

CONFIDENTIAL OFFERING MEMORANDUM

This Offering Memorandum constitutes an offering of these Units only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the Units offered. No prospectus has been filed with any such authority in connection with the securities offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby, and is not to be construed as a prospectus or a public offering of the Units.

Continuous Offering

May 5, 2015

LIONGUARD OPPORTUNITIES FUND LP

LIMITED PARTNERSHIP UNITS

Units of LionGuard Opportunities Fund LP (the “**Partnership**”), a limited partnership established under the laws of the Province of Quebec, are being offered on a private placement basis pursuant to exemptions from the prospectus requirements of applicable securities legislation. The Partnership’s investment objective is to generate attractive total returns through investments in mainly small and medium capitalization companies.

The Partnership was formed on June 20, 2014. LionGuard Opportunities GP Inc. (the “**General Partner**”) is the general partner of the Partnership. LionGuard Capital Management Inc. (the “**Manager**”) is the manager of the Partnership and an affiliate of the General Partner. The Partnership is a related issuer of the Manager. The Manager will earn fees from the Partnership and the General Partner will share in the profits of the Partnership. See **Schedule “D”- Conflicts of Interest**.

Purchasers of interests in the Partnership, in the form of limited partnership units (the “**Units**”), become limited partners of the Partnership and will be bound by the terms of the limited partnership agreement governing the Partnership (the “**Limited Partnership Agreement**”).

An unlimited number of Units are being offered on a continuous basis to an unlimited number of subscribers who are (a) investors who are “accredited investors” under applicable securities law, (b) investors (other than individuals) that invest a minimum of \$150,000 in the Partnership, and (c) investors to whom Units may otherwise be sold without a prospectus. For “accredited investors” and others who are eligible to acquire Units under a prospectus exemption without a specified minimum investment, the minimum initial investment is set at the Manager’s discretion and is generally \$50,000. Currently, Class A Units, Class F Units, Class I Units and Class S Units are being offered for sale, however it is expected that the Manager may create and offer additional classes of Units from time to time.

SUBSCRIPTION PRICE NET ASSET VALUE PER UNIT

There are risks associated with an investment in the Partnership. See “Risk Factors”. **Subscribers are urged to read the Limited Partnership Agreement delivered with this Offering Memorandum for a full description of their rights.**

Purchases of Units of the Partnership can be made on the last business day of each month (each, a “**Valuation Date**”) by forwarding a fully completed Subscription Agreement to the Manager either directly or through one’s own dealer prior to 4:00 p.m. on the designated Valuation Date (subscriptions received after that time will be

processed as at the next Valuation Date). All subscriptions for Units of the Partnership are subject to acceptance or rejection by the Manager.

At the first subscription of Units of each class, such Units will be issued at a subscription price of \$100.00 per Unit. Thereafter, Units will be issued at the Net Asset Value per Unit of the relevant class as at the relevant Valuation Date. If a subscription is accepted, Units will be deemed to be issued as at the business day immediately following the relevant Valuation Date.

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Partnership and need not be refunded to the subscriber. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

There is no market through which the Units may be sold and none is expected to develop. The Units are subject to resale restrictions under the Limited Partnership Agreement and applicable securities legislation. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation.

Units may be redeemed as at the last business day of a month, (each a “**Redemption Date**”) provided that the Manager receives a written request for such redemption at least 10 business days prior to the proposed Redemption Date. **The Manager intends to fulfill redemption requests in full but, under certain circumstances, the Manager reserves the right to suspend the right to tender Units of the Partnership for redemption, to limit the number of Units that may be redeemed on a Redemption Date and/or to postpone the date of payment upon redemption.**

DETAILS OF OFFERING

The following disclosure of the details of the offering is not a complete statement of an investor's rights and obligations. Prospective investors are encouraged to read the Limited Partnership Agreement and to consult their own professional advisers as to the tax and legal consequences of investing in the LionGuard Opportunities Fund LP.

The Partnership: LionGuard Opportunities Fund LP (the “**Partnership**”) is a limited partnership established by a limited partnership agreement dated as of June 20, 2014 (the “**Limited Partnership Agreement**”), made pursuant to the *Civil Code of Quebec*.

Investment Objective of the Partnership: The investment objective of the Partnership is to generate attractive total returns through investments in mainly small and medium capitalization companies. See “Investment Strategies of the Manager” below.

The General Partner: LionGuard Opportunities GP Inc. (the “**General Partner**”) is the general partner of the Partnership, was instrumental in the formation of the Partnership and is responsible for monitoring the Partnership's manager in accordance with the terms of the Limited Partnership Agreement. The General Partner has assumed general liability for any net liabilities in the Partnership. The General Partner does not presently carry on any other business operations and currently has no significant assets or financial resources.

The General Partner was incorporated under the *Canada Business Corporations Act* on June 20, 2014. The General Partner is wholly owned by the Manager. The directors and officers of the Manager are the directors and officers of the General Partner.

The Manager: LionGuard Capital Management Inc. (the “**Manager**”), a corporation incorporated under the laws of Canada, is the Partnership's manager, engaged to direct the day-to-day business, operations and affairs of the Partnership under the terms of a management agreement the (“**Management Agreement**”) dated June 20, 2014. In addition to managing the day-to-day business of the Partnership, it is the responsibility of the Manager to make investment decisions on behalf of the Partnership and to effect the trading of the Partnership's portfolio investments, to assist in the marketing of the Partnership, and to act as a distributor of Units not otherwise sold through another registered dealer. The Manager may delegate certain of these duties from time to time. See **Schedule “A” - About the Manager**.

The Manager may engage in activities as an investment fund manager, a portfolio manager and an exempt market dealer (when selling Units of the Partnership). The Manager is entitled to receive fees from the Partnership for acting as manager and will be entitled to reimbursement of certain expenses of the Partnership incurred by it. See “Fund Expenses” below. Furthermore, the Manager will be indemnified by the Partnership for costs, charges and expenses incurred by the Manager in relation to the execution of its duties as Manager except in circumstances where there has been negligence, wilful default or dishonesty on the part of the Manager or to the extent that the Manager may have failed to fulfil its duties and obligations under the Management Agreement.

The Management Agreement may be terminated by either the General Partner or the Manager on 30 days' notice to the other, or immediately in the event of the dissolution or insolvency or bankruptcy of the other party or the termination of the Limited Partnership Agreement.

Investment Strategies of the Manager:

Mainly long and short equity positions in North American listed small and medium capitalization companies

In order to achieve investment objectives of the Partnership, the Manager aims to manage an investment portfolio of mainly long and short equity positions. The Partnership is free to pursue equity investments across all market capitalizations yet it expects to focus predominantly on small and medium capitalization North American companies.

Long strategy

The Manager intends to conduct fundamental research and analysis on target companies and seeks to invest in those with the best risk-adjusted return potential and opportunities for unlocking value over time. The Manager intends to mainly invest in businesses that are expected to generate high returns on equity and that are run by capable management teams. Target companies will typically have attractive business models and experience positive business dynamics.

Short strategy

The Manager intends to mainly take short positions in companies that have a mix of deteriorating fundamentals, a history of poor allocation of capital and/or other value destructing activities. Short candidates will mainly be selected using internally build proprietary quantitative shorting system, followed by fundamental review of selected companies. In addition to short equity positions, the Manager may take short positions in any broadly diversified instrument.

Limit on number of equity positions

The Manager believes that optimal growth of capital is best achieved by investing in opportunities present within one's circle of competence. The Partnership intends to limit its number of long equity positions in order to focus on best available opportunities.

Maximum single investment

The Partnership will typically not place more than 20% of its portfolio, measured at cost at the time of acquisition, in any single investment. The Partnership may establish higher positions in any broadly diversified or guaranteed instrument.

Perspective on risk

The Manager views investment risk, for long equity strategy, at the individual security level, as the likelihood of change in that issuer's fundamental characteristics. The Manager intends to invest across different industries and to avoid single disproportionate common risk factor exposures.

Cash or cash equivalents

The Partnership may hold any level of cash or cash equivalents as deemed appropriate given available investment opportunities, prevailing market conditions, as part of an investment strategy, and for any other reason.

Use of Options

The Partnership may purchase and sell options on common stocks, indices and any other investment products, be it for investment, income or hedging purposes as deemed appropriate by the Manager.

Short-term trading opportunities

In addition to typical long and short positions, the Partnership may take advantage of short-term trading opportunities as deemed appropriate by the Manager.

Limits on leverage

The Partnership may utilize leverage but it does not plan to exceed 100% of the Partnership's Net Asset Value at the time of the borrowing. The Partnership may borrow or purchase securities on margin.

Limiting total assets under management

The Partnership is fully committed to protecting its long-term investment performance. As such, the Partnership intends limit the size of the assets under management at the level that provides for optimal investment returns.

Other investments

The Partnership may invest in debt, convertible debt or other non-equity securities in response to market conditions as the Manager deems appropriate from time to time in; however, these investments will be limited to 20% of the Net Asset Value of the Partnership at the time of investment.

Forward-Looking Information:

The disclosure in this Offering Memorandum or in materials deemed to be incorporated into this Offering Memorandum, regarding the investment strategies and intentions of the Partnership may constitute "forward-looking information" for the purpose of applicable securities legislation, as it may contain statements of the Manager's intended course of conduct and future operations of the Partnership. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Risk Factors" for a discussion of other factors that may impact the operations and success of the Partnership.

The Units:

Limited partnership interests in the Partnership are divided into units (the "Units") of different classes. Four classes of Units have been created: **Class A Units**, **Class F Units**, **Class I Units** and **Class S Units**. The Manager is expected to create and issue additional classes of Units from time to time. Purchasers of Units become limited partners ("**Limited Partners**") of the Partnership.

Each Unit of each class participates equally with all other Units of such class with respect to all allocations to Limited Partners holding Units of such class, except to the extent that Units of that class are issued in series, in which case each Unit of each series of that class participates equally with all other Units of

such series with respect to all allocations to Limited Partners holding Units of such series, and each series will participate proportionately with each other series of the same class based on their respective Net Asset Values. The Manager may issue Class I Units in separate series for each purchaser, as necessary to reflect the negotiated fees that apply to each series. All Units of the Partnership will be fully paid and non-assessable when issued.

The Offering:

The offering (the “**Offering**”) hereunder consists of an unlimited number of Class A Units, Class F Units, Class I Units and Class S Units:

Class A Units are available to all investors who meet the investment requirements of the Partnership, and

- are subject to an annual 2.0% Management Fee and a 20% Profit Distribution (with a Hurdle Rate Return of three percent (3%) per annum) (see “Fees Payable to the Manager” and “Profit Distribution” below), and
- third party participating dealers selling Class A Units may receive a 1.0% trailer fee paid out of the Management Fees received by the Manager allocable to Class A Units sold by such dealers, and
- third party participating dealers selling Class A Units may receive a negotiated front-end sales fee of up to 5.0% of Class A Units paid by the purchaser.

Class F Units are available only to investors who purchase and continue to hold Units through a fee-based account with their dealer, and

- are subject to an annual 1.0% Management Fee and a 20% Profit Distribution (with a Hurdle Rate Return of three percent (3%) per annum) (see “Fees Payable to the Manager” and “Profit Distribution” below).

Class I Units are available to institutional investors who also meet the investment requirements of the Partnership, and

- are subject to a negotiable Management Fee and a 20% Profit Distribution (with a Hurdle Rate Return of three percent (3%) per annum) (see “Fees Payable to the Manager” and “Profit Distribution” below).

Class S Units are available to seed investors who also meet the investment requirements of the Partnership, and

- are subject to an annual 1.5% Management Fee and a 20% Profit Distribution (with a Hurdle Rate Return of three percent (3%) per annum) (see “Fees Payable to the Manager” and “Profit Distribution” below).

Additional Classes:

It is expected that additional classes of Units will be created from time to time.

No Minimum Offering:

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Partnership and need not be refunded to the subscriber.

Eligibility for Investment:

Units are not qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for registered retirement savings plans, registered retirement

income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax free savings accounts.

Who Should Invest:

The Partnership is designed to attract investment capital which is surplus to an investor's basic financial requirements. The Partnership is suitable for less conservative investors who plan to invest for the long term.

Eligible Investors:

The offering is restricted to persons who have the capacity and competence to enter into and be bound by the Limited Partnership Agreement. The following persons and entities **may not invest** in this Partnership: a "non-resident", a partnership other than a "Canadian partnership", a "tax shelter", a "tax shelter investment", or any entity an interest in which is a "tax shelter investment", or in which a "tax shelter investment" has an interest, within the meaning of the Tax Act.

By purchasing Units, a Limited Partner represents and warrants that he, she or it is not one of the above and shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of a breach of such representation and warranty. Any Limited Partner who fails to provide evidence satisfactory to the Manager of such status when requested to do so from time to time or whose status changes may be removed as a Limited Partner or deemed to have ceased to be a Limited Partner by the redemption of his or her Units in accordance with the Limited Partnership Agreement.

In addition, any Limited Partner that is or becomes a "financial institution" within the meaning of Section 142.2 of the Tax Act shall disclose such status to the Manager at the time of subscription (or when such status changes) and the Manager may (if the Manager determines that it is in the best interest of the Partnership and the other Limited Partners to do so) restrict the participation of any such Limited Partner or require any such Limited Partner at any time to redeem all or some of such Limited Partner's Units.

*Offering Jurisdictions
and Prospectus
Exemptions:*

Units are being offered to investors resident in Quebec, Ontario, British Columbia and Alberta (the "**Offering Jurisdiction**") pursuant to certain exemptions from prospectus requirements contained in National Instrument 45-106 – Prospectus Exemptions ("**NI 45-106**") or, for Ontario residents, Section 73.3 of the *Securities Act* (Ontario).

Unless a subscriber can establish to the Manager's satisfaction that another exemption is available, this will generally require that the subscriber is investing as principal (and not for or on behalf of any other persons) and is either an "accredited investor" pursuant to NI 45-106 or (for subscribers that are not individuals) is investing a minimum amount of \$150,000 (the "**Minimum Investment Exemption**"). This minimum amount is net of any front end commissions paid by an investor to his or her agent. Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The so-called

“Offering Memorandum Exemption” is not being relied on nor is the Minimum Investment Exemption being relied on in Alberta, and investors do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Offering Memorandum Exemption.

Purchasers will be required to make representations in the Subscription Agreement and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements.

Subscription Process:

Purchases of Units of the Partnership can be made on the last business day of each month, and on such other dates as the Manager may determine, (each, a “**Valuation Date**”) by forwarding a fully completed subscription form and power of attorney form (a “**Subscription Agreement**”) to the Manager either directly or through one’s own dealer prior to 4:00 p.m. on the designated Valuation Date (subscriptions received after that time will be processed as at the next Valuation Date).

All subscriptions for Units of the Partnership are subject to acceptance or rejection by the Manager and the right is reserved to reject any subscription. In the event that a subscription for Units is rejected, all money received with the subscription will be returned to the subscriber without interest or deduction. The Manager may impose additional subscription requirements, or waive any subscription requirements, from time to time.

If a subscription is accepted, Units will be deemed to be issued as at the business day immediately following the relevant Valuation Date.

Subscription Price per Unit:

At the first subscription of Units of each class, such Units will be issued at a subscription price of \$100.00 per Unit. Thereafter, Units will be issued at the Net Asset Value per Unit of the relevant class as at the relevant Valuation Date. See “Computation of Net Asset Value” below.

Minimum Subscription:

For “accredited investors” and others who are eligible to acquire Units under a prospectus exemption without a specified minimum investment, the minimum initial investment is set at Manager discretion and is generally \$50,000. Otherwise, the minimum initial investment is \$150,000.

Limited Partners may make subsequent investments in the Partnership. Each additional investment is set at Manager discretion and is generally \$10,000.

Know-Your-Client and Suitability:

Whether the subscriber for Units is purchasing through his, her or its own dealer or directly from the Manager, the dealer through whom the Units are purchased has an obligation under applicable securities laws to determine suitability of the investment for such purchaser, unless the purchaser is a “permitted client” and either waives such requirement or the dealer is otherwise exempt from such requirement. Subscribers purchasing directly from the Manager will be required to provide certain information in the Subscription Agreement (referred to as know-your-client information) on which the Manager will rely in determining such suitability.

Using Borrowed Money to Purchase Units: The use of leverage may not be suitable for all investors. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If an investor borrows money to purchase Units, the investor's responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the Units purchased declines.

Acquisition Charges: No acquisition charge is payable to the Manager in respect of orders to purchase Units of the Partnership. Investors may pay a negotiated commission to their own dealer, which amount will not form part of the subscription proceeds.

Dealer Compensation / Trailer Fees: Subject to applicable securities laws, the Manager may pay a 1.0% trailer fee to each participating dealer selling Class A Units, following the end of each quarter, which will be payable out of the Management Fees received by the Manager in such period in respect of Class A Units sold by such dealer (see "Fees Payable to the Manager" below).

Subject to applicable securities laws, the General Partner may pay a portion of the Profit Distribution, following the end of each year, to third party participating dealers selling Class A Units and Class F Units.

The Manager or the General Partner, as the case may be, may discontinue or change such sharing of fees or profits at any time.

Redemptions: A Limited Partner shall be entitled to redeem Units as at the last business day of a month, or such other Valuation Date as the Manager, in its absolute discretion, may determine (each a "**Redemption Date**") provided that the Manager receives a written request for such redemption at least 10 business days prior to the proposed Redemption Date.

Redemption Proceeds: Upon redemption of a Unit, the Limited Partner will receive proceeds of redemption equal to the Net Asset Value of such Unit as at the close of business on the designated Redemption Date. Payment will be made within 15 days of the Redemption Date.

The Manager may deduct an allowance of 3.0% of the Net Asset Value of redeemed Units, if those Units are tendered for redemption within 6 months of purchase (the "**Early Redemption Deduction**"). Any deducted allowance shall be retained by the Partnership.

Any Profit Distribution accruing to the General Partner, in respect of the Units redeemed will be paid at such time.

Suspension of Redemption Rights: **The Manager reserves the right to suspend the right to tender Units of the Partnership for redemption, to limit the number of Units that may be redeemed on a Redemption Date and/or to postpone the date of payment upon redemption** for any period during which there is insufficient liquidity in the Partnership to fund all redemptions and/or during a period of market instability when it is impractical to reasonably determine the Net Asset Value of a substantial portion of the Partnership's investment portfolio. The Manager may deem the Partnership to have insufficient liquidity for redemption purposes where (i) the Manager is unable to sell portfolio securities in the open market at what the Manager deems to be fair value, or (ii) there are statutory or contractual restrictions on the Manager's ability to sell portfolio securities, among other

reasons. In the case of suspension of the right to request redemption, a Limited Partner may either withdraw a request for redemption or receive payment based on the Net Asset Value of the Units on the first Redemption Date following the date on which the suspension is terminated. In the case where the number of Units that may be redeemed is limited, each redemption request will be proportionately reduced based on the number of Units that are the subject of a redemption request (however some preference may be given to redemption requests that had previously been deferred or proportionately reduced).

Compulsory Redemption: The Manager may, in its absolute discretion and for any reason, redeem all or any of the Units held by any Limited Partner on the same terms as would apply if the Limited Partner had voluntarily redeemed his or her Units.

Transfer or Resale: Units may only be transferred with the consent of the Manager, and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation and may be subject to transfer fees.

Computation of Net Asset Value: The net asset value of the Partnership will be determined by the Fund Administrator on each Valuation Date by taking the value of all assets less the liabilities of the Partnership and subtracting the amount of the General Partner's capital account (the "**Net Asset Value**"). In calculating Net Asset Value of the Partnership at any time, the valuation principles set out in **Schedule "B" – Computation of Net Asset Value** will be followed.

On any Valuation Date, (i) the Net Asset Value of a class is first calculated as a percentage of the Net Asset Value of the Partnership (before deduction of any Profit Distribution payable on such Valuation Date), for the purpose of calculating each class's proportionate share of Partnership net assets, based on the respective Net Asset Values of each class immediately following the previous Valuation Date (after subscriptions and redemptions on such date); (ii) the Management Fee and Profit Distribution applicable to that class are then calculated and deducted from the Net Asset Value of the class, and (iii) the Net Asset Value per Unit of that class is determined by dividing the Net Asset Value of the class by the number of Units of that class then outstanding. If there are separate series designated or issued within a class, the Net Asset Value of each series will be calculated in the same manner. Profit Distributions are accrued on a monthly basis for purposes of calculating the NAV for redemptions and subscriptions.

Fees Payable to the Manager: The Manager is entitled to receive from the Partnership a management fee (the "**Management Fee**"), calculated and payable on the last business day in each month, in an amount that is equal to the aggregate of:

- 1/12 of 2.0% of the Net Asset Value of each Class A Unit, plus
- 1/12 of 1.0% of the Net Asset Value of each Class F Unit, plus
- 1/12 of the annual Management Fee of the Net Asset Value of each Class I Unit, as negotiated with each purchaser, plus
- 1/12 of 1.5% of the Net Asset Value of each Class S Unit.

(in each case determined before deduction of Profit Distributions and redemption deductions, if any, allocable to such Units).

All fees payable by the Partnership to the Manager are subject to applicable goods and services taxes and will be deducted as an expense of the applicable class (or series, if applicable) of Units in the calculation of the Net Asset Value of such class or series of Units.

Profit Distribution:

Limited Partners will effectively share in net profits and losses of the Partnership by increases or decreases in the Net Asset Value of their Units (following adjustment for any distributions payable to the General Partner in respect of such Units).

The General Partner will share in the profits of the Partnership by receiving distributions (“**Profit Distributions**”) from the Partnership:

- on the last Valuation Date in each year, based on the increase, if any, in the Net Asset Value of each Class A Unit, Class F Unit, Class I Unit and Class S Unit outstanding on such date (including Units to be redeemed on such date), and
- on any Redemption Date that is not the last Valuation Date in a year, based on the increase, if any, in the Net Asset Value of each Class A Unit, Class F Unit, Class I Unit and Class S Unit redeemed on such date.

Profit Distributions are equal to 20% of the positive amount, if any, obtained when the High Water Mark for each such Unit is subtracted from the Adjusted Net Asset Value of such Unit on such Valuation Date or Redemption Date, provided the Hurdle Rate Return for such Unit has been attained as at such date (if such amount is negative, or if the positive difference is less than the Hurdle Rate Return calculated as at such date, the Profit Distribution in respect of such Unit shall be zero).

“**Adjusted Net Asset Value**” of a Unit on any date is equal to the Net Asset Value of such Unit on such date (calculated after deduction of the Management Fee and general expenses, but before deduction of the Redemption Deduction and Profit Distribution, if any, allocable to such Unit) plus the amount of all distributions paid to the Limited Partner in respect of such Unit since the date as at which the High Water Mark of such Unit was established.

“**High Water Mark**” in respect of a Unit is, initially, its subscription price, and thereafter shall be adjusted from time to time to equal its Net Asset Value immediately following the Valuation Date on which a Profit Distribution is distributed to the General Partner in respect of such Unit. The High Water Mark of a Unit will be appropriately adjusted in the event of a consolidation or subdivision of Units.

“**Hurdle Rate Return**” in respect of a Unit on any date means an amount equal to the High Water Mark of such Unit multiplied by a hurdle rate equal to three percent (3%) per annum, calculated monthly from January 1 of the year in which the Hurdle Rate Return is calculated (or the date as at which the relevant High Water Mark is set, whichever is later) to and including the date on which the Hurdle Rate Return is calculated (or appropriately pro-rated in the event that the Hurdle Rate is calculated on a date other than the last business day in a month), and the Hurdle Rate Return rate will not compound year over year.

Fund Expenses:

The Partnership is responsible for all costs and operating expenses incurred in connection with the formation and organization of the General Partner and of the Partnership and the ongoing activities of the Partnership, and shall reimburse the General Partner and the Manager therefor, including but not limited to:

- (i) third party fees and expenses of the Partnership, which include Manager's fees, administrator's fees, fees and expenses payable to members of the independent review committee of the Partnership (if any), accounting costs, legal and audit fees, insurance premiums, custodial fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, Limited Partner communication expenses, organizational expenses, the cost of maintaining the Partnership's existence and regulatory fees and expenses, and all reasonable extraordinary or non-recurring expenses; and
- (ii) fees and expenses relating to the Partnership's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, short sale collateral requirements, banking fees, taxes and costs associated with commissioning or attending stockholder meetings or otherwise instigating corporate changes at investee companies (including all legal fees and costs, proxy solicitation costs, litigation costs, due diligence fees and success or break fees associated therewith incurred by the Partnership or by the Manager).

The General Partner or the Manager may bear some of the Partnership's expenses from time to time, at its option.

Allocations of Income and Loss:

As of the end of each fiscal year, the income and loss of the Partnership (as determined for purposes of the Tax Act) shall be allocated, as to 99.999%, to the Limited Partners and, as to 0.001%, to the General Partner, except for any Profit Distribution which is allocated to the General Partner. Such allocations shall be from ordinary income or loss and taxable capital gains or allowable capital losses, if any. The Manager will adopt an allocation policy from time to time intended to effect an equitable allocation of all amounts among the General Partner and the Limited Partners, based on the class (and series, if applicable) of Units held by Limited Partners, to account for Units which are purchased or redeemed throughout such fiscal year, and based on such other factors as the Manager deems relevant. To such end, any Person who was a Limited Partner at any time during a fiscal year but who has redeemed or transferred all of his Units before the last day of such fiscal year may be deemed to be a Limited Partner on the last day of such fiscal year or subsequent fiscal year.

Distributions to Limited Partners:

Distributions of allocated income may be made to Limited Partners from time to time at the discretion of the Manager. The Manager has no current intention to make any such distributions. No payment may be made to a Limited Partner from the assets of the Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Partnership to persons who are not the General Partner or a Limited Partner.

Limited Partners should be aware that net income and capital gains of the Partnership, if any, will still be allocated to them for tax purposes even if no distributions of cash are received by them.

Power of Attorney: The Limited Partnership Agreement contains a limited power of attorney in favour of the General Partner in connection with all matters related to the operation of the Partnership, and authorizes the General Partner to, for example, execute documents on behalf of each Limited Partner (including tax elections and amendments to the Limited Partnership Agreement).

Fiscal Year End: December 31 in each year.

Term: The Partnership has no fixed term. Dissolution may only occur (i) at any time on 30 days' written notice by the Manager to each Limited Partner, or (ii) on the date which is 60 days following the removal of the General Partner, unless the Limited Partners agree by Ordinary Resolution to appoint a replacement General Partner and continue the Partnership.

Financial and Other Reporting: Limited Partners shall be sent a copy of the annual audited financial statements within 90 days of each fiscal year end and such other information as may be required by law from time to time.

The Manager will provide to Limited Partners interim financial reports for the 6 month period ending June 30 of each year within 60 days of the end of the period unless it has standing instructions from investors to the contrary.

The Manager will forward such other reports to Limited Partners as are from time to time required by applicable law. For example, if the Manager is the exempt market dealer through whom Units are purchased, the Manager will provide (i) a written confirmation of the purchase indicating, among other things, the number and class of Units issued as well as the purchase price thereof and any charges applicable to the purchase, (ii) a written confirmation of any redemption of Units, indicating, among other things, the number and class of Units redeemed as well as the redemption proceeds therefrom and any charges applicable to the redemption, and (iii) a statement to the purchaser at the end of each quarter (or month, if the purchaser requests monthly reporting or if a transaction was effected in the account during the month) showing details of each purchase, redemption or transfer made during the period.

Tax Considerations: Investors are urged to consult with their tax advisers to determine the tax consequences of an investment in the Partnership and the holding and disposition or redemption of Units.

Limited Liability: The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership will be limited to the amount of the capital contributed or agreed to be contributed by the Limited Partner, unless the Limited Partner takes part in the management of the business of the Partnership, negotiates any business on behalf of the Partnership, acts as agent or mandatary of the Partnership or allows his name to be used in any act of the Partnership.

Where a Limited Partner has received the return of all or part of the Limited Partner's contributed capital, the Limited Partner is nevertheless liable to the Partnership or, following the dissolution of the Partnership, to its creditors for any amount, not in excess of the amount returned with interest (calculated at a rate per annum equal to the prime commercial lending rate of the Partnership's bankers), necessary to discharge the liabilities of the Partnership.

Furthermore, if after a distribution or redemption payment the Manager determines that a Limited Partner was not entitled to all or some of such distribution or redemption payment, the Limited Partner shall be liable to the Partnership to return the portion improperly distributed or paid, together with interest at a rate per annum equal to the prime commercial lending rate of the Partnership's bankers if repayment of such excess amount is not made by the Limited Partner within 15 days of receiving notice of such overpayment. The Manager may set off and apply any sums otherwise payable to a Limited Partner against such amounts due from such Limited Partner.

Release of Confidential Information:

Under the LP Act and applicable securities, anti-money laundering and anti-terrorist financing legislation, the Manager is required to collect and may be required to release confidential information about Limited Partners and, if applicable, about the beneficial owners of corporate Limited Partners, to regulatory or law enforcement authorities. The Subscription Agreement contains guidance on whether identification verification materials will need to be provided with the Subscription Agreement and, if so, a list of the documents and information required.

If, as a result of any information or other matter which comes to the Manager's attention, any director, officer or employee of the Manager, or its professional advisers, knows or suspects that an investor is engaged in money laundering or terrorist financing, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

Risk Factors:

Investors should consider a number of factors in assessing the risks associated with investing in the Partnership including those generally associated with the investment techniques used by the Manager. Attached as **Schedule "C"** – *Risk Factors* is a list of risk factors applicable to an investment in the Partnership.

Portfolio Transactions:

The Manager is responsible for placing orders to effect portfolio transactions (i.e., purchase and sell securities) on behalf of the Partnership. These orders are allocated by the Manager to the brokers who can offer best execution on volumes and the prices deemed most advantageous to the Partnership.

Other Conflicts of Interest:

There are a number of potential conflicts of interest related to the Offering and the ongoing management of the Partnership. Attached as **Schedule "D"** – *Conflicts of Interest* is a description of the conflicts of interest that have been identified by the Manager, as well as a summary of the Manager's policies and procedures designed to address those conflicts.

Statutory Rights of Action:

Investors may be entitled under provincial securities legislation to certain rights of action in the event of a misrepresentation in this Offering Memorandum. See **Schedule "E"** - *Statutory and Contractual Rights of Action* for a description of rights, if any, in the Offering Jurisdictions.

Custody of Assets and Prime Broker:

The securities and cash from time to time owned by the Partnership will be held by TD Securities as custodian. TD Securities will also act as prime broker for the Partnership.

Fund Administrator: SGGG Fund Services Inc., Toronto, Ontario.

Legal Counsel: Borden Ladner Gervais LLP, Montreal, Quebec.

Auditors: PricewaterhouseCoopers, Montreal, Quebec.

The Manager may, from time to time, select any other reputable custodian, prime broker, fund administrator, legal counsel or auditor to act for the Partnership in addition to or in substitution for those service providers named above.

SCHEDULE “A”

ABOUT THE MANAGER

LionGuard Capital Management Inc. (the “**Manager**”) is a corporation incorporated under the laws of Canada. The Manager oversees operations and affairs of the Partnership, including management of the Partnership’s investment portfolio and distribution of the Units of the Partnership.

Directors, Officers and Key Personnel of the Manager

The names and municipalities of residence of the directors, officers and key personnel of the Manager, and offices held by each and the principal occupations of each are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
Andrey Omelchak Montreal, Quebec	President, Chief Executive Officer, Chief Investment Officer, Chief Compliance Officer and Director	President, Chief Executive Officer, Chief Investment Officer and Chief Compliance Officer of LionGuard Capital Management Inc. since April 2014.
Erik Ross Montreal, Quebec	Senior Vice-President, Head of Trading & Operations	Senior Vice-President, Head of Trading & Operations of LionGuard Capital Management Inc. since July 2014.

Andrey Omelchak is the principal shareholder of the Manager.

Andrey Omelchak, CFA, CIM, FRM, MSc

Andrey Omelchak is an experienced investment professional. Immediately prior to establishing LionGuard Capital Management Inc., Mr. Omelchak worked as a Portfolio Manager, Canadian Equities, at Montrusco Bolton Investments Inc. (Montrusco Bolton). Mr. Omelchak joined Montrusco Bolton in 2007 and was quickly promoted from Analyst to the positions of Senior Analyst, Investment Officer, Assistant Portfolio Manager and Portfolio Manager. While at Montrusco Bolton, he conducted detailed fundamental research and analysis across numerous Canadian and international equities and across all market capitalizations. Between October 2010 and March 2014, Andrey’s main responsibilities were to co-manage the Canadian Small Capitalization Equity Fund and several other mandates, in total with combined assets under management of approximately C\$1.35 billion. Between January 2013 and March 2014, Andrey was also responsible for co-management of Canadian Medium Capitalization Equity Fund. During the time of his responsibilities, all Funds under consideration outperformed their respective benchmarks by a wide margin. As a Portfolio Manager, Mr. Omelchak either introduced in the portfolios or was directly responsible for the following largest positions in the Funds: Black Diamond Group (BDI), Home Capital Group (HCG), Alaris Royalty (AD), Primero Mining (P), Laurentian Bank of Canada (LB), Badger Daylighting (BAD), Stella Jones (SJ), Canadian Western Bank (CWB), Canadian Energy Services (CEU), CanElson Drilling (CDI), Pason Systems (PSI), Computer Modeling Group (CMG), Boyd Group (BYD.UN), Carfinco Financial Group (CFN), Chesswood Group (CHW), Richelieu Hardware (RCH), Western Forest Products (WEF), WSP Global (WSP), High Liner Foods (HLF) and others. Prior to Montrusco Bolton Andrey worked in the Canadian equities sell-side research department at Dundee Securities (currently Dundee Capital Markets) and before that in research, trading and risk management roles pertaining to global energy futures and options markets at Bellator Fund Management.

Mr. Omelchak graduated with distinction from Concordia University, in Montreal, where he completed both his B.Comm. and M.Sc. (Concentration Finance) degrees. His Master’s thesis entitled “*The Benefits of Time-Varying Asset Allocation Across Hedge Fund Indices*” was co-published in the *Journal of Derivatives & Other Hedge Funds* and the *Journal of Portfolio Management*. Andrey also obtained Financial Risk Manager (FRM)

designation from Global Association of Risk Professionals, Chartered Investment Manager (CIM) designation from Canadian Securities Institute and Chartered Financial Analyst (CFA) designation from CFA Institute.

Andrey Omelchak is a frequent guest and commentator on Canadian and international media including on Business News Network, Bloomberg, Reuters, Financial Post, Les Affaires and others.

Erik Ross, FCSI, DMS

Mr. Erik Ross has over 15 years of professional work experience. Prior to his role at LionGuard Capital Management Inc., Mr. Ross helped to set up and modernize a Private Swiss Bank's North American trading operations. In this capacity Mr. Ross was in charge of trading U.S. based equities and derivatives products. Prior to the Private Swiss Bank, Mr. Ross managed the trading operation for Bell Canada's pension plan ("Bimcor"). In this role, Mr. Ross managed the trading team and was ultimately responsible for all of the trading activities across Canadian, U.S. and global equities portfolios. During his time at Bimcor, the plan's total investable assets amounted to approximately \$13 billion. Erik also designed derivatives-based strategies used in transition management, risk management and portfolio hedging. Mr. Ross began his finance career with Alcan's pension plan where he was ultimately in charge of trading Canadian equities for the internally managed portion of the plan. Erik obtained a bachelor's degree in Economics from Concordia University in Montreal. He is also a Fellow of Canadian Securities Institute (FCSI) and holds the Derivative Market Specialist (DMS) designation.

Standard of Care of the Manager and Indemnification

Under the terms of the Management Agreement, the Manager shall, in the best interests of the Partnership and the limited partners, exercise prudence, diligence and skill, and discharge its functions loyally, honestly and in good faith and in connection therewith must exercise the degree of care that a knowledgeable professional would exercise in comparable circumstances. The Manager has adopted policies and procedures to identify and avoid, or address and disclose, conflicts between its own interests and the interests of the Partnership and/or the Limited Partners, in accordance with applicable securities legislation, but will not be prohibited from, or be required to account to the Partnership for, providing services to and receiving fees from any person or entity, including other pooled investment vehicles, similar to those services provided to the Partnership.

Pursuant to the Management Agreement, the Manager and its affiliates, principals, shareholders, officers, directors, agents and employees will be indemnified and saved harmless by the Partnership from and against all actions, proceedings, claims, costs, charges, demands, losses, damages and expenses (including legal costs on a solicitor and his or her own client basis), judgements and amounts paid in settlement, (provided that the Partnership has approved such settlement), brought, commenced or prosecuted against them for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Manager's duties to the Partnership under the Management Agreement, provided such action or inaction was done in good faith and in a manner reasonably believed to be in the best interests of the Partnership. No such person or company will be indemnified by the Partnership to the extent that the Manager has failed to fulfil its standard of care to the Partnership as set forth in the Management Agreement.

SCHEDULE “B”
COMPUTATION OF NET ASSET VALUE

The Net Asset Value of the Partnership will be determined on each Valuation Date by the Fund Administrator. In calculating Net Asset Value of the Partnership at any time:

1. The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the Net Asset Value is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Fund Administrator determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Fund Administrator determines to be the reasonable value thereof.
2. The value of any security which is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over the counter markets while being listed or traded on such securities exchanges or over the counter markets will be valued on the basis of the market quotation which, in the opinion of the Fund Administrator, most closely reflects their fair value.
3. Any securities which are not listed or dealt in upon any public securities exchange will be valued at the mean of the latest current bid and the latest current asked prices.
4. The value of any restricted security shall be the lesser of (i) the value thereof based on any available reported quotations in common use and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, warranty or agreement or by law, equal to the percentage that the acquisition cost thereof was of the market value of such securities at the time of acquisition thereof.
5. Securities quoted in foreign currencies will be translated to Canadian dollars using the exchange rate as at the date at which the Net Asset Value per Unit is being determined.
6. The value of any security or property to which, in the opinion of the Fund Administrator, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Fund Administrator may from time to time determine.
7. Liabilities include only those expenses payable by the Partnership, including accrued contingent liabilities; however (A) organizational and start-up expenses will be amortized by the Partnership over a twenty-four month period; and (B) expenses and fees allocable only to a class or series of Units shall not be deducted from the Net Asset Value of the Partnership prior to determining the Net Asset Value of each class or series, but shall thereafter be deducted from the Net Asset Value so determined for each such class or series.
8. The Fund Administrator may determine such other rules as it deems necessary from time to time, which rules may deviate from Canadian generally accepted accounting principles and international financial reporting standards, so long as such rules are consistent with industry practice.

All valuations will be binding on all persons and in no event shall the Fund Administrator or the Manager incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of manifest error, bad faith, fraud or gross negligence. Prospective investors should be aware that situations involving uncertainties as to the valuation of positions could have an adverse effect on the Partnership's Net Asset Value if the Fund Administrator's judgements regarding appropriate valuations should prove incorrect.

SCHEDULE “C”

RISK FACTORS

The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.

Risks Associated with an Investment in the Partnership

Speculative Investment

An investment in the Partnership may be deemed speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Partnership. Investors should review closely the investment objective and investment strategies to be utilized by the Partnership as outlined herein to familiarize themselves with the risks associated with an investment in the Partnership. Although the Manager will use its best efforts to achieve the investment objective of the Partnership, no assurance can be given in this regard. The Manager believes that an investor with a long investment time horizon or substantial net worth is best suited to invest in the Partnership.

Marketability and Transferability of Units

There is no market for the Units and one is not expected to develop. The distribution of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation. In addition, Units may not be transferred except with the prior written consent of the Manager, which may be withheld in the Manager’s sole and absolute discretion. Although the *Civil Code of Quebec* permits a Limited Partner to transfer its interest in the Partnership, legal ownership of the Units, and all other rights and liabilities of the Limited Partner as a partner of the Partnership, may only be transferred with such prior written consent, and in respect of third persons, the transferor remains liable for the obligations which may result from his share in the Partnership while he was still a Limited Partner. Accordingly, it is possible that Limited Partners may not be able to resell their Units other than by way of redemption of their Units, which **redemption will be subject to the limitations described under “Redemptions”**.

General Investment Risk

The Net Asset Value of Units will vary directly with the market value and return of the investment portfolio of the Partnership. There can be no assurance that the Partnership will not incur losses. There is no guarantee that the Partnership will earn a return.

Nature of Units

The Units are neither fixed income nor equity securities. An investment in Units does not constitute an investment by Limited Partners in the securities included in the portfolio of the Partnership. Limited Partners will not own the securities held by the Partnership by virtue of owning Units of the Partnership. Units are dissimilar to debt instruments in that there is no principal amount owing to Limited Partners. Limited Partners will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

Changes in Trading Approach

The Manager may alter the Partnership's trading approach and portfolio restrictions without prior approval by, or notice to, the Limited Partners where the Manager determines that such change is in the best interest of the Partnership.

Valuation of the Partnership's Investments

Valuation of the portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Partnership and its Units could be adversely affected. Valuation determinations will be made in good faith in accordance with the Limited Partnership Agreement.

The Partnership may also from time to time have some of its assets in investments which by their very nature may be difficult to value accurately. In light of the foregoing, there is a risk that a Limited Partner who redeems all or part of his Units while the Partnership holds such investments will be paid an amount less than such Limited Partner would otherwise be paid if the actual value of such investments is higher than the value designated by the Partnership. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Partnership in respect of a redemption. In addition, there is risk that an investment in the Partnership by a new investor (or an additional investment by an existing Limited Partner) could dilute the value of such investments for the other Limited Partners if the actual value of such investments is higher than the value designated by the Partnership. Further, there is a risk that a new Limited Partner (or an existing Limited Partner that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Partnership. The Manager does not intend to adjust the Net Asset Value of the Partnership retroactively.

The valuation of Partnership assets for the purpose of determining subscription and redemption prices of Units and the calculation of applicable fees will generally be in accordance with industry practice.

Dependence on Manager

The Partnership is dependent upon the Manager with respect to the investment and reinvestment of the Partnership's assets and, as a result, success of the Partnership will depend on its abilities. The Manager will depend to a great extent on the services of Andrey Omelchak and the loss of the services of Mr. Omelchak for any reason could impair the ability of the Manager to provide advisory and portfolio management services to the Partnership. The Manager may not be able to find a qualified replacement or may require an extended period of time to do so, which may prevent the Partnership from achieving its investment objective. Termination of the Manager will expose investors to the risks involved in whatever new investment management arrangements can be made.

Tax Liability

Net Asset Value of the Partnership and Net Asset Value per Unit will be marked to market and therefore calculated on the basis of both realized trading gains and losses and accrued, unrealized gains and losses. In computing each Limited Partner's share of income or loss for tax purposes, only realized gains and other factors, including the date of purchase or redemption of Units by a Limited Partner in a fiscal year, will be taken into account. Therefore, the change in Net Asset Value of a Limited Partner's Units may differ from his share of income and loss for tax purposes.

Furthermore, investors may be allocated income for tax purposes and not receive any cash distributions from the Partnership.

Funding Deficiencies

Other than with respect to the possible loss of the limited liability as outlined above, no Limited Partner shall be obligated to pay any additional assessment on the Units held or subscribed. However, if, as a result of a distribution by the Partnership, the Partnership's capital is reduced and the Partnership is unable to pay its debts as they become due, the Limited Partners may have to return to the Partnership any such distributions received by them to restore the capital of the Partnership. If the Partnership does not have sufficient funds to meet its requirements and must default because the deficiency is not funded, Limited Partners may lose their entire investment in the Partnership.

Securities Dealer Insolvency

The Partnership's assets may be held in one or more accounts maintained for the Partnership by its brokers or other securities dealers. Brokers and other dealers are regulated as members of the Investment Industry Regulatory Organization of Canada and are also subject to various other laws and regulations in the jurisdictions where they operate that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Partnership's assets are subject to substantial limitations and uncertainties. Because of the potentially large number of entities and jurisdictions that may be involved and the range of possible factual scenarios involving the insolvency of a Prime Broker or other securities dealer having custody over the Partnership's assets, or any agent or affiliate of such dealer, it is impossible to generalize about the effect of their insolvency on the Partnership and its assets. Investors should assume that the insolvency of any Prime Brokers or other dealer having custody over the Partnership's assets or any agent or affiliate of such Prime Broker or other dealer would result in the loss of all or a substantial portion of the Partnership's assets held by or through such Prime Broker or other dealer and/or the delay in the payment of withdrawal proceeds.

Not a Public Mutual Fund

The Partnership is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Partnership's portfolios.

Possible Effect of Redemptions

Substantial redemptions of Units of the Partnership could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Charges to the Partnership

The Partnership is obligated to pay Management Fees, accounting, record keeping and audit fees, valuation fees, brokerage commissions, borrowing fees, stock lending fees, legal fees, regulatory filing fees and other expenses regardless of whether the Partnership realizes profits.

Potential Indemnification Obligations

Under certain circumstances, the Partnership might be subject to significant indemnification obligations in favour of the Manager, other service providers to the Partnership or certain parties related to them. The Partnership will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Partnership has agreed to indemnify them. Any indemnification paid by the Partnership would reduce the Net Asset Value of the Partnership.

Lack of Independent Experts Representing Limited Partners

The Partnership and the Manager have consulted with a single legal counsel regarding the formation and terms of the Partnership and the offering of Units. The Limited Partners have not been independently represented. Therefore, to the extent that the Partnership, the Limited Partners or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Partnership.

No Involvement of Unaffiliated Selling Agent

No outside selling agent unaffiliated with the Manager has made any review or investigation of the terms of this offering, the structure of the Partnership or the background of the Manager.

Possible Loss of Limited Liability

Under the *Civil Code of Quebec*, the General Partner has unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership. The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the value of money or other property the Limited Partner has contributed or agreed to contribute to the Partnership. In accordance with the *Civil Code of Quebec*, if a Limited Partner has received a return of all or part of the Limited Partner's contribution to the Partnership, the Limited Partner is nevertheless liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amounts not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership. **The limitation of liability of a Limited Partner may be lost if a Limited Partner takes part in the management or control of the business of the Partnership.**

Trading Errors

In the course of carrying out trading and investing responsibilities on behalf of the Partnership, Manager personnel may make "trading errors" — i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex investment process, and may occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by Manager personnel. Consequently, the Manager will (unless the Manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Partnership, unless they are the result of conduct by the Manager which is inconsistent with the Manager's standard of care.

Possible Negative Impact of Regulation of Hedge Funds

The regulatory environment for hedge funds is evolving and changes to it may adversely affect the Partnership. To the extent that regulators adopt practices of regulatory oversight in the area of hedge funds that create additional compliance, transaction, disclosure or other costs, returns of the Partnership may be negatively affected. Furthermore, the effect of any future regulatory or tax change on the portfolio of the Partnership is impossible to predict.

Tax Information Risk

Pursuant to the recent Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-US Tax Convention entered into between Canada and the US (the "IGA"), and related proposed

Canadian legislation, the Partnership and the Manager are required to report certain information with respect to Unitholders who are US residents and US citizens (including US citizens who are residents or citizens of Canada), and certain other “US Persons” as defined under the IGA (excluding Registered Plans), to the CRA. The CRA will then exchange the information with the US Internal Revenue Service pursuant to the provisions of the Canada-US Income Tax Treaty.

Risks Associated with the Partnership’s Underlying Investments

Investment and Trading Risks in General

All securities investments present a risk of loss of capital. However, the Manager believes that its investment strategies moderate this risk through the careful selection of investments. The Partnership’s investment strategies may, however, utilize such investment techniques and instruments which can, in certain circumstances, increase any losses. Furthermore, no guarantee or representation is made that the Partnership’s investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Partnership’s portfolio and performance.

Liquidity of Underlying Investments

Some of the securities in which the Partnership intends to invest may be thinly traded. There are no restrictions on the investment of Partnership assets in illiquid securities. It is possible that the Partnership may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Partnership is required to transact in such securities before its intended investment horizon, the performance of the Partnership could suffer.

Small Cap Risk

Small cap (small capitalization) companies on average tend to be less stable than large cap companies as a result of such factors as limited financial resources, newer product lines and markets, smaller trading volumes and activity and being more susceptible to loss of key employees.

General Economic and Market Conditions

The success of the Partnership’s activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership’s investments. Unexpected volatility or illiquidity could impair the Partnership’s profitability or result in losses.

Short Sales

As one of its investment strategies, the Partnership may engage in short selling securities. A short sale of a security may expose the Partnership to losses if the price of the security sold short increases because the Partnership may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the Partnership wishes to do so, thereby requiring the Partnership to borrow the security elsewhere or purchase the security in the market at an unattractive price. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased

due to supply and demand constraints in the marketplace and the Partnership might have to bid up the stock in order to repurchase it.

Leverage

The Partnership may incur indebtedness in the form of margin debt. In providing margin to the Partnership, the Partnership's prime broker will be subject to capital margin requirements of the Investment Industry Regulatory Organization of Canada. Such indebtedness may be secured by the Partnership's portfolio. There can be no assurance that such a strategy will enhance returns and in fact the strategy may reduce returns. If the securities in the Partnership's portfolio suffer a substantive decrease in value, the leverage component will cause a decrease in Net Asset Value in excess of that which would otherwise be experienced. In the event that any loan is called by the lender, the Partnership may be required to liquidate its portfolio to repay the indebtedness at a time when the market for the securities in the portfolio may be depressed, thereby forcing the Partnership to incur losses.

Interest Rate Risk

To the extent the Partnership invests in bonds, preferred shares, and money market securities, it will primarily be affected by changes in the general level of interest rates. Bonds generally pay interest based on the level of rates when the bond was issued. When interest rates fall, the price of the bonds generally rises. That is because existing bonds pay higher rates than new ones, and are therefore in greater demand and worth more. On the other hand, when interest rates rise, bond prices generally fall, reducing the market value of the funds that hold them.

Legal Risk

This is a financial risk that is faced by companies from uncertainty in laws and regulations, or from legal actions. Legal risk is the most prevalent for commercial entities which provide products or services to consumers that may become targets for lawsuits.

Counterparty and Settlement Risk

Some of the markets in which the Partnership may effect its transactions may be "over the counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Partnership to suffer a loss. In addition, in the case of a default, the Partnership could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. The Partnership is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, neither the Partnership nor the Manager has an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Partnership to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Partnership.

Fixed Income Securities

The Partnership, to the extent that it holds fixed income portfolio investments, will be influenced by financial market conditions and the general level of interest rates in North America. In particular, if fixed income investments are not held to maturity, the Partnership may suffer a loss at the time of sale of such securities.

Equity Securities

To the extent that the Partnership holds equity portfolio investments, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Partnership are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Partnership. Additionally, to the extent that the Partnership holds any foreign investments, it will be influenced by world economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by the Partnership.

Currency Risk

Investment in securities denominated in a currency other than Canadian dollars will be affected by the changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Thus the value of securities held by the Partnership may be worth more or less depending on their susceptibility to foreign exchange rates.

Tax Liability Risk

Net Asset Value of the Partnership and Net Asset Value per Unit will be calculated on the basis of both realized trading gains and losses and accrued, unrealized gains and losses. In computing each Limited Partner's share of income or loss for tax purposes, only realized gains and other recognized amounts will be taken into account. Therefore, the change in Net Asset Value of a Limited Partner's Units may differ from his share of income and loss for tax purposes. Furthermore, investors may be allocated income for tax purposes and not receive any cash distributions from the Partnership. Potential investors are cautioned that they should obtain tax advice from a qualified tax advisor before investing in Units.

U.S. Investment Risk

U.S. federal legislation, generally referred to as the "Foreign Account Tax Compliance Rules" ("FATCA Rules") was enacted in 2010. The FATCA Rules impose a 30% withholding tax on U.S.-source payments made by U.S. entities and, in some cases, other payments made by non-U.S. entities to an investment fund if the investment fund fails to provide information regarding certain of its investors (generally U.S. investors or investors that have U.S. owners) to the U.S. Internal Revenue Service (the "IRS").

Pursuant to the recent Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-US Tax Convention entered into between Canada and the US (the "IGA"), and related proposed Canadian legislation, the Partnership and the Manager are required to report certain information with respect to unitholders who are US residents and US citizens (including US citizens who are residents or citizens of Canada), and certain other "US Persons" as defined under the IGA, to the Canada Revenue Agency ("CRA"). The CRA will then exchange the information with the IRS pursuant to the provisions of the Canada-US Income Tax Treaty.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Units of the Partnership. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisers before determining to invest in Units.

SCHEDULE “D”

CONFLICTS OF INTEREST

The Manager may face certain conflicts of interest in relation to the Partnership, including, without limitation, involvement with other entities utilizing investment strategies similar to those of the Partnership and other accounts managed by the Manager. The Manager may from time to time conduct business with the affiliated funds or other accounts, may deal with the Partnership, may have dealings with others doing business with the Partnership or be engaged in competitive activities and may earn fees from or receive or provide other consideration from or to any of the foregoing. In particular, the Manager may provide services similar to those provided to the Partnership with respect to affiliated funds or other accounts investing directly or indirectly in the Partnership.

Statement of Policies

The Manager may occasionally face conflicts between its own interests and those of its clients, or between the interests of one client and the interests of another. The Manager has adopted certain policies to minimize the occurrence of such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Manager put its own interests ahead of those of its clients.

Policy Concerning Conflicts of Interest with Related Issuers and Connected Issuers

The securities laws of certain provinces require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities in certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser. The definition of the terms “related issuer” and “connected issuer” can be found in National Instrument 33-105 Underwriting Conflicts of the Canadian Securities Administrators.

Fairness Policy

The Manager may act as portfolio manager to segregated managed accounts, partnerships, trusts, any other related or unrelated entities and as sub-advisor to any related or unrelated entities, and may provide investment advisory services to other investment vehicles (each, a “client”). The portfolios of each client will be managed in accordance with the specific investment objectives of each such client. In the course of managing a number of discretionary accounts, there may arise occasions when the quantity of a security available at the same price is insufficient to satisfy the requirements of every client for whom the Manager is attempting to acquire that security, or the quantity of a security to be sold is too large to be completed at the same price for all clients for whom the Manager is attempting to sell that security. Similarly, new issues of a security may be insufficient to satisfy the total requirements of all clients for whom the Manager deems it appropriate to purchase such securities. In the event of such a situation, to ensure fairness in the allocation of opportunities among its clients, the Manager will ensure:

- orders are allocated on a pro rata basis based on the gross equity of each client;
- where orders are entered simultaneously for execution at the same price, or where a block trade is entered and partially filled, fills are allocated proportionately based on the size of the original order for each account;
- where a block trade is filled at varying prices for a group of clients, fills are allocated on a weighted average price basis;

- in the case of IPO's, participation is split between clients based proportionately on the size of the original order for each account;
- in the case of a new securities issue, where the allotment received is insufficient to meet the full requirements of all accounts on whose behalf orders have been placed, allocation is made on a pro rata basis based on the size of the original order for each account;
- trading commissions for block trades are allocated on a pro rata basis, in accordance with the foregoing trade allocation policies.

Regulatory, tax or individual client restrictions may result in a situation that investment strategies may be implemented differently. Therefore, under certain circumstances, allocation on different basis is permitted if it is believed that such allocation is fair and reasonable.

Personal Trading

The Manager has adopted standards for the conduct of its employees. To this end, the Manager has implemented a policy intended to monitor all personal trading by the employees of the Manager in order to ensure that there is no conflict between such personal trading and the interests of the investment funds managed by the Manager and the Manager's other clients.

Referral Arrangements

The Manager may enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages. No such payments will be made unless the referred investors are first advised of the arrangement and all applicable securities laws are complied with.

SCHEDULE "E"

STATUTORY AND CONTRACTUAL RIGHTS OF ACTION

Rights of Action for Damages or Rescission

Securities legislation in certain of the Offering Jurisdictions provides that a purchaser has or must be granted rights of rescission or damages, or both, where this Offering Memorandum and any amendment hereto contains a Misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation.

As used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A "**material fact**" means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units.

The following summaries are subject to the express provisions of the securities legislation in each of the jurisdictions, and the regulations, rules and policy statements under such legislation, and reference is made to such legislation, regulations, rules and policies for the complete text of such provisions. Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province or territory of residence. The rights discussed below are in addition to and without derogation from any other rights or remedies available at law to a purchaser of Units.

Ontario

The Securities Act (Ontario) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment hereto, delivered to a purchaser of units resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the issuer for damages or, while still the owner of units of the issuer purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the issuer will not be liable if it proves that the purchaser purchased the units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the units as a result of the misrepresentation relied upon;
- (d) the issuer will not be liable for a misrepresentation in forward looking information if the issuer proves:
 - (i) that the offering memorandum contains reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information;
 - (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and
 - (iii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward looking information; and

(iv) in no case will the amount recoverable in any action exceed the price at which the units were offered.

The foregoing rights do not apply if the purchaser is:

- (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Alberta, British Columbia and Québec

Although securities legislation in Alberta, British Columbia and Québec does not provide or require the Partnership to provide to unitholders resident in these jurisdictions any rights of action if this Offering Memorandum, any amendment hereto or any document incorporated herein by reference, contains a misrepresentation, the Partnership hereby grants contractual rights of action equivalent to the statutory rights that are available to residents of Ontario as described above.

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