

SHARE PURCHASE AGREEMENT

Dated the _____ day of _____, 20__

BETWEEN:

(collectively, the “Vendor”)

AND:

(the “Purchaser”)

WHEREAS:

A. The Vendor is the registered owner of _____ Class “A” Preferred Shares (the “Shares”) in the capital stock of Sierra Mortgage Fund Ltd. (the “Company”).

B. The Vendor wishes to sell, and the Purchaser wishes to purchase _____ Shares (the “Purchased Shares”), pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set out below (and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties agree as follows:

1. The Vendor hereby transfers to the Purchaser the Purchased Shares.
2. The aggregate purchase price for the Purchased Shares is the amount of \$_____ (the “Purchase Price”), such Purchase Price being payable by way of bank draft or wire transfer or combination thereof.
3. The Vendor hereby represents and warrants that the Purchased Shares are owned by the Vendor free and clear of any encumbrances and that the Vendor now has full right and power and absolute authority to sell and assign the same to the Purchaser in accordance with the terms and conditions of this Agreement.

4. The Purchaser hereby represents and warrants that it is aware and has been advised that:

- a) there is no market for the Purchased Shares and the Purchaser may never be able to sell the Purchased Shares,
- b) that the Company operates as a mortgage investment corporation and is not registered as a dealer or investment fund manager with any securities commission in Canada, and
- c) that the Vendor is not in the business of trading securities and accordingly, is not registered as a dealer with any securities commission in Canada.

5. The Purchaser hereby represents and warrants that it is exempt from the prospectus and registration requirements of applicable securities laws by way of being: **[initial all that are applicable] AND COMPLETE SCHEDULE I IF (i), (iii) or (iv) ARE CHECKED**

Initial

- (i) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000, (where “**financial assets**” means cash, securities term deposits and the cash value of life insurance policies, but excluding real estate and other non-financial assets, and “**related liabilities**” means liabilities incurred or assumed for the purposes of financing the acquisition or ownership of financial assets or liabilities that are secured by financial assets), or

Initial

- (ii) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000, or

Initial

- (iii) an individual whose net income before taxes exceeded \$200,000.00 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded \$300,000.00 in each of the two most recent years and who, in either case, reasonably expects to exceed that net income level in the current year, or

Initial

- (iv) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000, or

Initial

- (v) a person other than an individual or investment fund that has net assets of at least \$5,000,000.00 as shown on its most recently prepared financial statements, or

Initial

- (vi) a person in respect of which all the owners of interests, direct, indirect, or beneficial, except the voting securities required by law to be owned by directors, are persons that are described in subparagraphs (i) to (v).

- Initial** (vii) a close personal friend of _____ who is a director, executive officer, founder or control person of the Company and whom the subscriber has known well for at least _____ years; or
- Initial** (viii) a close business associate of _____ who is a director, executive officer, founder or control person of the Company and whom the subscriber has known well for at least _____ years.
- Initial** (ix) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in subparagraphs (vii) to (viii).
- Initial** (x) a trust or estate of which a majority of the beneficiaries or a majority of the trustees or executors are described in subparagraphs (vii) to (viii).

6. If the Purchaser initialed and completed either of subparagraphs (vii) or (viii) the Purchaser has known the identified director / officer / founder / and/or control person well enough and for a sufficient period of time to be able to assess his capabilities and trustworthiness and the Purchaser is not a resident of, and has not executed this Agreement in Saskatchewan or Ontario.

7. The Purchaser is a resident of British Columbia (prov/territory).

8. The Purchaser's decision to purchase the Purchased Shares has not been induced by any representations or warranties by the Vendor or any other person with respect to the present or future value of the Company's Shares or the Company's prospects of becoming a reporting issuer or having its Shares listed for trading on any stock exchange at any time in the future.

9. The Purchaser is not a "U.S. Person" (as defined under Regulation S made under the United States Securities Act of 1933, which definition includes an individual resident in the United States and an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person) and the Purchaser understands and acknowledges that the Purchased Shares have not and will not be registered under the United States Securities Act of 1933, and subject to certain exceptions, the Purchased Shares may not be offered or sold within the United States.

10. If the Purchaser is not a U.S. Person and is a resident of a country other than Canada (an "**International Jurisdiction**") then, in addition to the foregoing representations and warranties, the Purchaser represents and warrants that:

- a. the Purchaser is knowledgeable of, or has been independently advised as to, the applicable securities laws of the International Jurisdiction which would apply to this Agreement, if any;

- b. the Purchaser is purchasing the Purchased Shares pursuant to exemptions from prospectus and registration requirements (or their equivalents) under the applicable securities laws of the International Jurisdiction or, if such requirements are not applicable, the Purchaser is permitted to purchase the Purchased Shares under the applicable securities laws of the International Jurisdiction without the need to rely on an exemption;
- c. the applicable securities laws of the International Jurisdiction do not require the Vendor or the Company to file a prospectus or similar document or to register the Purchased Shares or to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind whatsoever in the International Jurisdiction; and
- d. the delivery of this Agreement, the execution of it by the Vendor and the Company's approval of the transfer of the Purchased Shares to the Purchaser complies with all applicable laws of the International Jurisdiction and all other applicable laws and will not cause the Purchaser, the Vendor or the Company to become subject to or required to comply with any disclosure, prospectus or reporting requirements under any such applicable laws.

11. The Purchaser has been given an opportunity to review all material information about the Company and its business affairs relevant to the Purchaser's decision to invest in the Company and the Purchaser has been advised and given the opportunity to seek independent legal advice with respect to the nature and legal effect of the terms of this Agreement.

12. The Purchaser is aware that the Purchased Shares hereunder may be subject to an indefinite hold period and other restrictions on resale pursuant to the provisions of the BC Securities Legislation and/or the Company's Articles and will bear the following legends:

“Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) *[date of distribution]*, and (ii) the date the issuer became a reporting issuer in any province or territory.”

“There are special rights or restrictions attached to these shares and a copy of the full text thereof is obtainable from the records office of the Company on demand and without cost”

13. The Purchaser is aware that (i) neither the Vendor nor the Company has made any representations with respect to such hold periods or resale restrictions and (ii) the Purchaser has been advised to seek independent legal advice with respect to any such hold periods or resale restrictions.

14. The Purchaser is aware of the characteristics of the Purchased Shares and is aware of and has considered the risks inherent in its investment in the Company.

15. The Purchaser has not received any advice in respect of this transaction from the Vendor or any other person purporting to be a director, officer, employee or agent of the Company or of any affiliate of the Company.

16. The Purchaser has the legal capacity to execute this Agreement and, if the Purchaser is a corporation, it has taken all necessary steps and effected all necessary corporate actions and approvals to execute this Agreement.

17. The Purchaser is purchasing as principal for its own account and will be the sole beneficial owner of the Purchased Shares upon approval of the Board of Directors of the Company of this share purchase transaction.

18. The aforementioned power of attorney shall remain effective until such time as the Company becomes a reporting issuer (or the equivalent thereof) under the BC Securities Legislation and the authority granted by the Power of Attorney shall also apply to all further shares in the capital of the Company which the Purchaser may acquire from time to time.

19. The Purchaser authorizes the Company to provide to the applicable securities regulator(s) such personal information of the Purchaser as may be required by the applicable securities legislation.

20. Upon payment of the Purchase Price and delivery of the Purchaser's confirmation attached hereto as Appendix I, the Company shall be and is hereby authorized to transfer the Purchased Shares.

21. Forthwith upon the execution of this Agreement, the Vendor shall deliver to the Purchaser duly executed documents of transfer of the Purchased Shares in favour of the Purchaser in the form attached hereto as Appendix II, together with such further documents as the Purchaser may reasonably require in order to give full effect to the true intent and meaning of this Agreement.

22. The Purchaser requests that the share certificate issued representing the Purchased Shares be registered as follows:

NAME _____ *

ADDRESS _____
(Street)

(City, Province, Postal Code)

* NOTE: If the share certificate is to be held jointly, please indicate, by checking the applicable box, whether you want the share certificate to be issued as held (i) jointly, with rights of survivorship ("WRS"), or (ii) jointly, as tenants in common ("TIC"):

Jointly, WRS

Jointly, TIC

If no election is made, the share certificate will be issued as held jointly, as tenants in common.

23. The parties acknowledge that Pushor Mitchell LLP has prepared this Agreement and has acted solely on behalf of the Company in respect of the transactions contemplated by this Agreement. The Purchaser acknowledges that he has obtained such independent legal and professional advice as he considers necessary or advisable concerning the nature and effect of this Agreement.

24. This Agreement contains the entire Agreement between the parties hereto concerning the subject matter hereof.

25. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective legal representatives, administrators, successors and assigns.

26. There are no other representations or warranties in respect of the subject matter of this Agreement.

27. The parties hereto shall do such acts and things, shall execute such documents and shall provide such assurances as may be reasonably necessary to give effect to the transactions contemplated by this Agreement.

28. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia, together with the federal laws of Canada applicable therein, without regard to its conflicts of laws principles.

29. Time shall be of the essence of this Agreement.

30. This Agreement may be executed in any number of counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document. A copy of this Agreement delivered by facsimile or other telecopier machine and bearing a copy of the signature of a party to this Agreement shall for all purposes be treated and accepted as an original copy thereof.

Signed by the parties as of the date on the first page.

SIGNED, SEALED & DELIVERED
in the presence of:

Signature

Print Name

Address

Occupation



{Name of Vendor}



Individual Purchaser

SIGNED, SEALED & DELIVERED
in the presence of:

Signature

Print Name

Address

Occupation



{Name of Purchaser}



Corporate Purchaser

{Name of Purchaser}

c/s

Per: _____
Authorized Signatory

APPENDIX II

IRREVOCABLE STOCK POWER

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to

_____ Class "A" Preferred Shares of the capital stock of Sierra Mortgage Fund Ltd. represented by Certificate number _____ standing in the name of the undersigned on the books of said Company.

The undersigned does (do) hereby irrevocably constitute and appoint Craig Williams _____ attorney to transfer the said shares on the books of said Company, with full power of substitution in the premises.

Dated as of _____.

Signature of Shareholder

Name of Shareholder

APPENDIX I

Purchaser's Confirmation

To: Sierra Mortgage Fund Ltd. (the "Company")

Re: Purchase of Previously Issued Class "A" Preferred Shares of the Company

In consideration of the Company approving the transfer of Class "A" Preferred Shares in the capital stock of the Company (the "**Transferred Shares**") to the Undersigned, all as contemplated in that certain Share Purchase Agreement dated _____ between the Undersigned, as Purchaser, and _____, as Vendor, the undersigned hereby confirms and acknowledges all of the following:

1. All of the representations, warranties, and authorizations of the undersigned set forth in sections 4-19 (inclusive) and 21-23 (inclusive) of the said Share Purchase Agreement are true and correct in all material respects and the Undersigned hereby addresses each of such representations, warranties, and authorizations to the Company.
2. The Undersigned elects as follows with respect to the Undersigned's share certificate representing the Transferred Shares:
Holds Original Certificate: Company: Undersigned: Trustee:
3. The Undersigned elects as follows with respect to any dividends declared and payable on the Transferred Shares (which election may be changed at any time by written notice from the undersigned to the Company):
Dividends Paid: Cash: Additional Shares:
4. The Undersigned's Social Insurance Number, CRA Business Number or other tax payer identification number is set forth in paragraph 5 hereof and the Undersigned is a resident for tax purposes at the residential address set forth in paragraph 5 hereof.
5. The Undersigned may request that some or all of the Transferred Shares be registered in the name of a Registered Plan of which the undersigned (or the undersigned's spouse) is the annuitant and that initially the Transferred Shares will be registered as follows:

(Name to appear on Share Certificate(s))

(Street Address)

(City, Province and Postal Code)

(Telephone Number)

(Email Address)

(S.I.N. Number) / (CRA Business Number)

(Date of Birth)

6. The foregoing information concerning the Undersigned is true and correct and the Undersigned hereby authorizes the Company to disclose such information to any securities regulatory authority or taxation authority or other regulatory authority having jurisdiction over the Company, the undersigned or the Transferred Shares.
7. The Undersigned covenants and agrees with the Company that, notwithstanding any designation with respect to registration, the Undersigned will obtain all proxies, consents and other instructions as the Company may require from time to time so that for all purposes of the Company's communications to its shareholders, the Company may direct such communications to the Undersigned.
8. The Undersigned acknowledges that the Transferred Shares are redeemable by the Undersigned pursuant to the Articles of the Company. The Redemption Price is equal to the Net Asset Value Per Share, being the amount per redeemed share that the holder thereof would be entitled to receive upon a reduction of capital or the liquidation, dissolution or winding-up of the Company or other distribution of property or assets of the Company among its shareholders for the purposes of winding up its affairs. Pursuant to the Articles, the Board, in its sole discretion, may determine to suspend redemptions of the Class "A" Preferred Shares by written notice to all shareholders. During any period of suspension, the Class "A" Preferred Shares may be redeemed by the holders every six months, provided that if the aggregate Redemption Price, as defined in the Articles, of all Preferred Shares for which Notice of Redemption has been received by the Company, exceeds 5% of aggregate shareholders' equity as set out in the Financial Statements of the Company for the most recently completed fiscal year, then the Company shall redeem such Preferred Shares pro-rata to a maximum of 5% of such shareholders' equity every six months. The Undersigned acknowledges that the purpose of this provision of the Articles of the Company is to allow the Board to sustain the financial health of the Company during periods when insufficient cash is available for redemption of all Class "A" Preferred Shares and to allow for a more equitable redemption of the Class "A" Preferred Shares amongst all of the holders thereof.
9. The Undersigned is aware that the principal objective of the Company is to manage and generate income from mortgage investments and through income tax exemptions which result from the earning of income as a mortgage investment corporation, which income is not taxable to the Company if it is distributed to the holders of the Class "A" Preferred Shares.
10. The Undersigned, upon becoming a shareholder of the Company, will not sell, transfer or otherwise dispose of the Transferred Shares acquired by the Undersigned which in any way

would result in the Company no longer qualifying as a mortgage investment corporation for the purposes of the Income Tax Act (Canada) and affirms his knowledge of the provisions of the Income Tax Act (Canada) governing the restrictions imposed upon mortgage investment corporations and their shareholders.

11. The undersigned confirms and acknowledges that the Company has relied on all the said representations, warranties, and authorizations in approving the above-mentioned transfer of Transferred Shares to the undersigned.
12. The undersigned hereby agrees to indemnify and save harmless the Company from any loss, suits or damages suffered by it as a result of any representation, warranty or statement of the undersigned hereto being untrue in any material respect.

Dated _____, 20__

Purchaser's Name: _____

Purchaser's Signature: _____ 