a).

#### Non-reporting issuer

If you are not a reporting issuer, attach as an appendix to this crowdfunding offering document:

- (a) if you have not yet incurred any expenditures and your only asset is cash, disclosure of the amount of cash you have, together with a third party confirmation of your cash in a bank account or held in trust,
- (b) annual financial statements reviewed by an independent public accounting firm, if you have incurred any expenditures and have either:
  - (i) raised \$500,000 or less under the crowdfunding prospectus exemption or any other prospectus exemption since your formation, or
  - (ii) expended \$150,000 or less since your formation, or
- (c) annual financial statements audited by an independent public accounting firm, if you have
  - (i) raised more than \$500,000 under the crowdfunding prospectus exemption or any other prospectus exemption since your formation, and
  - (ii) expended more than \$150,000 since your formation.

#### *Accounting principles*

The financial statements referred to in paragraphs (b) and (c) must be prepared in accordance with paragraph (a) of subsection 3.2(1) [*Acceptable accounting principles – general requirements*] of NI 52-107 and include the disclosure required by paragraph (b)(i) of subsection 3.2(1) [*Acceptable accounting principles – general requirements*] of NI 52-107, subject to the following two exceptions:

- (a) the financial statements of an SEC issuer may be prepared in accordance with U.S. GAAP, and
- (b) the financial statements of an issuer that is not a publicly accountable enterprise may be prepared in accordance with Canadian GAAP for private enterprises.

#### *Review and auditing standards*

The financial statements referred to in paragraph (b) must be reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by a public accounting firm.



The financial statements referred to in paragraph (c) must be audited in compliance with section 3.3 [*Acceptable auditing standards – general requirements*] of NI 52-107 by an auditor that complies with section 3.4 [*Acceptable auditors*] of NI 52-107.

Despite the above, the financial statements of an SEC issuer that are otherwise required to be reviewed or audited by an independent public accounting firm as set out above, may be audited in accordance with section 3.8 [*Acceptable auditing standards for SEC issuers*] of NI 52-107.

### 3.4 – Ongoing disclosure

#### Reporting issuer

If you are a reporting issuer, state that you are subject to reporting obligations under securities legislation and explain how an investor can access your continuous disclosure documents.

#### Non-reporting issuer

If you are not a reporting issuer:

- (a) state that you have limited disclosure obligations under securities legislation and that you are required to provide only annual financial statements, annual disclosure regarding use of proceeds and notice of certain specified events,
- (b) state the nature and frequency of any other disclosure you intend to provide to investors, and
- (c) explain how investors can access the disclosure documents referred to in paragraphs (a) and (b).

### 3.5 – Mining issuer disclosure

If you are a mining issuer, state that you are subject to the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

### 3.6 – Capital structure

Disclose your capital structure, including the terms and conditions of any other securities that are issued and outstanding as of the date of this crowdfunding offering document.

### 3.7 – Executive officers, directors and other principals

#### Background of executive officers and directors

Provide the following information in the format set out below for each of your executive officers and directors:

Name and position at issuer	Principal occupation for the last two years	Any expertise, education and/or experience that will contribute to the issuer achieving its business objectives, including the next milestone (if the issuer has one)

Name and position at issuer	Principal occupation for the last two years	Any expertise, education and/or experience that will contribute to the issuer achieving its business objectives, including the next milestone (if the issuer has one)

Cease trade orders, bankruptcies and insolvencies, penalties and sanctions

For each of your executive officers and directors, state whether he or she is or has been:

- (a) within the last 10 years, a director or executive officer of an issuer that is or has been subject to a cease trade order or similar order, or bankrupt or subject to a similar insolvency proceeding,
- (b) within the last 10 years, bankrupt or subject to a similar insolvency proceeding, or
- (c) at any time subject to
  - (i) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or who entered into a settlement agreement with a securities regulatory authority, or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Investment by executive officers, directors and principals

Provide the following information in the format set out below for each of the following persons:

- (a) each of your executive officers, directors and founders,
- (b) any person promoting or marketing this offering,
- (c) any person who owns more than 20% of your voting securities, and
- (d) any other person that is related to you.

Name and relationship to issuer	Number and type of securities owned	Date securities were acquired and price of securities	Percentage of the issuer's securities held as of the date of this crowdfunding offering document (on a fully diluted basis)

### 3.8 – Management compensation

#### Reporting issuer

If you are a reporting issuer, provide a cross reference to the disclosure provided for purposes of Item 3 of Form 51-102F6 *Statement of Executive Compensation* (Form 51-102F6) and also any other cross-references to other information disclosed in the issuer’s Form 51-102F6 as needed.

#### Non-reporting issuer

If you are a non-reporting issuer, provide the following information for each director and the three most highly compensated executive officers (or all executive officers if you have fewer than three) in the format set out below:

Name of person and position at issuer	Total amount of compensation paid to that person during the 12 month period preceding commencement of this offering	Total amount of compensation expected to be paid to that person during the 12 month period following closing of this offering

### 3.9 – Related party transactions

Describe any significant transactions that have occurred between you and any of the following persons during the 12 months preceding the date of this crowdfunding offering document:

- (a) any of your executive officers, directors or founders,
- (b) a person promoting or marketing this offering,
- (c) a person who owns 20% or more of your voting securities, or
- (d) any other person that is a related party to you.

For each transaction, include details of the transaction including the nature of the goods, services or other consideration that were exchanged and how they were valued.

### 3.10 – Other relevant information

State any other facts that would likely be important to an investor purchasing securities under this crowdfunding offering document.

**ITEM 4 – REGISTRANT FACTS**

**4.1 – Registered funding portal**

State that you are using the services of a registered funding portal to offer your securities and provide the following information about the registered funding portal:

- (a) its full legal name, and
- (b) all compensation that the registered funding portal is receiving in connection with this offering.

Include the following statement:

An investor can check the registered funding portal’s registration status and history at the following website: [www.aretheyregistered.ca](http://www.aretheyregistered.ca)

**ITEM 5 – CONTACT INFORMATION**

**5.1 – Contact information for the issuer**

Provide your contact information in the format set out below:

Full name of contact person	
Street address	
City	
Province or territory	
Canada	
Postal code	
Business telephone number	
Business email address of issuer	

## 5.2 – Contact information for the registered funding portal

Provide the contact information of the registered funding portal in the format set out below:

Full name of contact person	
Street address	
City	
Province, territory, state or other equivalent	
Country	
Postal/zip code	
Business telephone number	
Business email address of registered funding portal	

### CERTIFICATE

Insert the date of this crowdfunding offering document and include the following statement:

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

Sign this crowdfunding offering document in accordance with section 15 [*Disclosure at time of distribution – crowdfunding offering document*] and Appendix A to Multilateral Instrument 45-108 *Crowdfunding*.