

# **Navigating a Private Placement Document**

**This presentation examines the paperwork required to participate in a hard dollar private placement offered by Tri Origin Exploration Ltd that is also open to non-millionaires under the existing security holder exemption. The subscription agreement expired December 10, 2019, so this example is only to demonstrate how simple participating in a private placement actually is despite the hideous complexity of the transaction.**

**Presented by John Kaiser**

**December 19, 2019**

# 1st Page - Instructions

# Last Page – Wire Instructions

TRI ORIGIN EXPLORATION LTD.

SUBSCRIPTION AGREEMENT FOR HARD DOLLAR UNITS  
(SUBSCRIBERS RESIDENT IN CANADA AND JURISDICTIONS  
OUTSIDE OF NORTH AMERICA)

## 1. INSTRUCTIONS

### A. Subscribers:

1. Complete and sign the Execution Pages of the Subscription Agreement.
2. Complete Schedule B attached to the Subscription Agreement.
3. Complete and sign Schedule C attached to the Subscription Agreement and, if you are, or your disclosed principal is, an "accredited investor", the Accredited Investor Certificate attached as Appendix C-1 thereto (this schedule does not have to be completed and signed by subscribers that are not individuals and are purchasing Hard Dollar Unit (as defined below) having an aggregate purchase price of at least \$150,000). If you are purchasing as an individual relying on category (i), (k) or (l) of the Accredited Investor Certificate (and do not meet the higher financial asset threshold set out in paragraph (j.1) of the Accredited Investor Certificate), please also complete Form 45-106F9 – Form for Individual Accredited Investors attached as Appendix C-2 to Schedule C.
4. Complete and sign Schedule D attached to the Subscription Agreement if you are an existing security holder of the Corporation and are relying on the "Existing Security Holder Exemption".
5. Complete Schedule D1 attached to the Subscription Agreement if you are a Subscriber resident outside of Canada and the United States.
6. Complete Schedule E attached to the Subscription Agreement.

### B. Corporate Placee Registration Form

1. Complete and sign Schedule F attached to the Subscription Agreement, if applicable.

Unless other arrangements acceptable to the Tri Origin Exploration Ltd. have been made:

1. a completed and executed copy of this Agreement, and the other documents required to be delivered with this Agreement must be delivered, by no later than 10:00 am (Toronto time) on December 10, 2019 to Peterson McVicar LLP. Attention: Andrew Shamis, 18 King Street East, Suite 902, Toronto, ON M5C 1C4, email: ashamis@petelaw.com, Tel: 647-259-1786; and
2. payment is to be made by wire, bank draft, certified cheque or other form of immediately available funds payable to "Peterson McVicar LLP, in Trust."

G-1

SCHEDULE G



CANADA

## INSTRUCTIONS FOR WIRE TRANSFERS TO CANADIAN IMPERIAL BANK OF COMMERCE

### Mandatory party information and format:

Beneficiary's Bank (BBK) SWIFT CODE	//CC001000902 * CIBC/CATT CANADIAN IMPERIAL BANK OF COMMERCE 1 Queen St East, Toronto, Ontario CANADA M5C 2W5
Beneficiary Customer (BNF)	//Transit 00902 ACCOUNT NUMBER 6744516 Peterson McVicar LLP (Trust account) 902-18 King Street East Toronto, Ontario CANADA M5C 1C4

\* //CC = Canadian Clearing Code    0010 = Institution number for CIBC    NNNNN = 5 digit Branch Transit

### For Bank use only

Pay direct to **CIBCCATT** and provide cover or pay through the following correspondents:

USD	PNBPU3NNYC	ABA
AUD	026005092	
CHF	WPACAU2S	
DKK	UBSWCHZH80A	
EUR	DABADKKK	
GBP	SOGKFR99	
HKD	BARCGB22	
JPY	HASEHKHH	
NOK	MHCBIPTT	
SEK	NDEANOKK	
	DABASESX	

- The first page is usually a list of instructions of what forms to fill out and submit – read this carefully
- If you did you will note that instructions #3 and #4 contradict each other. Schedule C does not apply to anybody using the Schedule D “Existing Security Holder Exemption” form. Did the lawyer do this to confuse non-millionaires? Well, prove you are just as smart as an accredited investor by ignoring instruction #3 if instruction 4 applies to you.
- Subscribing involves 2 separate events: submitting the paperwork and paying the subscription amount. Make sure the company has received and accepted your paperwork as complete before sending payment.
- The bottom of the instruction page describes how to pay – ordinary checks are usually not accepted because they need to clear before they qualify as “payment received”. Subscriptions are accepted in the order that payment is received.
- The last page (#44) is the wire instruction page if you choose this method.

# Subscription Agreement – pages 2-22

# Execution Schedule– pages 23-24

# Term Sheet Schedule A – page 25

-2-

**SUBSCRIPTION AGREEMENT**

TO: **Purchaser of Hard Dollar Units of Tri Origin Exploration Ltd.**

Date: **See Memorandum**

Re: **Sale of Hard Dollar Units**

This subscription agreement is to confirm your agreement to purchase from Tri Origin Exploration Ltd. (the "Corporation"), subject to the terms and conditions and such terms, that number of units of the Corporation's ("Hard Dollar Units") set out above your name on the execution page hereof (the "Purchased Securities") at the price of \$0.03 per Purchased Security (the "Offering Price"). Each Hard Dollar Unit shall consist of one common share of the Corporation, a Common Share, and one Common Share Purchase Warrant (each "Warrant") with each Warrant exercisable into a Common Share ("Common Share") at a price of \$0.05 in cash (the "Exercise Price") for each unit of common of Purchased Securities. The sale of Purchased Securities from part of a larger offering (the "Offering") with the maximum gross proceeds of \$27,000,000 of up to 11,000,000 Hard Dollar Units and 1,000,000 units of the Corporation ("Flow-Through Units") with each Flow-Through Unit consisting of one common share of the Corporation, that qualifies as Flow-Through shares for purposes of the Income Tax Act (Canada) and one Warrant. A more detailed description of the Hard Dollar Unit portion of the Offering is attached hereto as Schedule A.

**1. Definitions:**

In this Agreement, unless the context otherwise requires:

- (a) "Agreement" means this subscription agreement as the same may be amended, supplemented or revised from time to time;
- (b) "Business Day" means a day on which Canadian chartered banks are open for the transactions of regular business in the City of Toronto, Ontario;
- (c) "Closing" means the closing of the purchase and sale of the Offered Securities;
- (d) "Closing Date" means December 13, 2019 or such other date as the Corporation may determine for the purpose of the Closing;
- (e) "Common Shares" shall have the meaning ascribed to such term on the second page of this Subscription Agreement;
- (f) "Core Documents" as such terms are defined in Section 140.1 of the Securities Act (Ontario) (Ontario Securities Act), Section 17.01 of the Securities Act (Alberta), Section 138.1 of the Securities Act (Ontario), Section 174 of the Securities Act (Quebec), or Section 140.01 of the Securities Act (Canada), as applicable;
- (g) "Corporation" means Tri Origin Exploration Ltd., a corporation existing under the Business Corporations Act (Ontario) and includes any successor corporation thereto;
- (h) "CRA" means the Canada Revenue Agency;
- (i) "Designated Province" means each of the provinces and territories of Canada in which the Securities is to be sold, except for Newfoundland and Labrador;
- (j) "Instruments" shall have the meaning ascribed to such term in Section 140.1 of the Securities Act (Ontario) (Ontario Securities Act), Section 17.01 of the Securities Act (Alberta), Section 138.1 of the Securities Act (Ontario), Section 174 of the Securities Act (Quebec), or Section 140.01 of the Securities Act (Canada), as applicable;

-23-

may not be withdrawn, cancelled, amended or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is acting as a controlling interest.

If the offering is in accordance with your understanding, please sign and return this Agreement together with the other required documents signifying your agreement to purchase the Purchased Securities.

E1

**EXECUTION PAGES**

TO: **TRI ORIGIN EXPLORATION LTD.**

The undersigned hereby accept the foregoing and agree to be bound by the terms set forth herein and, without limitation, agree that you may rely upon the correctness, representations and warranties of the undersigned contained herein.

DATED as of this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Number of Purchased Securities to be purchased at \$0.03: \_\_\_\_\_

Aggregate Offering Price: **CDN\$ \_\_\_\_\_**

Name (full legal name of Subscriber): \_\_\_\_\_

Residential Address of Subscriber:

\_\_\_\_\_ (Street)

\_\_\_\_\_ (Address)

\_\_\_\_\_ (City/Province)

\_\_\_\_\_ (Postal Code)

\_\_\_\_\_ (Telephone number)

\_\_\_\_\_ (E-mail address)

\_\_\_\_\_ (Social Insurance Number)

By: \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Printed name)

\_\_\_\_\_ (Title)

If you are signing this Agreement in regard to a beneficial purchase and are not a trust company, trust corporation or portfolio manager deemed to be purchasing as principal under s. 23(41.06), please provide the following information for each beneficial purchaser:

\_\_\_\_\_ (Name of beneficial purchaser)

\_\_\_\_\_ (Residential address of beneficial purchaser)

\_\_\_\_\_ (Telephone number of beneficial purchaser)

Print & Fill out this page

E2

The above mentioned subscription is hereby accepted by Tri Origin Exploration Ltd.

DATED as of this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

By: \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Printed name)

\_\_\_\_\_ (Title)

Print & keep this page

A.1

**SCHEDULE A**

**TERM SHEET**

Issuer: Tri Origin Exploration Ltd. (the "Corporation").

Offering: Treasury offering of up to 11,000,000 units of the Corporation (the "Hard Dollar Units") and up to 1,000,000 flow-through units of the Corporation ("Flow-Through Units"); the aggregate gross proceeds of \$27,000,000 at the maximum and up to \$40,000,000 as a private placement basis. Each Hard Dollar Unit shall consist of one common share of the Corporation (the "Common Share") and one Common Share purchase Warrant ("Warrant") with each Warrant exercisable into a Common Share at \$0.05 for 18 months following the issuance. Each Flow-Through Unit shall consist of one Common Share issued on a flow-through basis (a "Flow-Through Share") and one Warrant. This subscription agreement is only for the portion of the Offering consisting of Hard Dollar Units.

A Flow-Through Share is defined as securities 99.7% of the Income Tax Act (Canada) (the "Tax Act"), with flow-through share meaning the holder is a resident of Canada. Excess Proceeds Expenses (as defined in the Tax Act) and in-class deductions for income tax purposes in the 2020 taxation year.

Offering Price: CDN\$0.03 per Hard Dollar Unit.

CDN\$0.04 per Flow-Through Unit.

Reporting Issues: common.

Hold Period: Securities issued pursuant to the Offering shall be subject to a four-month and one day hold period commencing on the Closing Date (as defined below) under applicable Canadian securities laws.

Listing: The Common Shares will be listed on the TSX Venture Exchange under the symbol "TOE".

Finder's Fee: A finder fee may be paid to qualified finders in accordance with the requirements of the TSX Venture Exchange.

Use of Proceeds: Net proceeds from the Offering will be used for general exploration and drilling on the Company's key gold projects in the Province of Ontario and the general working capital expenses. The Corporation will ensure that the proceeds received from sale of Flow-Through Shares will be used to finance operations which qualify as Canadian Exploration Expenses for purposes of the Income Tax Act (Canada) and will reinvest such expense with an effective date of no later than December 31, 2020.

Approvals: The Offering remains subject to the receipt of all applicable federal and regulatory approvals, including without limitation, the approval of the TSX Venture Exchange.

Closing Date: On or about December 13, 2019 (the "Closing Date").

Print & keep this page

- The 20 page subscription agreement is full of legalese, definitions and the various exemptions under which subscription is available. This is boilerplate assembled by the lawyer. Nobody except the company's executive reads this.
- Pages 23-24 are Schedule E – the "Execution Pages". The subscriber must fill out page E1 (page 23 in the pdf) and sign it. Page E2 is for the company to date and sign. Why this is not at the bottom of page E1 has no explanation other than a deliberate attempt to make completing a subscription form a pain in the ass.
- Schedule E is confusing because it refers to the "number of securities to be purchased at \$0.03". You need to go back to page 3 in item "x" to learn that this means hard dollar units.
- Schedule A is the Term Sheet. It shows up as page 25 in the pdf. This should be the second page in the document because it contains all you need to know about what you are buying. Most companies do that, followed by the execution page and then the subscription agreement boilerplate. But because there is no prescribed systematic order to private placement documents, lawyers can assemble them in any order they please.

## Schedule B – Registration and Delivery Instructions– page 26

B-1

### SCHEDULE B

#### REGISTRATION AND DELIVERY INSTRUCTIONS

##### ALL SUBSCRIBERS

1. Delivery: Please deliver the Purchased Securities to:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account Reference, if applicable

\_\_\_\_\_  
Contact name

\_\_\_\_\_  
Address, including postal code

\_\_\_\_\_  
Telephone number

2. Registration: The Purchased Securities which are to be delivered at Closing should be registered as follows:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account Reference, if applicable

\_\_\_\_\_  
Address, including postal code

Words and terms herein with the initial letter or letters thereof capitalized and defined in the Agreement shall have the meanings given to such capitalized words and terms in the Agreement.

- **Schedule B tells the company where you want the certificates delivered. The share certificate will be proper paper certificate, while the warrant will be a couple pages of ordinary paper easy to throw out.**
- **You can have your certificates delivered to your home or to your brokerage account. In the case of your brokerage account you need to provide the name of the brokerage firm, a contact name, the brokerage address, and your account #. The company usually delivers the certs within a view days of closing the private placement.**
- **Since there is a 4 month hold legend on the certificate you have time to physically deliver the certs to your brokerage firm and make sure they are deposited into your account. If you are using a discount broker you need to check out how warrant exercise is done, if at all. You may need to keep the warrants and exercise them by delivering them and payment directly to the company.**
- **If you are having the certs sent to your home register them in your name. That way it does not matter if you lose them or they are stolen. If you are instructing the company to deliver the certs directly to a brokerage firm, ask how the brokerage firm how it wants them registered.**

**Print & Fill out this page**



## SCHEDULE D

EXISTING SECURITY HOLDER CERTIFICATE (FOR PURASERS RESIDENT IN CANADA,  
OTHER THAN NEWFOUNDLAND AND LABRADOR)TO: **TRI ORIGIN EXPLORATION LTD** (the "Issuer")

All capitalized words used in this Existing Security Holder Certificate not defined in this Schedule D will have the meaning ascribed to them in the Subscription Agreement to which this Existing Security Holder Certificate is attached.

In connection with the purchase by the undersigned Subscriber of the units of the Issuer ("Hard Dollar Units"), the Subscriber represents, warrants, covenants and certifies to the Corporation that the Subscriber is resident in [print name of province or territory of residence in Canada] and is purchasing the Hard Dollar Units for its own account, in reliance upon the Existing Security Holder Exemption by virtue of the Subscriber being an existing security holder of the Issuer resident in a Canada (excluding Newfoundland and Labrador) and holding at least one Common Share in the capital stock of the Corporation, which the Subscriber acquired on a date that occurred before the Record Date, and that the Subscriber will continue to hold at least one Common Share of the Issuer on the Closing Date, that:

The Subscriber further represents, warrants, covenants and certifies to the Issuer that the Subscriber

**\*\*Please initial beside the appropriate line\*\***

\_\_\_\_\_ (a) is a person that has obtained advice regarding the suitability of the investment being made under the Subscription Agreement and, if the Subscriber is resident in a jurisdiction of Canada, that advice has been obtained from \_\_\_\_\_ [print name of advisor], a person that is registered as an investment dealer in the jurisdiction with \_\_\_\_\_ [print name of advisor's firm];

**\*\* Subscribers for Hard Dollar Units that have obtained advice regarding the suitability of the investment being made under the Subscription Agreement from an investment dealer are not limited to the investment limit of \$15,000 per investor in any 12 month period \*\***

- OR -

\_\_\_\_\_ (b) the aggregate acquisition cost to the Subscriber for the Hard Dollar Units purchased under the Existing Security Holder Exemption, when combined with the acquisition cost to the Subscriber for the purchase of any other security from the Corporation under the Existing Security Holder Exemption in the last 12 months, does not exceed \$15,000 in aggregate.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

If a corporation, partnership or other entity:

If an individual:

\_\_\_\_\_  
Name of Entity

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Type of Entity

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Signature of Person Signing

\_\_\_\_\_  
Print Name and Title of Person Signing

## Schedule D – Existing security holder exemption – page 39

- Schedule D is simple compared to schedule C and is for anybody who does not qualify for the “accredited investor” or “Family, Friends and Business Associates” exemptions.
- However, you must certify that you own at least 1 share acquired before the Record Date which is the date that the company announced a private placement that is open to the existing security holder exemption. You do this by signing and dating Schedule D.
- This exemption is only for residents of Canada, except those living in Labrador or Newfoundland, so write in your province or territory.
- The restriction is you cannot buy more than \$15,000 worth of stock from the company in a 12 month period unless you get a broker to sign something saying that buying more than \$15,000 worth of this company's stock is suitable for you. Not going to happen unless the broker is getting a commission, and even then compliance will probably say no. So do not bother with box a. Check box b.
- The \$15,000 limit is arbitrary, but it serves the purpose of preventing non-millionaires from putting all their capital into a single stock via a private placement. They can still do so through their discount brokerage account on the open market, but they do not get warrants, so the greed factor is lower.
- What is the rationale behind insisting that this exemption only be available to you if you already own the stock? It implicitly suggests that the disclosures required of the companies are inadequate or insufficiently enforced by the regulators to allow an individual to make an informed decision about the wisdom of participating in a private placement, but somehow that changes if you already own the stock no matter how stupid or ill-informed the reason might be.
- There is no mechanism for the company or the regulators to verify that you own shares, and it is not clear what the consequences might be if you made a mistake. It is a stupid restriction that undermines the credibility of the Canadian regulatory system and discourages capital raising from a broad base of Canadian residents.

# Schedule D1 –page 40

## Only applicable to accredited investors residing outside Canada and the USA

# Schedule E – Information Sheet– page 41

# Schedule F – Form 4C – corporate placee registration form – only if buying through a corporation–pages 42-43

D-1

**SCHEDULE D1**  
**ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS FOR SUBSCRIBERS OUTSIDE OF NORTH AMERICA**

*TO BE COMPLETED ONLY IF THE SUBSCRIBER IS RESIDENT OUTSIDE OF NORTH AMERICA*

The Subscriber, on its own behalf and (if applicable) on behalf of any Beneficial Purchaser, further represents, warrants and covenants to and with the Corporation (and acknowledges that the Corporation is relying thereon) that it is, and (if applicable) any Beneficial Purchaser is, a resident of, or otherwise subject to, the securities legislation of a jurisdiction other than Canada or the United States, and:

(a) The Subscriber is, and (if applicable) any Beneficial Purchaser is:

(i) a purchaser that is recognized by the securities regulatory authority in the jurisdiction in which it is resident, or otherwise subject to the securities laws of such jurisdiction (the "Offshore Jurisdiction"), as an exempt purchaser, and is purchasing the Hard Dollar Units as principal for its own account, and not for the benefit of any other person, for investment only and not with a view to resale or distribution; and

(ii) a purchaser that is purchasing Hard Dollar Units pursuant to an exemption from any prospectus or securities regulations available to the Corporation, the Subscriber and any Beneficial Purchaser under applicable securities laws of the Offshore Jurisdiction.

(b) The purchase of Hard Dollar Units by the Subscriber does not contravene any of the applicable securities laws in the Offshore Jurisdiction and does not trigger any obligation to prepare and file a prospectus, an offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise.

(c) The Subscriber will not sell or otherwise dispose of any Hard Dollar Units or securities underlying them except in accordance with applicable Canadian securities laws, and if the Purchaser sells or otherwise disposes of any Hard Dollar Units or securities underlying them to a person other than a resident of Canada, the Subscriber will obtain from such purchaser representations, warranties and covenants in the same form as provided in this Schedule D1.

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 2019.

If a Corporation, Partnership or Other Entity: \_\_\_\_\_  
Name of Entity

If an Individual: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Type of Entity

\_\_\_\_\_  
Name of Individual

\_\_\_\_\_  
Signature of Person Signing

\_\_\_\_\_  
Title of Person Signing

E-1

**SCHEDULE E**  
**INFORMATION SHEET**  
**ALL SUBSCRIBERS**

**Information to be completed by the Subscriber:**

**Present Ownership of Securities:**

The Subscriber either [check appropriate box]:

does not own directly or indirectly, or exercises control or direction over, any Common Shares or securities convertible into Common Shares; or

owns directly or indirectly, or exercises control or direction over \_\_\_\_\_ outstanding Common Shares; and

(i) owns directly or indirectly, or exercises control or direction over convertible securities entitling the Subscriber to acquire an additional \_\_\_\_\_ Common Shares.

**Insider Status**

The Subscriber [check appropriate box]:

is an "insider" of the Corporation (as defined in the policies of the Stock Exchange) who is:

(a) a director or senior officer of the Corporation;

(b) a director or senior officer of a company that is itself an insider or subsidiary of the Corporation; or

(c) a person that beneficially owns or controls, directly or indirectly voting shares of the Corporation carrying more than 10% of the voting rights attached to all the Corporation's outstanding voting shares; or

is not an insider of the Corporation.

E-1



**SCHEDULE F**  
**FORM 4C**  
**CORPORATE PLACEE REGISTRATION FORM**

This Form will remain on file with the Exchange and must be completed if required under section 4(b) of Part II of Form 4B. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an insider of the Issuer, insiders of the Placee are reminded that they must file a Personal Information Form (PIF) or, if applicable, Declarations, with the Exchange.

1. Placee Information:

(a) Name: \_\_\_\_\_

(b) Complete Address: \_\_\_\_\_

(c) Jurisdiction of Incorporation or Creation: \_\_\_\_\_

2. (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? \_\_\_\_\_

(b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? \_\_\_\_\_

3. If the answer to 2(b) above was "Yes", the undersigned certifies that:

(a) it is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

(b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in \_\_\_\_\_ (jurisdiction), and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

(c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

(d) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and

(e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

Print & Fill out this page

Note that Schedule F page 42 is tagged E-1 just like Schedule E page 41.

