

**THE MOUNT**  
**BUSINESS INVESTMENTS INC**  
**SIMPLIFIED OFFERING DOCUMENT**

Form 1  
**Offering Document**

(Pursuant to the *Community Economic-Development Corporations Regulations*)

**Glossary**

In this offering document:

1. "Act" means the *Securities Act*;
2. "Association" means an association as defined in the *Co-operative Associations Act*;
3. "CEDC" means a Community Economic-Development Corporation, as defined herein;
4. "Community Economic-Development Corporation" means a Corporation or Association that meets the criteria prescribed by the regulations made pursuant to the *Equity Tax Credit Act* and is registered as a Community Economic-Development Corporation by the Minister of Finance pursuant to Section 11 of the *Equity Tax Credit Act*;
5. "Community Economic-Development Plan" means the community economic-development plan proposed by the Issuer which contains the information prescribed by the regulations made pursuant to the *Equity Tax Credit Act*;
6. "Corporation" means a corporation incorporated pursuant to the laws of the Province of Nova Scotia, another province of Canada or Canada that has its head office located in the Province of Nova Scotia;
7. "Finders" means persons who, for compensation or without compensation, act as intermediaries in obtaining selling agents or otherwise make introductions in furtherance of this Offering;
8. "Issuer" means The Mount Business Investments Inc.;
9. "Investee Corporation" means Mill Run Developments Ltd. (operating as Witch's Ridge Golf Course and Driving Range) a corporation in which the Issuer proposes to invest all or substantially all of the proceeds of the offering and where all or substantially all of the fair market value of the corporation's property is attributable to property used in an active business.;
10. "Offering" means this offering of Shares of the Issuer;

11. "Promoter" has the same meaning as in the Act, except that pursuant to subsection 3(3) of the *Community Economic-Development Corporations Regulations* no individual shall be considered as a promoter unless a promoter at the time the offering document is filed with the Director of Securities;
12. "Securities Rules" means the rules of the Nova Scotia Securities Commission made pursuant to the Act;
13. "Security holder" means a person or company who purchases Shares under this Offering;
14. "Shares" means fully paid, newly-issued voting common shares (that are non-redeemable, non-convertible, and not restricted in profit sharing or participation on dissolution) of the Issuer that may attract a 30% tax credit against provincial taxes payable and potentially a provincial government guarantee on the last 20% of the investment for the first 4 years after purchase. (See #10(I)).

## Table Of Contents

	Page
Cautions .....	4
The Offering.....	5
Risk Factors.....	6
Plan of Distribution .....	8
The Issuer .....	11
Business and Properties of a CEDC that is a Corporation .....	11
Specified Investments in Eligible Local Business Entities by a CEDC that is a Corporation.....	13
Business and Properties of a CEDC that is an Association .....	16
Capital Structure .....	18
Use of Proceeds .....	19
Financial Forecasts or Projections .....	21
Dividends, Distributions and Redemptions .....	21
Promoter of the Issuer .....	22
Officers of the Issuer .....	25
Directors of the Issuer .....	27
Key Personnel of the Issuer .....	29
Principal Security Holders .....	35
Management Relationships, Transactions and Remuneration .....	35
Litigation .....	36
Canadian Income Tax Considerations .....	37
Material Contracts .....	40
Financial Statements .....	40
Continuous Reporting Obligations .....	40
Restrictions on Resale of Securities .....	40
Rights of Action .....	41
Certificate .....	44
The Mount Business Investments Inc. Opening Balance Sheet .....	Appendix A
Mill Run Developments Ltd. Financial Statements 2005 & 2004 .....	Appendix B
Mill Run Developments Ltd. Interim Financial Statements June 30, 2006 ....	Appendix C

## CAUTIONS

The Nova Scotia Securities Commission has not assessed:

- X the reasonableness or merit of the Issuer or the Offering;
- X whether the Issuer has sufficient financing and managerial expertise to accomplish its stated objectives;
- X whether management of the Issuer has the reputation and commitment to conduct the Issuer's business with integrity and in the best interest of the Security holders;
- X whether the Promoters and management of the Issuer are receiving unconscionable benefits at the expense of the Security holders; or
- X whether any financial forecast or projection contained in this offering document has a reasonable basis;

Investment in small business involves a high degree of risk, and investors should not invest any funds in this Offering unless they can afford to lose a substantial portion of their investment. Potential investors should read all of this offering document, particularly the risk factors on page 6.

Potential investors should review the information concerning the background of the Issuer's officers, directors and other key personnel and consider whether or not these persons have adequate background and experience to develop and operate the Issuer and to make it successful. In this respect, the experience and ability to manage are often considered among the most significant factors in the success of a business.

After reviewing the "Use of Proceeds" on page 19, potential investors should consider whether the amounts available for future development of the Issuer's business and operations will be adequate.

A Security holder may have rights of rescission or an action for damages in circumstances which are described in this offering document beginning on page 41.

THERE IS NO ORGANIZED MARKET THROUGH WHICH THE SHARES MAY BE SOLD. IT MAY BE DIFFICULT OR EVEN IMPOSSIBLE FOR THE INVESTOR TO SELL THEM.

Potential investors should also consult their professional advisors before investing.

This offering document, together with the documents incorporated herein by reference and forming part of this offering document, and the attachments thereto contain all of the representations by the Issuer concerning this Offering and no person shall make

different or broader statements than those contained herein. Investors are cautioned not to rely on any information not expressly set forth in or attached to this offering document.

This offering document, together with financial statements and other attachments, consists of a total of 66 pages.

## **OTHER DOCUMENTS**

**Other documents related to this Offering, are listed below. These documents are available for investor review at Witch's Ridge Golf Course and Driving Range, 83 Alder Lane, Mount Uniacke, Nova Scotia.**

- **Articles of Incorporation of The Mount Business Investments Inc.**
- **Articles of Incorporation of Mill Run Developments Ltd. ( operating as Witch's Ridge Golf Course and Driving Range).**
- **The executed contract containing investment details between the CEDIF and the Investee.**
- **The executed Trustee agreement between Mr. Michael Maddelena of Burchell MacDougall and the Issuer ( The Mount Business Investments Inc.)**

## **THE OFFERING**

1. The Shares being offered are:  
Fully-paid, newly-issued voting common shares that are non-redeemable, non-convertible, and not restricted in profit sharing or participation upon dissolution: the price per share is \$100. The minimum share purchase under this Offering is 10 shares (\$1000).
2. The offering price was established by the following method:  
 negotiation with the investor  
 arbitrarily by the Issuer  
 otherwise (explain)
3. Maximum number of Shares offered: 8,250
4. Total proceeds if maximum sold: \$ 825,000
5. Minimum number of Shares offered: 1,000
6. Total proceeds if minimum sold: \$100,000
7. Reasons for the selection of the minimum number of Shares offered:

To cover administration costs of the Fund and permit an investment in Mill Run Developments (operating as Witch's Ridge Golf Course) to complete fairways bringing course to a quality par 36 which should bring the golf course to a profitable stage of operations.

8. Minimum number of investors required: 25 (25 persons)
9. Total estimated costs of the Offering: Min: \$ 1,500 Max: \$5,000 (see s 27 for detail)

## **RISK FACTORS**

10. Taking into consideration the factors noted below, list in the order of importance the factors which the Issuer considers to be the most substantial risks to an investor in this Offering in view of all known facts and circumstances (i.e., those factors which constitute the greatest threat that the investment will be lost in whole or in part, or not provide an adequate return).

(a) The Investee (Mill Run Developments operating as Witch's Ridge Golf Course and Driving Range) is insolvent and might not be able to declare the dividends to enable the Issuer (The Mount Business Investments Inc.) to earn income and pay dividends to investors and that investors could lose their investment in the Issuer (The Mount Business Investments Inc.).

(b) There is a business risk that the investee (Mill Run Developments operating as Witch's Ridge Golf Course and Driving Range) will not succeed in generating sufficient revenue. However, management expects that with golf course completion revenues will increase bringing the company to a profitable position.

(c) There is a lack of direct investment experience by the Fund, its promoters and its Board which may result in a "learning curve" respecting the placement of equity investments. This, in turn, may reduce the performance of the Fund, and hence is the primary risk factor identified prior to the Offering.

(d) Clyde and Elsie Henderson control the outstanding shares of the Investee and have a resulting conflict of interest because of their involvement with the Issuer and the Investee.

(e). If the Investee does not declare a 5% dividend in any or all years the investor has no right to take action against the Investee.

(f) The Issuer by virtue of investing in preferred shares will not have a right to be represented on the Board of Directors of the Investee

(g) While it has been assumed that there are more potential investments within the community than the Fund can participate in, there remains a risk that the Fund will not be able to access these deals and/or will not be able to negotiate an agreeable financing arrangement with the partners of the target investment

(h) The investments made by the Fund will have returns which are directly attributable to the performance of the companies invested in. Therefore, the risk associated with an economic downturn in the local community is real and must be factored into the decision. Therefore, investments which were prudent at the time of investment may not prove profitable over the term they are maintained.

(i) There are limited opportunities available for exiting the Fund, i.e., liquidity risk. The reader is instructed to refer to item 57 for a full disclosure of the limited options for the resale of these securities.

(j) Another risk factor considered to be potentially material to an investor is the opportunity cost of capital should the offer not close. Depending upon the dates involved in the offering, an investor who chooses this investment may lose the opportunity to invest in another tax-assisted investment (e.g., Labour-Sponsored Venture Capital Corporations) due to the limitation on investment (60 days).

(k) The Shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a long period of time, and who have the capacity to absorb a loss of some or all of their investment.

(l) There is no organized market through which the Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares.

(m) There are restrictions on the resale of the Shares. See item 57 for details.

(n) The Issuer may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these Shares.

(o) Investors who deposit the Shares in a self-directed RRSP should not depend on selling the Shares or income from the Shares to fund their retirement.

(p) Tax laws frequently change.

(q) Provincial Guarantee:



(i) Investments made in eligible business entities located within the geographical areas comprising the former cities of Halifax and Dartmouth, the former town of Bedford, and the area commonly known as Sackville will not be eligible for the 20% provincial guarantee of eligible investments of a community economic development fund as provided by the Equity Tax Credit Act ("ETC") and Regulations. The Fund may still make an investment that is not covered by the provincial guarantee.

(ii) Investments made in eligible business entities located **OUTSIDE** the geographical areas comprising the former cities of Halifax and Dartmouth, the former town of Bedford, and the area commonly known as Sackville will be eligible for the 20% provincial guarantee of eligible investments of a community economic development fund as provided by the ETC and Regulations conditional upon the Fund being in compliance with the ETC and Regulations.

*(r) IF THE CLOSING DATE FOR THE OFFERING UNDER WHICH A SUBSCRIBER PURCHASES SHARES IS WITHIN 60 CALENDER DAYS AFTER A CALENDER YEAR END, THE SUBSCRIBER HAS THE OPTION TO APPLY THE EQUITY TAX CREDIT FIRST TO EITHER THE PREVIOUS OR CURRENT TAXATION YEAR. UNUSED AMOUNTS MAY BE CARRIED BACK THREE YEARS OR FORWARD SEVEN YEARS. THE EQUITY TAX CREDIT MAY ONLY BE USED AS A CREDIT AGAINST PROVINCIAL NOVA SCOTIA TAXES PAYABLE. THE CREDIT IS NOT REFUNDABLE.*

## PLAN OF DISTRIBUTION

11. The following people (the "selling agents") are authorized to sell Shares under the Offering:

<u>Name</u>	<u>Address</u>	<u>Business Phone #</u>	<u>Fax #</u>
Clyde Henderson	47 Westlake Ave. Mount Uniacke, NS B0N 1Z0	902-866-3191	902-866-3191
Elsie Henderson	47 Westlake Ave. Mount Uniacke, NS B0N 1Z0	902-493-5489	902-866-3191

12. (a) Describe any compensation to selling agents or Finders, including cash, securities, contracts or other consideration of any kind direct or indirect. **No commission will be paid for sale of shares.** Also indicate whether the Issuer will indemnify the selling agents or Finders against liabilities, if any, under the securities laws.

***The issuer will not indemnify the selling agents or Finders against liabilities.***

13. Describe any material relationship between any of the selling agents or Finders and the Issuer or its management.

***All Directors listed in item 38 as well as the officers of the Company item 36 are promoters, and are listed as such in item 36. No additional selling agents or Finders have been identified. The promoters are as follows:***

Clyde Henderson	President
Alvin Phillips	Vice President
Elsie Henderson BBA, CA	Secretary / Treasurer
Reginald Dalrymple BSc, B. Pharm.	Director
Geoff Newton BA, LLB	Director
Hugh Snow BSc, B. Eng, P, Eng	Director
Tom Burns	Director

Clyde Henderson and Elsie Henderson are married to each other and are the owners of Witch's Ridge Golf Course and Driving Range – the Investee Company.

**NOTE: After reviewing the amount of compensation to the selling agents or Finders for selling the Shares, and the nature of the relationship between the selling agents or Finders and the Issuer, a potential investor should assess the extent to which it may be appropriate to rely upon any recommendation by the selling agents or Finders to buy the Shares.**

**Please refer to #51 & #54 for additional information on the relationship between parties.**

**Note on selling agents and Finders:**

**Potential investors should carefully consider the following points when evaluating any recommendation by the selling agents or Finders to buy the Shares:**

- (a) Amount of compensation received by the selling agents or Finders to sell the shares;**
- (b) The nature of the relationship between the selling agents or Finders and the Issuer; and**
- (c) Unlike most securities offerings, the selling agents and Finders are not required to be registered under the Act to trade securities and therefore, when investors purchase the Shares through unregistered selling agents or Finders, they should be aware that:**

i) They will not have the protections afforded by certain requirements and standards imposed on “registrants” under the Act, including proficiency standards, reporting requirements, “know your client” requirements and “suitability” requirements; and

ii) Unregistered selling agents and Finders are generally prohibited by the Act from giving investment advice to potential investors unless permitted to do so by an exemption expressly set out in the Act or granted by the Nova Scotia Securities Commission under the Act.

14. Describe the procedure by which investors subscribe for Shares under the Offering.

Initial public meeting and / or private meeting followed by provision of this offering document to prospective investors. Investor will forward payment by means of a cheque or money order ( cash is not acceptable) to the Issuer, or their lawyer, payable to **Burchell MacDougall** In Trust, to be held in trust until the closing.

15. The subscription funds will be held in trust by **Burchell MacDougall** and will only become available to the Issuer when the conditions of closing described below have been met and the Offering has closed.

16. The following are conditions of the initial closing of this Offering:

- (a) the Issuer has received the minimum offering amount of \$ 100,000;
- (b) all material contracts have been signed, and all material consents of third parties have been obtained;
- (c) all necessary and required certificates under the *Equity Tax Credit Act* and regulations and other applicable laws have been obtained;
- (d) additional conditions of the initial closing are:

(i) A minimum of 25 shareholders having subscribed (per #8)

17. The minimum offering amount and all other conditions of the initial closing must be achieved on or before 12/12/ 06 (dd/mm/yy).

18. If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the time specified in item 17, and no extension has been granted by the Director, the Offering will be withdrawn and all of the

proceeds of subscription, without interest, will be returned to the subscriber within 30 days of the date that the Offering was to close.

19. The following are conditions of each subsequent closing of this Offering:
- (i) Minimum offering amount of \$100,000 has been received by issuer or it is the final closing;
  - (ii) there has been no material change in material contracts referred to in item #16(b);
  - (iii) all necessary and required certificates under the Equity Tax Credit Act and regulations and other applicable laws have been obtained and are current.

## THE ISSUER

20. Issuer's exact name as it appears in the incorporating document:

	The Mount Business Investments Inc.
Jurisdiction and date of incorporation:	Nova Scotia, January 10, 2006
Address of registered office:	47 Westlake Ave, Mount Uniacke, NS
Address of principal business address:	47 Westlake Ave, Mount Uniacke, NS
Issuer's telephone number:	( 902-866-3191 )
Issuer's fax number:	( 902-866-3191 )
Fiscal year end:	December 31, 2006
Contact person at Issuer with respect to the Offering:	Elsie Henderson
Telephone number of contact person (if different number from above):	

## BUSINESS AND PROPERTIES OF A CEDC THAT IS A CORPORATION

When the Issuer is a Corporation and now operates or proposes to operate an active business or to invest all or substantially all of the proceeds of the offering in shares of a corporation where all or substantially all of the fair market value of that corporation is attributable to property used in an active business (the "Investee Corporation") please complete item 21.

[When the Issuer is a Corporation and has a constitution that restricts it to making specified investments in eligible local business entities in accordance with its Community Economic-Development Plan please go to item 22.]

21. With respect to the business of the Issuer and its properties:

- (a) Describe in detail what business(es) the Issuer or Investee Corporation now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.

Section 21 is N/A. See Section 22.

- (b) Describe how these products or services are to be produced or rendered and how and when the Issuer intends to carry out its activities. If the Issuer or Investee Corporation plans to offer a new product(s), state the present stage of development including whether a working prototype(s) is in existence. Indicate if completion of development of the product will require a material amount of the resources of the Issuer, and the estimated amount. Describe any major existing supply contracts.

Section 21 is N/A. See Section 22.

- (c) Describe the industry in which the Issuer or Investee Corporation is selling or expects to sell its products or services and, where applicable, any recognized trends within the industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service or other basis.

Section 21 is N/A. See Section 22.

- (d) If the Issuer's or Investee Corporation's business, products or properties are subject to material regulation by federal, provincial or municipal governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Issuer.

Section 21 is N/A. See Section 22.

- (e) State the number and types of employees the Issuer or Investee Corporation has and the number and type of employees it anticipates it will have within the next twelve months.

Section 21 is N/A. See Section 22.

- (e) Describe generally the principal properties (such as real estate, plant and equipment, patents, etc.) that the Issuer or Investee Corporation owns, indicating also what properties it leases and a summary of the terms of those leases, including the amounts of payments, expiration dates and the terms of any renewal options. Indicate what properties the Issuer or Investee Corporation intends to acquire in the next twelve months, the costs of such acquisitions and the sources of financing it expects to use in obtaining those properties, whether by purchase, lease or otherwise.

Section 21 is N/A. See Section 22.

- (f) State the name of any subsidiaries of the Issuer or Investee Corporation, their business purpose and ownership. If none, so indicate.

Section 21 is N/A. See Section 22.

- (g) Summarize the material events in the development of the Issuer or Investee Corporation during the last 5 years or for whatever lesser period the Issuer has been in existence. Include both positive and negative facts. Also include details on profits and losses, including the causes of any losses. Include as well any material acquisitions or arrangements. [A "material event" or "material acquisition or arrangement" is one that is fundamental to the business and day-to-day operations of the Issuer or Investee Corporation.]

Section 21 is N/A. See Section 22.

## **SPECIFIED INVESTMENTS IN ELIGIBLE LOCAL BUSINESS ENTITIES BY A CEDC THAT IS A CORPORATION**

22. [Item 22 must be completed by a CEDC that is a Corporation with a constitution that restricts it to making specified investments in eligible local business entities in accordance with its Community Economic-Development Plan.]

- (a) Set out restrictions as described in the Issuer's Bylaws.
  - i) Business must be located within the boundaries of a 50 km radius from the center of Mount Uniacke and outlying areas and within The Municipality of East Hants.  
(i.e. pay business occupancy tax to the county or a municipal unit located therein; an established physical presence.)

The first \$300,000 of funds raised in this offering will be used for further development of Witch's Ridge Golf Course and Driving Range in Mount Uniacke. Funds in excess of the initial \$300,000 will be used to pay the initial long term debt of the golf course. This debt was incurred for construction of the golf course to date and is owed to The Business Development Bank of Canada and Hants Kings Community Business Development Corporation.

ii) The business must operate in accordance with applicable laws and bylaws

iii) All investments chosen must meet the criteria for eligibility under Section 4 of the Equity Tax Credit Act:

- ◀ authorized capital consisting of shares without par value;
- ◀ at least 25% of salaries and wages paid in the Province;
- ◀ assets ( including affiliates) less than \$25 million
- ◀ 90% or more of the fair value of the property of the corporation or association is attributable to property used in active business or shares of a corporation or association that would be an eligible business if it made application under the Act;
- ◀ In the case of an association , that the association undertakes or carries on business or operations in any activity prescribes by regulation;
- ◀ the business is not the professional practice of an accountant, dentist, lawyer, medical doctor, veterinarian or chiropractor.

(b) Describe the Issuer's investment strategy and objectives as set forth in the Issuer's Community Economic-Development Plan.

*Strategy: to invest in new or existing business that are in accordance with the investment criteria outlined in item 22(a); this first offering will be invested in Mill Run Developments, operating name – Witch's Ridge Golf Course and Driving Range. Investment funds will be used as follows in order of priority:*

	USE
\$92,500	Expand, groom and manicure (including sod where required) existing fairways bringing course to a full par 36 and provide working capital.
\$160,000	The above \$92,500 plus secure water supply, improve driving range, install septic field, construct practice green,

	build maintenance building for a total of \$160,000.
\$300,000	The above \$160,000 plus complete exterior and lounge area of clubhouse for a total of \$300,000.
\$770,750	The above \$300,000 plus pay down long term debt of Mill Run Developments Ltd. For a total of \$770,750. This debt was incurred for construction of Witch's Ridge Golf course and Driving Range and is owed to The Business Development Bank of Canada and Hants Kings Business Development Corporation . Order of payment would be to The Business Development Bank and any remaining funds available would be paid to Hants Kings Business Development Corporation.

*Objectives: maintain / improve local control of business; maintain / improve local employment; first investment within six months of final close.*

*The investment decision has been made by the Board of Directors.*

*The Investee corporation will issue 5%, cumulative, redeemable, nonvoting, preferred shares to the CEDIF.*

*In addition each purchaser of common shares of the Issuer (security holder) related to this Offering, the proceeds from which the Issuer than invests in The Investee (Mill Run Developments Ltd. Operating as Witch's Ridge Golf Course and Driving Range), will receive 5% non cumulative golfing privileges for each of the first two years following The Offering Closing.*

*Golf privileges will be calculated as 5% of the security holder's initial investment and will be comprised of green fees, cart rentals and driving range usage. Golf privileges have no affect on the dividends that the Mount Business Investments Inc. (CEDIF) might be able to declare. These are in addition to the dividends The Mount Investments Inc. would declare as a result of having received the 5% dividend on its investment in the Investee company.*

(c) Describe any intended specified investments in eligible local Business entities which the Issuer plans to make with the proceeds of the Offering and how they fall within the Issuer's Community Economic-Development Plan. If no such specified investments are planned at the time of the Offering or if further specific investments are contemplated please indicate that fact.



*The first offering is planned to provide equity investment to Mill Run Developments Ltd. Of Mount Uniacke which operates as Witch's Ridge Golf Course and Driving Range. Clyde and Elsie Henderson are the CEDIF's selling agents and are the owners of Witch's Ridge Golf Course.*

**[Potential investors should note that where specified investments in eligible local business entities are not described in this offering document the Issuer must make such investments in compliance with Section 20 of the *Community Economic-Development Corporations Regulations*.]**

### **BUSINESS AND PROPERTIES OF A CEDC THAT IS AN ASSOCIATION**

When the Issuer is an Association and now operates or proposes to carry on business or operate as a marketing, producer or employee co-operative as those activities are defined in the regulations to the *Equity Tax Credit Act*, please complete item 23.

[When the Issuer is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made pursuant to the *Equity Tax Credit Act*, please go to item 24.]

23. With respect to the business of the Issuer and its properties:

- (a) Describe in detail what business(es) the Issuer now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.

None

- (b) Describe how these products or services are to be produced or rendered and how and when the Issuer intends to carry out its activities. If the Issuer plans to offer a new product(s), state the present stage of development including whether or not a working prototype(s) is in existence. Indicate if completion of development of the product will require a material amount of the resources of the Issuer, and the estimated amount. Describe any major existing supply contracts.

None

- (c) Describe the industry in which the Issuer is selling or expects to sell its products or services and, where applicable, any recognized trends within the industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service or other basis.

None

- (d) If the Issuer's business, products or properties are subject to material regulation by federal, provincial or municipal governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Issuer.

None

24. Item 24 must be completed by a CEDC that is an Association that has a constitution that restricts it to investing in eligible investments in accordance with the regulations made pursuant to the *Equity Tax Credit Act*.

- (a) Set out restrictions on investments as described in the Issuer's constitution:

Not an Association

- (b) Describe the Issuer's investment strategy and objectives as set forth in the Issuer's Community Economic-Development Plan.

Not an Association

- (c) Describe any intended specified eligible investments which the Issuer plans to make with the proceeds of the offering. If no such specific eligible investments are planned at the time of the Offering or if further specific eligible investments are contemplated, please indicate that fact.

Not an Association

**[Potential investors should note that where specific eligible investments are not described in this offering document the Issuer must comply with Section 21 of the *Community Economic-Development Corporations Regulations*.]**

**CAPITAL STRUCTURE**

25. The following table describes the authorized capital of the Issuer:

<u>Name of Security</u>	<u>Description of Attributes</u>
Common Shares	Voting non-redeemable, non-convertible, Not restricted in profit sharing or participation upon dissolution

26. The following table describes the capital structure of the Issuer at a date not more than 30 days preceding the date of the offering document and also what the capital structure will be on the conclusion of the Offering:

<b>Name of Security</b>	<b>Number Authorized</b>	<b>Total \$Value and # Outstanding at 1/10/2006</b>	<b>Total \$Value and # Outstanding at Initial Closing @ Minimum @ Maximum</b>
[Loans/ Other Indebtedness]	0	\$1,400.	0
[Preferred Shares]	0	\$0            0	0
[Common Shares]	10,000	\$100        ( 1)	@ Minimum \$100,100 (1,001 shares) @Maximum \$825,100 (8,251 shares)
[Retained Earnings]	0	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Note: Clyde Henderson holds the one share issued and outstanding of The Issuer ( The Mount Business Investments Inc.) at incorporation date.

Clyde and Elsie Henderson are the only shareholders of the Investee (Mill Run Developments Ltd. operating as Witch’s Ridge Golf Course and Driving Range).

## USE OF PROCEEDS

27. The funds raised in the Offering will be used as indicated in the following table:

	If Minimum Sold		If Maximum Sold	
	Amount	%	Amount	%
Total Proceeds	\$ 100,000	100%	\$ 825,000	100%
Less: Offering Expenses				
Commissions and Promoters Fees	\$ 0	0	\$ 0	0
Legal and Accounting Fees	\$ 1,500	1.5	\$ 5,000	.6
Other Expenses	\$ 0	0	\$ 0	0
Net Proceeds from Offering	<u>\$ 98,500</u>	<u>98.5</u>	<u>\$ 820,000</u>	<u>99.4</u>
Use of Net Proceeds				
Investments	\$ 92,500	94	\$ 770,750	94
Administration	\$ 1,000	1	\$ 19,500	2.4
Non-Recoverable Costs	\$ 0	0	\$ 0	0
Cash Liquidity Reserve	\$ 5,000	5	\$ 29,750	3.6
Total Use of Net Proceeds	<u>\$ 98,500</u>	<u>100</u>	<u>\$ 820,000</u>	<u>100</u>

28. Describe the order of priority in which the proceeds set forth under the column "If Minimum Sold" will be used.

*The focus of the fund is to make investments. First, offering expenses must be paid followed by actual investments. Annual administration costs and liquidity reserves will come from the balance remaining. Net proceeds after these costs will be invested in Mill Run Developments operating as Witch's Ridge Golf Course and Driving Range to be used as follows:*

NET INVESTMENTS RAISED	USE
\$92,500	Expand, groom and manicure (including sod where required) existing fairways bringing course to a full par 36 and provide working capital.
\$160,000	The above \$92,500 plus secure water supply, improve driving range, install septic field, construct practice green and build maintenance building for a total of \$160,000.
\$300,000	The above \$160,000 plus complete exterior and lounge area of clubhouse for a total of \$300,000.
\$770,750	The above \$300,000 plus pay down

	<p><b>long term debt of Mill Run Developments Ltd. for a total of \$770,750. This debt was incurred for construction of Witch' s Ridge Golf course and Driving Range and is owed to The Business Development Bank of Canada and Hants Kings Business Development Corporation . Order of payment would be to The Business Development Bank and any remaining funds available would be paid to Hants Kings Business Development Corporation.</b></p>
--	--

*Required funds for administrative costs and liquidity reserves beyond the first year of operations of The Mount Business Investments Inc. will be paid by Mill Run Developments Ltd. as a loan to The Mount Business Investments INC.. Interest on this loan will be waived. Any cash provided by Clyde Henderson for this purpose will be contributed through a shareholder loan in Mill Run Developments and then disbursed from Mill Run Developments to The Mount Business Investments Inc.*

29. If material amounts of funds from sources other than the Offering are to be used in conjunction with the proceeds from the Offering, state the amounts and sources of such other funds, and whether funds are firm or contingent. If contingent, explain the contingent event(s).

*There are no firm commitments for funds from sources other than the Offering*

30. Indicate whether the Issuer is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether it is in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Issuer to make payments. Indicate if a significant amount of the Issuer's trade payables have not been paid within the stated trade term. State whether the Issuer is subject to any unsatisfied judgments, liens or settlement obligations and the amount thereof. Indicate the Issuer's plans to resolve any such problems.

*The issuer (The Mount Business Investments Inc.) is not having nor anticipates having within the next 12 months, any cash flow or liquidity problems. It is not in default or in breach of any note, lease or other indebtedness or financing arrangement requiring the issuer to make payments.*

*The Investee (Mill Run Developments Ltd. Operating as Witch's Ridge Golf Course and Driving Range) is in breach of a financing agreement with The Business Development Bank of Canada. The Business Development Bank of Canada is aware of The Investee's efforts to restructure. The Investee is experiencing cash flow difficulties. It has had to restructure its debt and rely on*

*shareholders' loans to meet obligations. Management believes that raising capital and completing the golf course will result in the increase in revenue required to bring the operation to a profitable position.*

31. Indicate whether proceeds from the Offering will satisfy the Issuer's cash requirements for the next 12 months, and whether it will be necessary to raise additional funds. State the source of additional funds, if known.  
*Yes, however, dependent upon demand, a second offering may be placed within 12 months. The CEDIF will use subsequent offerings to develop a pool of funds for qualifying businesses within the defined community.*

### **FINANCIAL FORECASTS OR PROJECTIONS**

32. If future-oriented financial information such as forecasts or projections will be provided to potential investors, such information must be attached to the offering document and referred to in this section. The forecast or projection must include all of the assumptions used to calculate the figures shown and be prepared in accordance with the *Community Economic-Development Corporations Regulations*.

*No future oriented financial information will be provided.*

### **DIVIDENDS, DISTRIBUTIONS AND REDEMPTIONS**

33. Provide particulars of the Issuer's dividend policy, if any.

*The first investment made by the CEDIF may earn a 5% annual return. **If the Investee does not declare a 5% dividend in any or all years the investor has no right to take action against the Investee and the investment will earn no return.** The 5% annual return may not be paid in the year it is earned and therefore returns to the CEDIF investors will be determined at the annual shareholders' general meeting after net cash returns to the fund are known.*

34. Give details of dividends and other distributions paid by the Issuer to its security holders during the last 5 years.

None. This is the first year of operation for the Issuer and therefore there is no history of dividends.

## PROMOTERS OF THE ISSUER

35. The Promoters of the Issuer are:

1. Name: Clyde Henderson

Business street address: 47 Westlake Avenue, Mount Uniacke, NS B0N 1Z0

Business telephone number: (902) 866-3191

Business fax number: (902) 866-3191

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Retired Military. Owner Witch's Ridge Golf Course, Mount Uniacke. Extensive leadership and management skills acquired during military career. Has had the opportunity to play many golf courses and has applied this knowledge in the design of Witch' Ridge.

Nature of projects during the last five years if not described immediately above:

Construction and operation Golf Course.

Is a charter member for the Uniacke Legion.

Has coached junior / senior softball ( not in last 5 years).

Past member Uniacke Water Ways

2. Name: Elsie Henderson BBA, CA

Business street address: 26 Union Street, Bedford, NS

Business telephone number: (902) 493-5489

Business fax number: (902) 493-5489

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

WBLI Chartered Accountants - Chartered Accountant, Jan 2006 to present

Eastlink, Accounting Advisor April 2003 – 2006

Canadian Waste Services (BFI), Controller, Aug 1998 – Jan 2003

Nature of projects during the last five years if not described immediately above

Employed in various business / management roles over last thirteen years –

Public accountant, Controller and advisor positions.

Volunteer work:

Past Treasurer – Arthur Kidston Memorial Camp  
Treasurer – Official Board – St John's St. Paul's Pastoral Charge  
Various Church Activities  
Past Girl Guide leader, Sunday School Teacher (not in last five years)

3. Name: Reginald Dalrymple BSc, B.Pharm.

Business street address: 653 Highway #1, Mount Uniacke, B0N1Z0

Business telephone number: (902) 866-3848

Business fax number: (902) 866-0359

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Pharmacist - Self Employed - Owner / Operator Uniacke Pharmacy 1993 - Present

Nature of projects during the last five years if not described immediately above

- Chair Person Uniacke Wish Givers 11 years
- Pharmacy of the Year Award for Community Work 2002
- Coach Youth Baseball
- Coach Youth Hockey
- Board Member Parish Council

4. Name: Geoff Newton BA, LLB

Business street address: 192 Wyse Road, Dartmouth NS

Business telephone number: (902) 468-9802

Business fax number: (902) 468-9802

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Newton & Associates – Barrister of The Supreme Court of Nova Scotia Feb 3, 2006.

Beringer Canada - Shipping and Receiving – September 2002 to August 2003.

Nature of projects during the last five years if not described immediately above  
Volunteer:

- Special Olympics – Track 2002 - 2005



- Dartmouth Literacy Network 2000-2003
- St. Leonard's Home – 2001
- Volunteer Tutor St. Mary's University, Halifax, Nova Scotia 2001-2002

Note: Geoff Newton was a law student and unemployed from August 2003 through Feb 2006.

5. Name: Tom Burns

Business street address: Frederick Ave., Mount Uniacke, NS, B0N 1Z0

Business telephone number: (902) 499-5588

Business fax number: (902\_) 866-3144

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Self Employed – Purchasing and Selling automobiles for Canadian and European markets – 18 years.

Nature of projects during the last five years if not described immediately above.

None

6. Name: Alvin Phillips

Business street address: 18 Tayberry Crt. Halifax,

Business telephone number: (902) 468-3371

Business fax number: (902\_) 468-3301

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Atlas Compliance Inc. – Owner – Provides dangerous goods training  
 Air Canada Training Instructor – dangerous goods  
 Air Canada Retiree 2001 – 29 years of service

Nature of projects during the last five years if not described immediately above

Purchased Atlas Compliance – a dangerous goods training company  
 Assists Neighbourhood Seniors as needed.  
 Volunteer at Golf Course.  
 Has coached junior / senior softball ( not in last 5 years).

7. Name: Hugh Snow

Business street address: 469 Highway 1, Mount Uniacke, NS

Business telephone number: (902) 866-1044

Business fax number: (902\_) 484-6951

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Self Employed:

Consultech Group Ltd.

President 1987 to present

Venture Development Consultants

President 1981 to present

Provides consulting services to Business Development Clients. Assists clients in accessing government funds, creating business plans and management of projects through development stage.

Nature of projects during the last five years if not described immediately above.

None

## **OFFICERS OF THE ISSUER**

36. The officers of the Issuer are:

1. President and Chief Executive Officer (CEO) Clyde Henderson

Business street address: 47 Westlake Ave. Mount Uniacke, NS B0N 1Z0

Business telephone number: (902 ) 866-3191

Business fax number: (902) 866-3191

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Retired Military. Extensive leadership and management skills acquired during military career. Has had the opportunity to play many golf courses and has applied this knowledge in the design of Witch' Ridge.

Owner Witch's Ridge Golf Course, Mount Uniacke  
- manages day to day operations  
Construction & operation Golf Course 2000 - present

Education (degrees, schools and dates):  
Pugwash High School 1966

Also a director of the Issuer  Yes  No

Indicate amount of time to be spent on Issuer's matters if less than full time:  
It is assumed that the position of CEO will consume approximately 3-5 hours per week, on a strictly volunteer basis.

2. Vice-President Administration Alvin Phillips

Business street address: 18 Tayberry Crt., Halifax, NS

Business telephone number: (902) 468 -3371

Business fax number: (902) 468-3301

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Atlas Compliance Inc. – Owner – Provides dangerous goods training  
Air Canada 1972 – 2001  
Duties last five years - Air Canada Training Instructor – dangerous goods  
Air Canada Retiree 2001 – 29 years of service

Education (degrees, schools and dates):

Halifax West High School 1968

Also a director of the Issuer  Yes  No

Indicate amount of time to be spent on Issuer's matters if less than full time:

It is assumed that the position of Vice-President Administration will consume approximately 3-5 hours per week, on a strictly volunteer basis.

3. Secretary Treasurer Elsie Henderson BBA, CA

Business street address: 26 Union Street, Bedford, NS

Business telephone number: (902) 493-5489

Business fax number: (902) 493-5489

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

WBLI Chartered Accountants - Chartered Accountant, Jan 2006 to present  
Eastlink, Accounting Advisor April 2003 – 2006  
Canadian Waste Services (BFI), Controller, Aug 1998 – Jan 2003

Education (degrees, schools and dates):

Bachelor Business Administration Mount Saint Vincent University 1991  
Chartered Accountant, Institute of Chartered Accountants Nova Scotia 1993

Also a director of the Issuer                     Yes                     No

Indicate amount of time to be spent on Issuer's matters if less than full time:  
It is assumed that the position of Secretary Treasurer will consume  
approximately 3-5 hours per week, on a strictly volunteer basis.

## DIRECTORS OF THE ISSUER

37. There are [ 7 ] directors of the Issuer, **six of which must come from the community. Clyde and Elsie Henderson are directors of the Issuer and are directors of the Investee and therefore are not at "arms length". All other directors of the Issuer are at "arms length" of the directors of the Investee.**
38. Information concerning each director of the Issuer, other than those already listed under the heading "Officers of the Issuer" are:

1. Name:            Reginald Dalrymple BSc., B. Pharm.

Business street address: 653 # 1 Highway, Mount Uniacke, NS B0N 1Z0

Business telephone number: (902) 866-3848

Business fax number: (902) 866-0359

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:

Pharmacist – Owner / Operator of Uniacke Pharmacy 1993 - Present

Education (degrees, schools, dates):  
BSc, Pharmacy Dalhousie University 1977

2. Name: Geoff Newton B.A., LL.B.

Business street address: 192 Wyse Road, Dartmouth, NS

Business telephone number: (902) 468-9502

Business fax number: (902\_) 468-9502

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:

Newton & Associates – Barrister of The Supreme Court of Nova Scotia Feb 3, 2006

Beringer Canada – Shipping and receiving – September 2002 to August 2003

Education (degrees, schools, dates):  
Bachelor of Arts Saints Mary's University May 2002  
Bachelor of Laws Dalhousie University May 2005  
Barrister of The Supreme Court of Nova Scotia Feb 3, 2006

Note: Geoff Newton was unemployed from August 2003 through February 2006 while he was a law student.

3. Name: Tom Burns

Business street address: Frederick Ave/, Mount Uniacke, NS, B0N 1Z0

Business telephone number: (902) 499-5588

Business fax number: (902\_) 866-3144

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:

Self Employed – Purchases and selling automobiles for Canadian and European markets 1988 - 2006

Education (degrees, schools, dates):  
Hants West High school 1972

4. Name: Hugh Snow BSc., B. Eng., P. Eng.

Business street address: 469 Highway 1, Mount Uniacke, Nova Scotia

Business telephone number: (902) 866-1044

Business fax number: (902) 484-6951

Names of employers, titles and dates of positions held during the last 5 years with an indication of job responsibilities:

Self employed:

Consultech Group Ltd.  
President 1987 to present

Venture Development Consultants  
President 1981 to present

Assists clients in accessing government funds, creating business plans and provides management service through development stage.

Education (degrees, schools, dates):

BSc Memorial University 1969  
B. Eng. Dalhousie Univ 1971  
P. Eng NS 1973

#### **KEY PERSONNEL OF THE ISSUER**

39. For each key person (i.e. one who is essential to the operations of the Issuer) who is not already named as an officer, director or promoter, please provide the following information:

*The key persons for this company have all been listed as officers and / or directors and are as follows:*

1. Name: Clyde Henderson

Business street address: 47 Westlake Avenue, Mount Uniacke, NS B0N 1Z0

Business telephone number: (902) 866-3191

Business fax number: (902) 866-3191

The Investee Company (Witch's Ridge Golf Course and Driving Range) is owned by Elsie and Clyde Henderson (above) who are also Directors and promoters of the Issuer company. Therefore, Clyde Henderson is connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Retired Military. Owner Witch's Ridge Golf Course, Mount Uniacke. Extensive leadership and management skills acquired during military career. Has had the opportunity to play many golf courses and has applied this knowledge in the design of Witch' Ridge.

Nature of projects during the last five years if not described immediately above:

Construction and operation Golf Course.

Is a charter member for the Uniacke Legion.

Has coached junior / senior softball ( not in last 5 years).

Past member Uniacke Water Ways

2. Name: Elsie Henderson BBA, CA

Business street address: 26 Union Street, Bedford, NS

Business telephone number: (902) 493-5489

Business fax number: (902) 493-5489

The Investee Company ( Witch's Ridge Golf Course and Driving Range) is owned by Elsie (above) and Clyde Henderson who are also Directors and promoters of the Issuer company. Therefore, Elsie Henderson is connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

WBLI Chartered Accountants - Chartered Accountant, Jan 2006

Eastlink, Accounting Advisor April 2003 – 2006

Canadian Waste Services (BFI), Controller, Aug 1998 – Jan 2003

Nature of projects during the last five years if not described immediately above

Employed in various business / management roles over last thirteen years – Public accountant, Controller and advisor positions.

Volunteer work:

Past Treasurer – Arthur Kidston Memorial Camp

Treasurer – Official Board – St John's St. Paul's Pastoral Charge

Various Church Activities

Past Girl Guide leader, Sunday School Teacher (not in last five years)

3. Name: Reginald Dalrymple BSc, B.Pharm.  
Business street address: 653 Highway #1, Mount Uniacke, B0N1Z0  
Business telephone number: (902) 866-3848  
Business fax number: (902) 866-0359

Reginald Dalrymple is not connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Pharmacist - Self Employed - Owner / Operator Uniacke Pharmacy 1993 - Present

Nature of projects during the last five years if not described immediately above

- Chair Person Uniacke Wish Givers 11 years
- Pharmacy of the Year Award for Community Work 2002
- Coach Youth Baseball
- Coach Youth Hockey
- Board Member Parish Council
- 

4. Name: Geoff Newton BA, LLB  
Business street address: 192 Wyse Road, Dartmouth NS  
Business telephone number: (902) 468-9802  
Business fax number: (902) 468-9802

Geoff Newton is not connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Newton & Associates – Barrister of The Supreme Court of Nova Scotia Feb 3, 2006

Beringer Canada – shipping and receiving – September 2002 to August 2003

Nature of projects during the last five years if not described immediately above  
Volunteer:

- Special Olympics – Track 2002 - 2005
- Dartmouth Literacy Network 2000-2003
- St. Leonard's Home – 2001



- Volunteer Tutor St. Mary's University, Halifax, Nova Scotia 2001-2002

Note: Geoff Newton was unemployed from August 2003 through February 2006 while he was a law student.

5. Name: Tom Burns

Business street address: Frederick Ave., Mount Uniacke, NS, B0N 1Z0

Business telephone number: (902) 499-5588

Business fax number: (902\_) 866-3144

Tom Burns is not connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Self Employed – Purchasing and Selling automobiles for Canadian and European markets – 18 years.

Nature of projects during the last five years if not described immediately above.

None

6. Name: Alvin Phillips

Business street address: 18 Tayberry Crt. Halifax,

Business telephone number: (902) 468-3371

Business fax number: (902\_) 468-3301

Alvin Phillips is not connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Atlas Compliance Inc. – Owner – Provides dangerous goods training  
Air Canada Training Instructor – dangerous goods  
Air Canada Retiree 2001 – 29 years of service

Nature of projects during the last five years if not described immediately above

Purchased Atlas Compliance – a dangerous goods training company  
Assists Neighbourhood Seniors as needed.  
Volunteer at Golf Course.  
Has coached junior / senior softball ( not in last 5 years).

7. Name: Hugh Snow  
Business street address: 469 Highway 1, Mount Uniacke, NS  
Business telephone number: (902) 866-1044  
Business fax number: (902\_) 484-6951

Hugh Snow is not connected to the Investee Company.

Names of employers, titles and dates of positions held during the last five years with an indication of job responsibilities:

Self Employed:

Consultech Group Ltd.  
President 1987 to present

Venture Development Consultants  
President 1981 to present

Provides consulting services to Business Development Clients. Assists clients in accessing government funds, creating business plans and management of projects through development stage.

Nature of projects during the last five years if not described immediately above.

None

40. Describe any arrangements to assure that each key person will remain with the Issuer and not compete with the Issuer upon termination of their relationship with the Issuer.

*There are no formal commitments in place to ensure key persons stay with the Issuer, nor are there arrangements to prevent these persons from competing with the Issuer. However, the individuals listed as directors have made personal, oral commitments to the Fund, and each other, to work with this Fund until at least the anniversary of the initial closing. **Verbal agreements may be difficult to enforce.***

41. Have any of the officers, directors or other key personnel ever worked for or managed a company (including a separate subsidiary or division of a larger enterprise) in the same business as the Issuer? [] Yes [ ] No

If yes, please explain including relevant dates:

*Hugh Snow is president for Venture Development Consultants since 1981 and Consultech Group Ltd. since 1986. Through these businesses he assists clients in accessing government funds, creating business plans and providing management services during the development stage.*

42. If the Issuer has never conducted business or is otherwise in the development stage, indicate whether any of the officers or directors or other key personnel has ever managed any other business in the start-up or development stage and describe the circumstances, including relevant dates.

*Clyde Henderson has constructed and is operating Witch's Ridge Golf Course which is essentially still in start up phase. Construction began in 2000 and the course was partially open in 2002 with all nine holes opened in July 2004.*

*Hugh Snow has started and successfully operated consulting companies which has assisted clients in financial services since 1981. Through these companies he assists clients in accessing government funds, in creating business plans and provides management services through the development stage. He has been subcontracted several times by ACOA (Atlantic Canada Opportunities Agency) to provide management assistance to projects they have supported.*

*Reginald Dalrymple has successfully started and operates Uniacke Pharmacy which has been in business since 1993. In 2002 he was awarded Pharmacist of the Year award for his contributions both in Pharmacy and the community.*

43. If any of the Issuer's key personnel are not employees but are consultants or other independent contractors, state the details of their engagement by the Issuer.

*Hugh Snow is self employed. He owns and operates Venture Development Consultants and Consultech Group Ltd. These have been in operation since 1981 and 1986 respectively. Mr. Snow assists clients in accessing government funds, creating business plans and provides management services to companies in the development stage.*

44. If a petition under the *Bankruptcy and Insolvency Act* has been filed against any officer, director, key personnel or Promoter, or a receiver or receiver-manager has been appointed by a court for the business or estate of any such persons, or any partnership in which any of such persons was general partner, or any

corporation or business association of which any such person was an executive officer within the last 5 years, set forth below the name of such persons, and the nature and date of such actions.

None

## PRINCIPAL SECURITY HOLDERS

45. List below the principal security holders of the Issuer, if any. Principal security holders are those who beneficially own directly or indirectly 10% or more of any securities of the Issuer presently outstanding. Start with the largest common shareholder. If a principal security holder is not an individual, please disclose the ownership of the principal security holder by a footnote to the table. If the Issuer has no principal security holder state: "There are no security holders of the Issuer who own directly or indirectly more than 10% of any securities of the Issuer" and do not complete the remainder of this item.

*Currently Clyde Henderson is the sole shareholder of the Issuer. This is temporary until the minimum of 25 investors has been obtained.*

46. Number of shares beneficially owned by officers and directors as a group.

*Currently Clyde Henderson is the sole shareholder of the Issuer, however, this will change once the minimum of 25 investors is acquired.*

**Note: The officers and directors of the Issuer may subscribe for shares during the offering, in which case the number of shares beneficially owned by officers and directors as a group after the offering will increase.**

## MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION

47. If any of the officers, directors, key personnel, Promoters or principal security holders are related by blood or marriage, please describe:

***Clyde Henderson & Elsie Henderson are married to each other and are 100% owners of Witch's Ridge Golf Course.***

48. If the Issuer has made loans to, or received loans from, or is doing business with any of its officers, directors, key personnel, Promoters or principal security holders, or any of their relatives (or any entity controlled directly or indirectly by any such person) within the last two years or is contemplating doing so, explain. (This includes sales or leases of goods, property or services to or from the Issuer, employment contracts, or share, option or other purchase contracts, etc.)

State the principal terms of any significant loans, agreements, leases, financing or other arrangements.

***Clyde and Elsie Henderson have provided a loan to the CEDIF for incorporation costs and other start up costs. Clyde and Elsie Henderson are sellers, promoters and directors of the CEDIF. As well they are married to each other and are 100% owners of Witch's Ridge Golf Course (investee company). The loan is currently \$1,400 for incorporation costs. Any additional administration costs required by the CEDIF will be paid by Clyde and Elsie Henderson through further loan amounts. These loan amounts will be repaid from the initial \$100,000 raised by the CEDIF and are shown as incorporation and administration costs under "Use of Proceeds" # 27.***

49. Give details of any payments to officers, directors, key personnel and Promoters of the Issuer, including salary, bonuses, director's fees, honoraria and reimbursement of expenses.

*Officers and directors are to be reimbursed their actual and direct expenses incurred in conducting approved Fund business.*

50. If any employment agreements with officers, directors, key personnel or Promoters exist or are contemplated, please describe:

*No employment agreements with officers, directors, key personnel or Promoters exist, nor are any contemplated.*

51. Give details of all business or personal interests that the officers, directors, key personnel, Promoters or principal security holders of the Issuer may have which could conflict with the interests of the Issuer even if it is described in answers to other questions.

***Clyde and Elsie Henderson are owners of Witch's Ridge Golf Course (investee company) in which the funds raised from the first offering will be invested. As owners of the investee company, their goals may appear to be in conflict with the investor should they decide it is more beneficial to reinvest any excess funds from operations into the golf course rather than pay dividends to investors in any given year.***

## LITIGATION

52. Describe any past, current, pending or threatened litigation or administrative action which has had or may have a material effect upon the Issuer's business, financial condition or operations. State the name of the court or tribunal, the names of the principal parties, the date any proceedings were started, the nature and current status of the proceedings and amounts involved.

Include any litigation or action involving the Issuer's Promoters, officers, directors or other key personnel which relates to or has or could affect the Issuer. Give an evaluation by management or counsel, to the extent feasible, of the merits of the proceedings or litigation and the potential impact on the Issuer's business, financial condition or operations.

[If there is no such litigation or action to disclose state: "The Issuer and its Promoters, officers, directors and key personnel are not currently and have not been subject to any litigation or administrative or criminal action which is or has been material to the Issuer. Nor is the Issuer or its Promoters, officers, directors or key personnel aware that any such litigation or action is pending or threatened."]

*The Issuer and its Promoters, officers, directors and key personnel are not currently and have not been subject to any litigation or administrative or criminal action which is or has been material to the Issuer. Nor is the Issuer or its Promoters, officers, directors or key personnel aware that any such litigation or action is pending or threatened.*

## **CANADIAN INCOME TAX ACT CONSIDERATIONS**

53. This commentary is of a general nature only and is not intended to be tax advice to any particular investor. Prospective investors are urged to consult with their own professional advisors regarding the tax consequences applicable to them.

There may be significant income tax consequences to individuals who are residents of Canada under the *Income Tax Act* and the *Equity Tax Credit Act*.

The following is applicable to any individual (a "Subscriber") who subscribes for and is issued shares of the Issuer pursuant to the Offering and who is:

- i) an individual over 19 years of age.
- ii) resident in Canada for purposes of the Income Tax Act (Canada); and
- iii) resident in Nova Scotia for purposes of the Equity Tax Credit Act (Nova Scotia).

Subject to the assumptions set out in the paragraph above, a Subscriber will be entitled to a credit against the Subscriber's Nova Scotia provincial income taxes payable pursuant to the Equity Tax Credit Act. The amount of the credit is equal to 30% of the amount paid for the Shares, provided that each individual is limited to a maximum credit in any year of \$15,000. Shares subscribed and paid for in the first 60 days of any

calendar year will be entitled to a credit in either that year or the immediately prior year. If the credit exceeds the Nova Scotia income tax otherwise payable in that year by the Subscriber, the credit may be carried forward 7 years and back 3 years and applied against Nova Scotia taxes otherwise payable in any of those years by the Subscriber.

These statements are subject to the following assumptions:

- i) The certificate of registration issued to the Issuer under the Equity Tax Credit Act is not revoked by the Minister of Finance prior to the issue of shares under this Offering;
- ii) The Issuer applies for a tax credit certificate after the Offering within the time limits established under the Equity Tax Credit Act;
- iii) The Minister of Finance concludes that the Issuer and its directors, officers and shareholders are conducting the Issuer's business and affairs in a manner that is in accordance with the spirit and intent of the Equity Tax Credit Act;
- iv) The Minister of Finance concludes that the Issuer and the Subscribers are complying with Equity Tax Credit Act;
- v) The Minister of Finance does not form the opinion that the shares are issued as part of a transaction or event or series of transactions or events the main purpose of which is to claim the tax credit pursuant to the Act.

Except as set out herein, if a Subscriber fails to hold the Shares for 4 years after their issue, then all Credits earned in relation to the subscription for such Shares must be repaid. The requirements to repay the Credits does not apply in cases where the Subscriber has died, or in cases where the Subscriber transfers the shares to a trustee under a registered retirement savings plan.

There may be significant income tax consequences to individuals who are residents of Canada under the Income Tax and the Equity Tax Credit Act.

#### **Transfer of Shares to an RRSP:**

Provided that the registration of the Issuer is not revoked under the Equity Tax Credit Act, the Shares will be qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans. The transfer of shares to an RRSP will normally be done at the adjusted carrying value of the securities. This may result in a taxable capital gain or a non-deductible loss. Individuals who plan to purchase shares outside their RRSP, but transfer them later to their self-directed plan should consider the possible tax consequences of such transactions prior to finalizing any agreement.

**Taxation of Dividends or Income Received by Security Holders on the Shares:**

Shareholders who hold shares within their RRSP need not be concerned with the manner in which the Fund distributes earnings. However, for individuals who purchase shares outside of the RRSP, consideration must be given to the tax implications of dividends versus interest income versus capital gains. Dividends received or deemed to be received on the Shares will be included in computing the Subscriber's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

**Treatment of Capital Gains or Losses Realized by Security Holders on Disposition:**

Persons holding shares within their RRSP need not concern themselves with the form returns are paid. For individuals who choose to hold these shares outside of their registered holdings, 50% of any capital gain (the "taxable capital gain") realized on a sale or other disposition of the Shares will be included in the Subscriber's income for the year of disposition. 50% of any capital loss so realized (the "allowable capital loss") may be deducted by the holder against taxable capital gains for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the Subscriber for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years.

**Applicability of Alternative Minimum Tax to Security Holders:**

Investors are advised to seek professional advice from a qualified individual should they be in a position which may expose them to alternative minimum tax treatment. Capital gains realized by the Subscriber may give rise to alternative minimum tax under the Income Tax Act (Canada).

**Deductibility of Interest Expense on Money Borrowed to Purchase Shares:**

Interest incurred to earn income on investments held outside of ones RRSP is deductible against the income earned thereon; interest incurred on loans to purchase RRSP assets is not deductible.

**Availability of Tax Credits:**

Purchase of eligible shares entitles the investor to a provincial tax credit in the amount of 30% of the funds invested.

**Availability of Province of Nova Scotia guarantee under Section 13A of the Equity Tax Credit Act:**



The guarantee will apply to all areas of the Province with the exception of the former municipal units of Halifax, Dartmouth, Bedford and Sackville.

**Repayment of Tax Credits:**

The shares purchased under this program must be held by the purchaser for a period of not less than 4 years. If they are not held for this period the individual will have to repay the tax credits previously claimed.

[No professional advisors were involved in the preparation of the answer to item 53.]

**MATERIAL CONTRACTS**

54. Give particulars of every material contract entered into by the Issuer or, if applicable, any of its significant subsidiaries within two years prior to the date of the offering document. If a material contract is of a confidential nature, provide a summary of it. (Verbal Contracts may be difficult to enforce.)

*The executed contract between the CEDIF and the Investee contains the investment details as presented in The Use of Proceeds on page 19. In addition a written agreement exists with Mr. Michael Maddelena of Burchell MacDougall that his firm act as the trustee for the issue of shares under this offering by the Board of Directors. These contracts are available for review at Witch's Ridge Golf Course and Driving Range, 83 Alder Lane, Mount Uniacke, Nova Scotia and are incorporated by reference into this document.*

**FINANCIAL STATEMENTS**

55. The Unaudited Opening Balance Sheet for The Mount Business Investments Inc. as at January 9, 2006, the November 30, 2005 Unaudited annual financial statements for Mill Run Developments Ltd. and the Unaudited June 30, 2006 interim financial statements of Mill Run Developments Ltd. are incorporated into this offering document as appendices A and B respectively.

**CONTINUOUS REPORTING OBLIGATIONS**

56. The Issuer will file with the Nova Scotia Securities Commission and send to Security holders annual financial statements and such interim financial statements as required by the *Community Economic-Development Corporations Regulations*.

**RESTRICTIONS ON RESALE OF SECURITIES**

57. Under the provisions of the *Equity Tax Credit Act*, a person who disposes of a share in respect of which a tax credit has been allowed within four years from the

date of purchase is liable to repay the Minister of Finance an amount equal to the tax credits received in respect of the share purchased, including interest thereon where interest is prescribed by the regulations made pursuant to that Act, or a lesser amount that is determined pursuant to the regulations to that Act.

Under the terms of the *Community Economic-Development Corporations Regulations*, trades by a Security holder of Shares of the Issuer purchased under this Offering will be restricted and, pursuant to subsection 80(5) of the Act, each first trade and each subsequent trade will be a distribution unless such trade is made in accordance with subsection 77(5) of the Act as if the Shares were acquired under clause 77(1)(p) of the Act unless the trade is made:

- i to the Issuer;
- ii to a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse or to the spouse of the Security holder;
- iii from a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse to the Security holder;
- iv to a purchaser who owns shares of the Issuer and who is advised in writing by or on behalf of the vendor prior to entering into an agreement of purchase and sale that the purchaser shall not accrue any advantage under the *Equity Tax Credit Act* as a result of such purchase; or
- v to a purchaser who purchases pursuant to a trade made in compliance with the Act and any applicable Securities Rules.

**Caution:** The Shares are not listed on a stock exchange. There is no organized market through which these Shares may be sold. Therefore, investors may find it difficult or even impossible to sell their Shares.

## RIGHTS OF ACTION

58. (1) Where
- (a) an offering memorandum sent or delivered to a purchaser, together with any amendment to the offering memorandum; or
  - (b) advertising or sales literature as defined by subsection (2) of Section 56, contains a misrepresentation, a purchaser who purchases a security referred to in it is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase, and
  - (c) has a right of action for damages against
    - (i) the seller,
    - (ii) every director of the seller at the date of the offering memorandum, and

(iii) every person who signed the offering memorandum; or  
(d) may elect to exercise a right of rescission against the seller, in which case the purchaser has no right of action for damages against any person or company under clause (c).

(2) No person or company is liable under subsection (1) if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

(3) No person or company is liable under subsection (1) if the person or company proves that

(a) the offering memorandum or the amendment to the offering memorandum 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 the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, or amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or amendment to the offering memorandum, 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 amendment to the offering memorandum 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

(iii) there had been a misrepresentation, or

(iv) the relevant part of the offering memorandum or amendment to the offering memorandum

(A) did not fairly represent the report, opinion or statement of the expert, or

(B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

(4) No person or company is liable under subsection (1) with respect to any part of an offering memorandum or amendment to the offering memorandum 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

(c) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

(d) believed that there had been a misrepresentation.

(5) Subsections (3) and (4) do not apply to the seller if the seller is also the issuer.

(6) In an action for damages under clause (c) of subsection (1), the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

(7) The liability of all persons or companies referred to in clause (c) of subsection (1) is joint and several with respect to the same cause of action.

(8) 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 under this Section 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.

(9) The amount recoverable by a plaintiff under this Section may not exceed the price at which the securities were offered under the offering memorandum or amendment to the offering memorandum.

(10) The right of action for rescission or damages conferred by this Section is in addition to and not in derogation from any other right the purchaser may have.

(11) If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, an offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or amendment to the offering memorandum.

(12) For the purpose of subsection (1), advertising or sales literature is deemed not to contain a misrepresentation unless the advertising or sales literature

(a) contains an untrue statement of material fact; or

(b) omits to state a material fact that is necessary to prevent a statement contained in the advertising or sales literature from being misleading in light of the circumstances in which the statement was made.

(13) In this Section, for greater certainty, "seller" includes the issuer where the securities are distributed by the issuer.

59. No action shall be commenced to enforce the rights described in item 58 above more than 120 days after the date on which payment was made for the Shares or after the date on which the initial payment for the Shares was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

60. The rights described in item 58 above are in addition to and without derogation from any other right or remedy which a Security holder might have at law.

**CERTIFICATE**

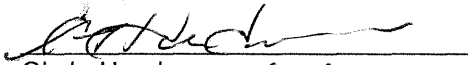
61. This offering document, which has been prepared as prescribed by Form 1 of the *Community Economic-Development Corporations Regulations*, does not:

contain an untrue statement of material fact;  
omit to state a material fact required by Form 1, or  
omit to state a material fact necessary to make a statement in this offering document not misleading.

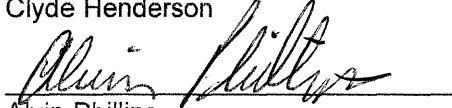
DATED AT Mount Uniacke, this 8<sup>th</sup> day of September 2006 (YY).

Signature

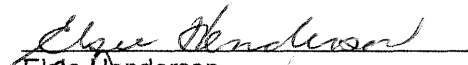
Position

  
Clyde Henderson

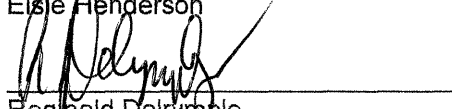
President / Director / Promoter

  
Alvin Phillips

Vice President/ Director / Promoter

  
Elsie Henderson

Secretary/ Treasurer / Director/ Promoter

  
Reginald Dairymple


Promoter

  
Tom Burns

Promoter

  
Geoff Newton

Promoter

  
Hugh Snow

Promoter

[This certificate must be signed: by the chief executive officer and chief financial officer; on behalf of the board of directors by any 2 directors of the issuer, other than the foregoing, duly authorized to sign; and by all promoters of the issuer.]



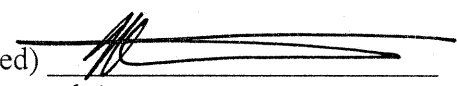
### ACCOUNTANT'S CONSENT

I have read the Simplified Offering Document of The Mount Business Investments Inc. dated September 8, 2006 related to the issue and sale of newly-issued voting common shares (that are non-redeemable, non-convertible, and not restricted in profit sharing or participation on dissolution) of the Company. I have complied with Canadian Generally accepted standards for an accountant's involvement with offering documents.

I consent to the use in the above-mentioned Offering Document of my Review Engagement Report to the directors of The Mount Business Investments Inc. on the Unaudited Opening Balance Sheet of the Company as at January 9, 2006. My report is dated August 9, 2006.

City Dartmouth, NS

Date Sept 11, 2006

(Signed) 

Chartered Accountant

THE MOUNT BUSINESS INVESTMENTS INC.  
FINANCIAL STATEMENTS  
JANUARY 9, 2006

(UNAUDITED)



THE MOUNT BUSINESS INVESTMENTS INC.  
FINANCIAL STATEMENTS  
JANUARY 9, 2006

CONTENTS

Page

1. Contents
2. Review Engagement Report
2. Opening Balance Sheet
4. Notes to Financial Statements

(UNAUDITED)

# **WILLIAM FOSTER**

CHARTERED ACCOUNTANT

---

10 AKERLEY BLVD., SUITE 9, BURNSIDE INDUSTRIAL PARK, DARTMOUTH, NS B3B 1J4

PHONE (902) 468-1200

FAX (902) 468-1201

## REVIEW ENGAGEMENT REPORT

To: the Directors

I have reviewed the opening balance sheet of The Mount Business Investments Inc. as at January 9, 2006. My review was made in accordance with Canadian generally accepted standards of review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that this opening balance sheet is not, in all material respects, in accordance with Canadian generally accepted accounting principles.



Dartmouth, NS  
August 09, 2006

William Foster  
Chartered Accountant

THE MOUNT BUSINESS INVESTMENTS INC.

OPENING BALANCE SHEET

3

JANUARY 9, 2006

ASSETS

Incorporation costs \$ 1,500

LIABILITIES

Due to director \$ 1,400

SHAREHOLDER'S EQUITY

Share capital issued

Authorized: 10,000 common shares, par value \$100 each


Issued and fully paid: 1 common share

100

\$ 1,500

ON BEHALF OF THE BOARD

 DIRECTOR

 DIRECTOR

(UNAUDITED)

THE MOUNT BUSINESS INVESTMENTS INC.  
NOTES TO OPENING BALANCE SHEET  
YEAR ENDED JANUARY 9, 2006

4

1. Nature of Business and Significant Accounting Policies

The company was incorporated on January 9, 2006 to operate in the business of making investments.

(UNAUDITED)



### ACCOUNTANT'S CONSENT

I have read the Simplified Offering Document of The Mount Business Investments Inc. dated September 8, 2006 relating to the issue and sale of newly-issued voting common shares (that are non-redeemable, non-convertible, and not restricted in profit sharing or participation on dissolution) of the Company. I have complied with Canadian generally accepted standards for an accountant's involvement with offering documents.

I consent to the use in the above-mentioned Simplified Offering Document of my Review Engagement Report to the shareholders of Mill Run Developments Limited on the unaudited balance sheets of the company at November 30, 2004 and 2005, and the unaudited statements of income and deficit, and cash flows for each of the two year periods ended November 30, 2005. My report is dated August 9, 2006.

City Dartmouth, N.S.

Date Sept 11, 2006

(Signed)   
Chartered Accountant

MILL RUN DEVELOPMENTS LIMITED  
FINANCIAL STATEMENTS  
NOVEMBER 30, 2005

(UNAUDITED)

MILL RUN DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

1

NOVEMBER 30, 2005

CONTENTS

Page

1. Contents
2. Review Engagement Report
3. Balance Sheet
4. Statement of Income and Deficit
5. Statement of Cash Flow
6. Notes to Financial Statements

(UNAUDITED)



# **WILLIAM FOSTER**

CHARTERED ACCOUNTANT

---

10 AKERLEY BLVD., SUITE 9, BURNSIDE INDUSTRIAL PARK, DARTMOUTH, NS B3B 1J4  
PHONE (902) 468-1200  
FAX (902) 468-1201

## REVIEW ENGAGEMENT REPORT

2

To The Shareholders of  
Mill Run Developments Limited

I have reviewed the balance sheet of Mill Run Developments Limited as at November 30, 2005, and the statements of income and deficit the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.



Dartmouth, NS  
August 09, 2006

William Foster  
Chartered Accountant

## MILL RUN DEVELOPMENTS LIMITED

## BALANCE SHEET

3

NOVEMBER 30, 2005

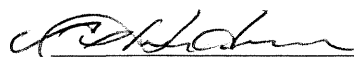
ASSETS		
	2005	2004
Current		
Cash	\$ 394	\$ 110
Inventory – land for sale		6,000
Prepaid expense	<u>1,093</u>	<u>3,201</u>
	1,487	9,311
Property and equipment (Note 3)	584,361	637,908
Deferred charges (Note 4)	<u>112,366</u>	<u>174,309</u>
	<u>\$ 698,214</u>	<u>\$ 821,528</u>

LIABILITIES		
Current		
Accounts payable, accrued liabilities	\$ 21,145	\$ 15,945
HST payable	3,391	10,435
Long-term loan due within one year	25,709	72,794
Deferred revenue	<u>          </u>	<u>1,914</u>
	50,245	101,088
Long-term loans (Note 1 & 5)	572,504	535,463
Due to shareholder (Note 6)	387,671	360,137
Deferred revenue	<u>10,000</u>	<u>15,000</u>
	1,020,420	1,011,688

## SHARE CAPITAL AND DEFICIT

Share capital		
Authorized: 100,000 common shares, no par value		
Issued and fully paid: 100 common shares	1	1
Deficit	<u>( 322,207)</u>	<u>( 190,161)</u>
	<u>\$ 698,214</u>	<u>\$ 821,528</u>

ON BEHALF OF THE BOARD

 Director

 Director

(UNAUDITED)

MILL RUN DEVELOPMENTS LIMITED  
STATEMENT OF INCOME AND DEFICIT  
YEAR ENDED NOVEMBER 30, 2005

4

	2005	2004
Revenue	<u>\$ 77,888</u>	<u>\$ 32,456</u>
Expenses		
Wages, benefits	24,201	23,853
Advertising, promotion	1,170	1,480
Canteen purchases	7,653	1,122
Dues, fees	1,502	504
Grounds keeping	2,316	287
Insurance	4,530	3,961
Insurance – life	3,178	3,245
Interest, service charges	1,858	2,361
Municipal taxes	3,777	3,789
Office, miscellaneous	1,621	931
Power	667	92
Professional fees	11,691	7,047
Repairs, maintenance	8,721	4,703
Supplies	7,055	3,068
Telephone	897	1,432
Travel, meals		293
Vehicle operations	<u>2,456</u>	<u>822</u>
	<u>83,293</u>	<u>58,990</u>
Loss before interest, amortization and other income	<u>( 5,405)</u>	<u>( 26,534)</u>
Less: Interest on long term-debt	56,408	26,597
Amortization (Note 8)	<u>114,033</u>	<u>60,180</u>
	<u>170,441</u>	<u>86,777</u>
Loss before other income	( 175,846)	( 113,311)
Other income (Note 7)	<u>43,800</u>	<u>44,264</u>
LOSS FOR THE YEAR	( 132,046)	( 69,047)
Deficit, beginning of year	<u>( 190,161)</u>	<u>( 21,114)</u>
Deficit, end of period	<u><u>\$(322,207)</u></u>	<u><u>\$(190,161)</u></u>

(UNAUDITED)

## MILL RUN DEVELOPMENTS LIMITED

## STATEMENT OF CASH FLOW

5

NOVEMBER 30, 2005

	2005	2004
Cash Flow from Operating Activities:		
Net income (loss)	\$ ( 132,046)	\$ ( 69,047)
Items not affecting cash:		
Amortization	114,033	60,180
Gain on disposal	<u>                    </u>	<u>( 6,864)</u>
	( 18,013)	( 15,731)
Net changes in non-cash working capital		
HST receivable		4,933
Inventory – land for sale	6,000	6,001
Prepaid expenses	2,108	( 3,201)
Accounts payable, accrued liabilities	5,200	( 47,559)
HST payable	( 7,044)	10,435
Deferred revenue	<u>( 6,914)</u>	<u>16,914</u>
	<u>( 18,663)</u>	<u>( 28,208)</u>
Cash Flow from Investing Activities:		
Property and equipment – additions	( 667)	( 19,329)
– disposals		20,759
Deferred charges	<u>2,124</u>	<u>( 26,248)</u>
	<u>1,457</u>	<u>( 24,818)</u>
Cash Flow from Financing Activities:		
Long-term debt – proceeds	46,000	95,000
– payments	( 56,044)	( 64,543)
Due to shareholders	<u>27,534</u>	<u>22,625</u>
	<u>17,490</u>	<u>53,082</u>
INCREASE (DECREASE) IN CASH	284	56
CASH, beginning of period	<u>110</u>	<u>54</u>
CASH, end of period	<u>\$ 394</u>	<u>\$ 110</u>

(UNAUDITED)

MILL RUN DEVELOPMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS

6

NOVEMBER 30, 2005

1. Future Operations, Economic Dependence

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles that apply to a going concern. This presupposes that the company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations.

Unfavorable conditions and events have left doubt as to the appropriateness of this assumption. As indicated in Note 5, the company is in default of its BDC loan agreement in regards to the Long Term Debt to Equity Ratio and has had to restructure its debt to meet its obligations. The ability of the company to continue is dependant upon the continued support of its lenders, continued increased revenues in order to meet its future debt interest and principal obligations, and the ability to raise additional capital. Management is currently trying to raise additional capital in order to groom and expand existing fairways and complete other areas of its operations to attract more players.

2. Nature of Operations and Significant Accounting Policies

The company was incorporated on April 12, 2000 for the purpose of developing and operating Witch's Ridge Golf Course and Driving Range at Mount Uniacke, Nova Scotia.

The company opened three holes of the golf course and the driving range in early 2003 at significantly reduced initial fees. On July 2004, the company officially opened and ended the development stage of operations.

Deferred charges consist of operating expenses incurred during the development phase. Such expenses are recorded at cost to be amortized at annual rates (indicated in Note 4) on a declining balance basis over the initial years of golf course operations.

Real estate is recorded at cost plus development costs, including any carrying costs such as interest, property taxes and legal fees incurred during development to establish the golf course and to make saleable lots available for sale. Costs related to a lot are written off once the lot is sold.

Inventory is recorded at the lower of cost and the estimated net realizable value. The end of year carrying value of inventory is nil. However, there are three unsold lots in inventory which currently are not listed for sale.

Property and equipment are recorded at cost. Amortization is provided at the rates (indicated in Note 3), established to write off the cost on a declining balance basis over the estimated useful life.

(UNAUDITED)

## MILL RUN DEVELOPMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS

7

NOVEMBER 30, 2005

3. Property and Equipment	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land - Original cost	\$ 85,000		\$ 85,000	\$ 85,000
Fairways and Greens (8%)	342,205	\$ 32,185	310,020	337,395
Building (5%)	55,131	2,742	52,389	54,531
Road (8%)	65,286	5,223	60,063	65,286
Equipment (20%)	148,542	75,698	72,844	90,491
Vehicles (30%)	<u>21,700</u>	<u>17,655</u>	<u>4,045</u>	<u>5,205</u>
	<u>\$ 717,864</u>	<u>\$ 133,503</u>	<u>\$ 584,361</u>	<u>\$ 637,908</u>
4. Deferred Charges	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Driving range balls (50%)	\$ 9,646	\$ 7,436	\$ 2,210	\$ 4,421
Pre-opening expenses (33%)	185,545	78,975	106,570	159,775
Subdivision costs	7,045	4,403	2,642	9,169
Incorporation costs	<u>944</u>		<u>944</u>	<u>944</u>
	<u>\$ 203,180</u>	<u>\$ 90,814</u>	<u>\$ 112,366</u>	<u>\$ 174,309</u>
5. Long-Term Debt	2005			2004
	Current	Long-Term	Total	Total
BDC #1		\$ 506,874	\$ 506,874	\$ 506,874
BDC #2	\$ 21,544		21,544	27,294
CBDC #1	4,165	19,651	23,816	74,089
CBDC #2		<u>45,979</u>	<u>45,979</u>	
	<u>\$ 25,709</u>	<u>\$ 572,504</u>	<u>\$ 598,213</u>	<u>\$ 608,257</u>

The first Business Development Corporation (BDC) loan was for \$527,800 and commencing June 23, 2002 was to be paid in monthly blended payments of \$9,100 including interest at the daily floating rate plus 2%. However the principal payments have been postponed until June 23, 2007. Payments are to be made in the months of June through October with the final payment on November 23, 2017. The loan is secured by a first mortgage on land and buildings of the golf course, a first mortgage of land sub-divided for sale, assignment of shareholder loans of \$125,000, and first assignment of a \$550,000 life insurance policy.

(UNAUDITED)

## MILL RUN DEVELOPMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS

8

NOVEMBER 30, 2005

## 5. Long Term Debt (continued)

The second BDC loan was for \$50,000 and was to be paid in one balloon payment on November 30, 2003. Payments of \$22,706 and \$5,750 were made in 2004 and 2005. The balance of the loan is to be paid in 5 payments of \$4,309 starting June 30, 2006. Interest is at the daily floating rate plus 3% and is paid monthly during the term of the loan. The loan is secured with the same security as BDC loan number one, as well as a general security agreement from Mill Run Developments Limited.

BDC considers its agreement to be "in breach" of an underlying condition relating to the Long Term Debt to Equity Ratio. While this constitutes a default under the loan agreement, BDC does not consider it "sufficient to warrant any action" by it to enforce the security.

The first Kings-Hants Business Development Centre Ltd. (CBDC) loan was for \$95,000 and will be paid in monthly blended payments of \$673 including interest. The loan is secured by the inventory of lots for sale.

The second CDBC loan was for \$46,000 on February 28, 2005 and will be paid in monthly payments of \$307.

## 6. Shareholder Loans

Shareholder loans are interest bearing at prime plus 1% per annum. Currently the shareholders have waived the interest.

## 7. Other Income

	2005	2004
Inventory, lot sales	\$ 53,800	\$ 47,400
Cost of lot sales	( 10,000)	( 10,000)
Gain on disposal of assets	<u>                    </u>	<u>6,864</u>
	<u>\$ 43,800</u>	<u>\$ 44,264</u>

## 8. Amortization

	2005	2004
Property and equipment	\$ 54,214	\$ 29,989
Deferred charges	<u>59,819</u>	<u>30,191</u>
	<u>\$114,033</u>	<u>\$ 60,180</u>

(UNAUDITED)





**MILL RUN DEVELOPMENTS LIMITED**

**OPERATING AS**

**WITCH'S RIDGE GOLF COURSE AND DRIVING RANGE**

**INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2006**

**MILL RUN DEVELOPMENTS LIMITED**  
 Operating as  
**WITCH'S RIDGE GOLF COURSE & DRIVING RANGE**  
**INTERIM BALANCE SHEET**  
**JUNE 30, 2006**

**CURRENT ASSETS**

Cash		3,660
Prepays	\$	3,035

<b>TOTAL CURRENT ASSETS</b>		<u>\$ 6,695</u>
-----------------------------	--	-----------------

Capital assets (net of amortization)		556,600
Deferred charges (net of amortization)		<u>90,517</u>

<b>TOTAL ASSETS</b>		<u>\$ 653,812</u>
---------------------	--	-------------------

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Current portion long term debt	\$	25,709
Accounts Payable & accrued liabilities		21,471
HST payable		5,045

<b>TOTAL CURRENT LIABILITIES</b>		<u>\$ 52,225</u>
----------------------------------	--	------------------

Long Term Debt		572,504
Due to shareholders		411,324
Deferred revenue		10,000

<b>TOTAL LIABILITIES</b>		<u>\$ 1,046,053</u>
--------------------------	--	---------------------

**SHAREHOLDERS' EQUITY**

Common Stock		1
Retained earnings	\$	<u>(392,242)</u>

<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<u>\$ 653,812</u>
---	--	-------------------

*[Handwritten Signature]*  
 Alan Davidson

**MILL RUN DEVELOPMENTS LIMITED**  
**Operating as**  
**WITCH'S RIDGE GOLF COURSE & DRIVING RANGE**  
**INTERIM STATEMENT OF INCOME & RETAINED EARNINGS**  
**JUNE 30, 2006**

<b>REVENUE</b>	<u>\$ 36,900</u>
<b>EXPENSES</b>	
Wages & benefits	5,420
Advertising, promotion	173
Canteen purchases	2,092
Dues, fees	1,899
Grounds keeping	3,373
Insurance	1,519
Insurance - life	2,197
Interest, service charges	1,067
Municipal taxes	1,695
Office, miscellaneous	1,025
Power	144
Repairs, maintenance	1,128
Supplies	1,448
Telephone	663
Vehicle operations	660
	<u>24,503</u>
<b>Income (Loss) before interest and amortization</b>	<b>\$ 12,397</b>
Amortization	(49,588)
Interest, long term debt	<u>(32,844)</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$ (70,035)</u></b>
RETAINED EARNINGS BEGINNING	\$ (322,207)
NET INCOME	<u>(70,035)</u>
RETAINED EARNINGS ENDING	<u>\$ (392,242)</u>