



CONFIDENTIAL OFFERING MEMORANDUM

(British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec,
New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and Yukon)

Private Placement

June 30, 2021

VENATOR ALTERNATIVE INCOME FUND

OFFERING

CLASS A UNITS, CLASS D UNITS, CLASS F UNITS AND CLASS I UNITS

of

Venator Alternative Income Fund

(the “Fund”)

This Confidential Offering Memorandum (the “**Memorandum**”) constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities in Canada. This Memorandum is not, and under no circumstances is it to be construed as, a prospectus, an advertisement or a public offering in Canada of the securities referred to in this document. Other than the simplified prospectus dated January 20, 2021, no prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the securities described herein. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon this Memorandum or the merits of the securities described herein and any representation to the contrary is an offence.

This Memorandum is not, and under no circumstances is it to be construed as, an offer to sell the securities described herein or a solicitation of an offer to buy the securities described herein in any jurisdiction where the offer or sale of these securities is prohibited.

The information contained within this Memorandum is furnished on a confidential basis to eligible investors solely to enable such investors to evaluate the securities described herein. By accepting delivery of this Memorandum, the recipient agrees not to reproduce or distribute this Memorandum in whole or in part, by electronic or any other means, and not to disclose any of its contents (other than on a strictly confidential basis in order to obtain advice on it from its legal, business, investment or tax advisers). If any of the restrictions set out above or below are unacceptable, this Memorandum should be returned immediately.

This Memorandum and the attached Offering Documents (as defined below) are being provided solely as an information-only document to a limited number of sophisticated prospective investors (“**Prospective Investors**”) on a confidential basis by (and only by) the Venator Capital Management Ltd. (“**Venator**” or the “**Manager**”) in respect of the purchase of Class A Units, Class D Units, Class F Units or Class I Units (collectively, “**Units**”) of Venator Alternative Income Fund (the “**Fund**”). Canadian Prospective Investors should refer to the Offering Documents for additional information with respect to the Units, the Fund and the Manager.

Attached hereto as Schedule “A” and forming part of this Memorandum are the simplified prospectus, annual information and fund facts documents (collectively, the “**Offering Documents**”) regarding the offer for sale of Units being made to Prospective Investors. This Memorandum should be read in conjunction with the Offering Documents and is qualified in its entirety by reference to the Offering Documents, as amended from time to time and any agreement pursuant to which investors subscribe for Units (the “**Subscription Agreement**”). The Offering Documents, the Subscription Agreement and other related documents of, or relating to, the Fund (the “**Fund Documents**”) should be reviewed carefully for more complete information regarding the Units, the Fund and the Manager.

Except as otherwise provided herein, capitalized and other terms used in this Memorandum without definition have the meanings assigned to them in the Offering Documents.

No person has been authorized to give any information or to make any representations concerning this offering other than as contained in the Fund Documents and, if given or made, any such information or representation may not be relied upon. Statements (including, without limitation, historical investment returns) made within the Offering Documents are as of the date set forth within the applicable Offering Document, unless expressly stated otherwise. Neither the delivery of this Memorandum at any time, nor any other action with respect thereto, shall under any circumstances imply that the information contained herein is correct as of any time subsequent to such date and/or dates as set forth within the applicable Offering Document.

This Memorandum constitutes an offering of the Units described herein in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and Yukon (the “**Jurisdictions**”). This Memorandum is for the confidential use of only those persons to whom it is delivered on behalf of the Fund in connection with the offering of Units in the Jurisdictions only. Canadian Prospective Investors that purchase Units hereby must, if requested by the Manager, complete a Subscription Agreement. The Manager reserves the right to reject all or part of any offer to purchase Units for any reason or allocate to any Prospective Investor less than all of the Units for which it has subscribed.

Canadian Prospective Investors are advised that an investment in Units involves significant risks due to, among other things, the nature of the Fund’s Investments. Canadian Prospective Investors should refer to the relevant sections of the Offering Documents for additional information and are advised to consult with their own legal, financial and tax advisors prior to investing in Units.

DISTRIBUTION RESTRICTIONS

This Memorandum and the attached Private Placement Memorandum (defined below) are being provided solely as an information-only document to a limited number of Prospective Investors on a confidential basis by (and only by) the Manager in respect of the purchase of Units. The information contained within this Memorandum does not constitute an offer in Canada to any other person, or a general offer to the public, or a general solicitation from the public, to subscribe for or purchase Units. The distribution of this Memorandum and the offer and sale of Units in certain Canadian provinces and territories may be restricted by law. Persons into whose possession this Memorandum comes must inform themselves about and observe any such restrictions.

The distribution of this Memorandum to any person other than a Canadian Prospective Investor identified by the Fund or the Manager or those persons, if any, retained to advise such Canadian Prospective Investor in connection with the transactions contemplated herein, is unauthorized. Any disclosure, reproduction and/or redistribution of the information contained within this Memorandum without the prior written consent of the Fund and the Manager, is prohibited. Each Canadian Prospective Investor, by accepting delivery of this Memorandum, will be deemed to have agreed to the foregoing.

CONFLICTS OF INTEREST

Certain applicable securities laws require securities dealers and advisors, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisors, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal advisor.

The Manager, in its capacity as an exempt market dealer, is offering the Units on a private placement basis pursuant to this Memorandum. The Fund may be considered to be a connected issuer and related issuer of the Manager under certain applicable securities laws.

REPRESENTATIONS OF INVESTORS

Each Canadian Prospective Investor who purchases Units will be deemed to have represented (on its own behalf and on behalf of any ultimate investor for whom the Prospective Investor is acting as agent) to the Fund, the Manager and their authorized dealer agents that:

- (a) the Prospective Investor understands that an investment in Units is not without risk and the Prospective Investor (and any ultimate investor for whom the Prospective Investor is acting as agent) may lose his, her or its entire investment;

- (b) the Prospective Investor is resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island or Yukon and is basing its investment decision on this Memorandum and the Fund Documents, and not on any other information concerning the Interests or the offer or sale of the Interests;
- (c) to the knowledge of the Prospective Investor, the offer and sale of the Interests in Canada was made exclusively through the Memorandum and the Fund Documents, and was not made through an advertisement of the Interests in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;
- (d) where required by law, the Prospective Investor is purchasing the Interests as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which such Investor is resident, for its own account and not as agent for the benefit of another person, and for investment only and not with a view to resale or distribution;
- (e) the Prospective Investor, or any ultimate purchaser for whom the Prospective Investor is acting as agent, is entitled under applicable Canadian securities laws to purchase the Interests without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing such investor is an “accredited investor” as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) or section 73.3(1) of the *Securities Act* (Ontario) (the “**Ontario Act**”), as applicable, and Regulation D promulgated under the U.S. Securities Act of 1933;
- (f) the Prospective Investor (and any ultimate investor for whom the Prospective Investor is acting as agent) is not a person created or used solely to purchase or hold the Interests as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106;
- (g) the Prospective Investor (and any ultimate investor for whom the Prospective Investor is acting as agent) is not acting jointly or in concert with any other subscriber for Units for the purposes of the acquisition of Units;
- (h) the Prospective Investor (and any ultimate investor for whom the Prospective Investor is acting as agent) will execute, deliver or assist the Fund and the Manager in completing all documentation as may be required by applicable securities laws to permit the purchase of Units;
- (i) none of the funds being used to purchase Units are, to the best of the Prospective Investor’s knowledge after reasonable inquiry, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and:
 - (i) the funds being used to purchase Units and advanced by or on behalf of the Prospective Investor do not represent proceeds of crime for the purpose of the *Criminal Code* (Canada) the (“**Criminal Code**”) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “**PCMLTFA**”);
 - (ii) the Prospective Investor is not a person or entity identified on a list established under section 83.05 of the *Criminal Code* or under the *Freezing Assets of Corrupt Foreign Officials Act* (Canada) (the “**FACFOA**”), the *Special Economic Measures Act* (Canada) (the “**SEMA**”), sanctions resolutions and regulations of the United Nations adopted by Canada under the *United Nations Act* (Canada) (collectively, the “**UN Sanctions**”), the *Justice for Victims of Corrupt Foreign Officials Act* (“**Sergei Magnitsky Law**”) or any regulations in force in Canada implementing or amending the foregoing;
 - (iii) the Prospective Investor acknowledges that the Fund or the Manager may in the future be required by law to disclose the Prospective Investor’s name and other information relating to the Prospective Investor and any purchase of Units, on a confidential basis, pursuant to the PCMLTFA, the Criminal Code, the FACFOA, the SEMA, the UN

- Sanctions, the Sergei Magnitsky Law or as otherwise may be required by applicable laws, and the Prospective Investor is deemed to have agreed to the foregoing;
- (iv) to the best of the Prospective Investor's knowledge, none of the funds to be provided by or on behalf of the Prospective Investor to the Fund are being tendered on behalf of a person or entity who has not been identified to the Prospective Investor; and
 - (v) the Prospective Investor shall promptly notify the applicable Fund if the Prospective Investor discovers that any of the foregoing representations ceases to be true, and shall provide the Fund with appropriate information in connection therewith; and
- (j) where required by applicable securities laws or regulations, the Prospective Investor will execute, deliver and file such reports, undertakings and other documents relating to the purchase of Units by the Prospective Investor as may be required by such laws and regulations, or assist the Fund and the Manager, in obtaining and filing such reports, undertakings and other documents;
 - (k) the Prospective Investor acknowledges that it should consult its own legal, financial and tax advisers with respect to the tax consequences of an investment in Units in its particular circumstances and with respect to the eligibility of Units for investment by the Prospective Investor under relevant Canadian legislation and regulations, and that the Prospective Investor has not relied on the Fund, the Manager or their authorized agents or the contents of the subscription documents, or any related offering materials authorized and approved by the Fund for distribution to such purchaser for any legal, financial or tax advice; and
 - (l) the Prospective Investor acknowledges that the Prospective Investor, or any ultimate investor for whom the Prospective Investor is acting as agent, or any one or more of immediate family members or close associates, is not a foreign politically exposed person ("**Foreign PEP**"), a domestic politically exposed person ("**Domestic PEP**") or the head of an international organization ("**HIO**").

Further, the Prospective Investor acknowledges that its name, address, telephone number, email address, if provided, and other specified information, including the aggregate purchase price paid by the Prospective Investor, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase is required to be disclosed in Form 45-106F1 *Report of Exempt Distribution* to the applicable securities regulatory authority or regulator in accordance with the requirements of applicable securities laws and regulations, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. This information is being collected by the securities regulatory authority or regulator under the authority granted in securities laws for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction and the title, business address and business telephone number of the public official in the local jurisdiction who can answer questions about the security regulatory authority's or regulator's indirect collection of the information is set forth in Form 45-106F1 *Report of Exempt Distribution*.

By purchasing Units, the Prospective Investor has authorized the indirect collection of the information by the securities regulatory authority or regulator and consents to the disclosure of such information. In addition, by purchasing Units, each Canadian Prospective Investor will be deemed to have agreed to provide the Fund, with any and all additional information about the Canadian Prospective Investor necessary to permit the Fund, to properly complete and file a Form 45-106F1 *Report of Exempt Distribution* as required by NI 45-106.

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the Canadian provinces and territories provides certain purchasers of securities pursuant to an offering memorandum (such as this Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a "misrepresentation", as defined in the applicable securities legislation. A "**misrepresentation**" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the Prospective Investor within

the time limits prescribed by applicable securities legislation and are subject to limitations and defences under applicable securities legislation.

The following is a summary of the relevant rights of action for damages or rescission, or both, available to certain Investors resident in certain of the provinces and territories of Canada.

Ontario

The right of action for damages or rescission described herein is conferred by section 130.1 of the Ontario Act. The Ontario Act provides, in the relevant part, that every purchaser of securities pursuant to an offering memorandum (such as this Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) one hundred eighty (180) days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three (3) years after the date of the transaction that gave rise to the cause of action.

This Memorandum is being delivered in reliance on the “accredited investor exemption” from the prospectus requirements contained under section 73.3 of the Ontario Act. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in section 1.1 of NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), 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.

Saskatchewan

The right of action for damages or rescission described herein is conferred by section 138 of *The Securities Act, 1988* (Saskatchewan) (the “**Saskatchewan Act**”). The Saskatchewan Act provides, in the relevant part, that where an offering memorandum (such as this Memorandum), or any amendment thereto, is sent or delivered to a purchaser and it contains a misrepresentation, as defined in the Saskatchewan Act, a purchaser who

purchases a security covered by the offering memorandum or any amendment thereto is deemed to have relied upon the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or a right of action for damages against:

- (a) the issuer or the selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment thereto was sent or delivered;
- (c) 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;
- (d) every person or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or any amendment thereto; and
- (e) every person or company that sells securities on behalf of the issuer or the selling security holder under the offering memorandum or any amendment thereto.

Such rights of action for damages or rescission are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for damages or rescission if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment thereto was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of the offering memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which an issuer, selling security holder or other person may rely are described herein. Canadian Prospective Investors should refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one (1) year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six (6) years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two (2) Business Days of receiving the amended offering memorandum.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Memorandum) contains a misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against
 - (i) the issuer;
 - (ii) the selling security holder on whose behalf the distribution was made;
 - (iii) every person who was a director of the issuer at the date of the offering memorandum;
 - (iv) every person who signed the offering memorandum; or
- (b) if the purchaser purchased the securities from a person referred to in subparagraph (a)(i) or (ii) above, the purchaser may elect to exercise a right of rescission against the person referred to in that subparagraph, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the misrepresentation. However, there are various defences available to the issuer and the selling security

holder(s). One such defence is that no person will be liable for a misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action for rescission within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one (1) year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six (6) years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the “**Nova Scotia Act**”). The Nova Scotia Act provides, in the relevant part, that in the event that an offering memorandum (such as this Memorandum), together with any amendment thereto, or any advertising or sales literature, as defined in the Nova Scotia Act, contains a misrepresentation, as defined in the Nova Scotia Act, the purchaser to whom the offering memorandum has been delivered and who purchases the securities in reliance on it will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer or other seller and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer or other seller, directors of the issuer or any other person who has signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than one hundred twenty (120) days after the date on which the payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or any amendment thereto was sent or delivered to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent;
- (b) after delivery of the offering memorandum or any amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or amendment thereto the person or company withdrew the person’s or company’s consent to the offering memorandum or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or any amendment thereto purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an

opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or any amendment thereto not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or any amendment thereto, the misrepresentation is deemed to be contained in the offering memorandum or any amendment thereto.

Manitoba, Newfoundland and Labrador, Prince Edward Island and Yukon

In Manitoba, the *Securities Act* (Manitoba); in Newfoundland and Labrador, the *Securities Act* (Newfoundland and Labrador); in Prince Edward Island, the *Securities Act* (PEI); and in Yukon, the *Securities Act* (Yukon) provide a statutory right of action for damages or rescission to Investors resident in Manitoba, Newfoundland and Labrador, Prince Edward Island and Yukon, respectively, in circumstances where this Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario Investors.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation, if it was a misrepresentation at the time of the purchase, and has a right of action (a) for damages against (i) the issuer or selling security holder on whose behalf the distribution is made, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the issuer or selling security holder on whose behalf the distribution is made, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (other than the issuer) referred to above will be liable if it proves that
 - (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and, on becoming aware of it being sent, the person or company promptly gave reasonable notice to the Executive Director and the issuer that it was sent without the knowledge and consent of the person or company;
 - (ii) the person or company, after sending the offering memorandum and before the purchase of the securities, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director and the issuer of the withdrawal and the reason for it;
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a fair copy of, or an extract from, a report, opinion or statement of an expert, the person or company did not have any reasonable grounds to believe and did not believe that:
 - (A) there had been a Misrepresentation; or
 - (B) the relevant part of the offering memorandum

- (I) did not fairly represent the report, opinion or statement of the expert, or
- (II) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (iv) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (e) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of
 - (i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) 3 years from the day of the transaction that gave rise to the cause of action.

British Columbia and Québec

Notwithstanding that the *Securities Act* (British Columbia) and the *Securities Act* (Québec) do not provide, or require the Fund to provide, to Prospective Investors resident in these jurisdictions any rights of action in circumstances where this Memorandum or an amendment hereto contains a misrepresentation, the Fund hereby grants to such Prospective Investors contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to Prospective Investors resident in Ontario.

The foregoing summary is subject to the express provisions of the securities legislation of the applicable provinces and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Fund, the Manager, and other parties may rely, including limitations and statutory defences not described herein.

The rights of action described above are in addition to and without derogation from any other right or remedy available at law to the Prospective Investor. Canadian Prospective Investors should refer to the applicable provisions of the securities legislation of their province or territory of residence for the particulars of these rights and consult with their own legal advisers prior to investing in Units.

LANGUAGE OF DOCUMENTS

Upon receipt of this Memorandum, each Canadian Prospective Investor hereby confirms that it has expressly requested that all documents, including the Fund Documents, evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur potentiel canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

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Schedule "A"
Offering Documents

See attached.