



## RISK ACKNOWLEDGEMENT – FORM 45-106F4

### TO BE COMPLETED BY INVESTORS

The investor must sign 2 copies of this form. Send the issuer one signed copy and keep one copy for your records.

#### I ACKNOWLEDGE THAT THIS IS A RISKY INVESTMENT:

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities commission 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.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

TOTAL INVESTMENT <i>This includes any amount I am obliged to pay in future</i>	AMOUNT OF FEE OR COMMISSION	COMMISSION WILL BE PAID TO: <i>Name of person or company selling the securities As a fee or commission</i>
\$	\$	

I ACKNOWLEDGE THAT THIS IS A RISKY INVESTMENT AND THAT I COULD LOSE ALL THE MONEY I INVEST.

DATE	PRINT NAME OF INVESTOR (MANDATORY)	SIGNATURE OF INVESTOR (MANDATORY)	PHONE NUMBER OF INVESTOR (MANDATORY)

#### JOINT INVESTOR

DATE	PRINT NAME OF JOINT INVESTOR (MANDATORY)	SIGNATURE OF JOINT INVESTOR (MANDATORY)	PHONE NUMBER OF JOINT INVESTOR (MANDATORY)

WARNING

#### YOU HAVE 2 BUSINESS DAYS TO CANCEL YOUR PURCHASE

To do so, send a notice to Canada Penfund Mortgage Corporation stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> business day after you sign the agreement to purchase the securities. You can send the notice by fax or e-mail or deliver it in person to Canada Penfund Mortgage Corporation at the address below. Keep a copy of the notice for your records.

#### ISSUER NAME AND ADDRESS:

Pendfund Income Fund Inc. 140-4392 West Saanich Road Victoria, British Columbia V8Z 3E9	Telephone: 250.727.3500 Fax: 250.744.3811 Email: info@canadapenfund.ca
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#### 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.

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, call your local securities regulatory authority. 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](http://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 [www.albertasecurities.com](http://www.albertasecurities.com). If you live in Saskatchewan, contact the Saskatchewan Financial Services Commission at (306) 787-5645, or visit its website at [www.sfsc.gov.sk.ca](http://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](http://www.msc.gov.mb.ca). If you live in Ontario, contact the Ontario Securities Commission at (416) 593-8314 (outside the local area, call toll-free 1-877-785-1555), or visit its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

# Schedule 1

## CLASSIFICATION OF INVESTORS UNDER THE OFFERING MEMORANDUM

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 2 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan.

### How you qualify to buy securities under the offering memorandum exemption

Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your initials
ELIGIBLE INVESTOR	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario), because:		Your initials
ACCREDITED INVESTOR	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:		Your initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	<p>You are:</p> <p>1) [check all applicable boxes]</p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer <input type="checkbox"/> a founder of the issuer OR</p> <p>2) [check all applicable boxes]</p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
	<p>You are a family member of _____ [Instruction: Insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse. [Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</p>	
	<p>You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	
	<p>You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	

D. You are not an eligible investor.		Your initials
NOT AN ELIGIBLE INVESTOR	You acknowledge that you are not an eligible investor.	

## Schedule 2

### INVESTMENT LIMITS FOR INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan.

<b>SECTION 1 TO BE COMPLETED BY THE PURCHASER</b>
<b>1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption</b>
You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule 1. Initial the statement that applies to you.

A. You are an eligible investor.		Your initials
ELIGIBLE INVESTOR	<p>As an eligible investor that is an individual, you cannot invest more than <b>\$30,000</b> in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.</p> <p>Initial one of the following statements:</p>	
	<p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	
	<p>You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.</p>	

B. You are an eligible investor, as a person described in section 2.3 [ <i>Accredited investor</i> ] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario).		Your initials
ACCREDITED INVESTOR	<p>You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>], you are not subject to investment limits.</p>	

C. You are an eligible investor, as a person described in section 2.5 [ <i>Family, friends and business associates</i> ] of NI 45-106.		Your initials
<b>FAMILY, FRIENDS AND BUSINESS ASSOCIATES</b>	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [ <i>Family, friends and business associates</i> ], you are not subject to investment limits.	

D. You are not an eligible investor.		Your initials
<b>NOT AN ELIGIBLE INVESTOR</b>	<p>You acknowledge that you cannot invest more than <b>\$10,000</b> in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	

SECTION 2 TO BE COMPLETED BY THE REGISTRANT	
<b>2. Registrant information</b>	
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>	
First and last name of registrant (please print):	
Registered as:	
<i>[Instruction: indicate whether registered as a dealing representative or advising representative]</i>	
Telephone:	Email:
Name of firm:	
<i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	