This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

NO SECURITIES REGULATORY AUTHORITY HAS ASSESSED THE MERITS OF THESE SECURITIES OR REVIEWED THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THIS IS A RISKY INVESTMENT. SEE ITEM 8.

DATE: May 31, 2015

OFFERING MEMORANDUM

Terrapin Mortgage Investment Corp.

THE ISSUER

Name:	Terrapin Mortgage Investment Corp. ("Terrapin", the "Company", "we", "our", or "us")
Head Office:	Suite 2200, Four Bentall Centre 1055 Dunsmuir Street PO Box 49214 Vancouver, BC V7M 3A7 Tel: (604) 684-8277 Fax: (604) 684-4709
Currently listed or quoted:	These securities do not trade on any exchange or market.
Reporting Issuer:	No
SEDAR Filer:	No

THE OFFERING

Securities Offered:	Class A Preferred Shares and Class B Preferred shares (collectively, the "Preferred Shares")
Price:	Price per Preferred Share – See Attached Schedule "A".
Minimum/ Maximum Offering:	Minimum: 25,000 Preferred Shares ($25,000). You may be the only purchaser. Maximum: 30,000,000 Preferred Shares (maximum $32,250,000)
Payment Terms:	Bank draft or cheque payable to the Company on the execution of a subscription agreement.
Closing:	In numerous tranches as subscriptions are received from now until February 29, 2016.
Sellers:	Sold directly by the Company or through its authorized agents. See Item 7.
Offering Jurisdictions:	The Preferred Shares are being offered for sale only to residents of British Columbia.
Tax Consequences:	There are important tax consequences to these securities. See Item 6.

RESALE RESTRICTIONS:	You will be restricted from selling your securities for an indefinite period. See Item 10.
PURCHASERS' RIGHTS:	You have two business days after agreeing to purchase these securities to cancel your agreement to purchase. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel your agreement. See Item 11. **No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8.**

OFFERING MEMORANDUM

TERRAPIN MORTGAGE INVESTMENT CORP.

Table of Contents

ITEM 1. USE OF NET PROCEEDS

Net Proceeds and Available Funds

The following table summarizes the net proceeds of the offering and the funds that will be available to us after the offering:

	Net Proceeds (minimum offering)	Net Proceeds (maximum offering)
Amount to be raised by this offering:	$25,000	$32,250,000
Less: Selling commissions and fees	($0)	($0)(1)
Less: Estimated offering costs (e.g., legal, accounting, audit, etc.)	($0)	($0)
Net cash proceeds:	$25,000	$32,250,000

Notes:

(1) The Company reserves the right to pay fees to sellers, finders or any other authorized agent consistent with commissions normally paid in the securities industry. See Item 7.

Use of Net Proceeds

The following table provides a breakdown of how we will use the available funds:

Description of intended use of available funds listed in order of priority	Assuming minimum offering	Assuming maximum offering
Advancing funds to borrowers in order to earn fees and interest	$24,625	$31,766,250
General working capital	$375	$483,750
	$25,000	$32,250,000

Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2. BUSINESS OF THE COMPANY

Structure

The Company was formed on March 1, 2007 under the British Columbia *Business Corporations Act* as a result of an amalgamation with English Mortgage Investment Corp., Century Mortgage Investment Corp. and Latimer Mortgage Investment Corp. (the **"pre-amalgamation companies"**) under the provisions of the British Columbia *Business Corporations Act*. The company is also extra-provincially registered in Alberta and Manitoba in order to facilitate lending opportunities in those jurisdictions.

Our Business

We are a mortgage investment corporation ("**MIC**") in the business of investing directly or indirectly in mortgages granted as security for loans to builders, developers and owners of commercial, industrial and residential real estate located in the provinces of British Columbia, Alberta and Manitoba.

We currently intend to conduct our business mainly in the provinces of British Columbia, Alberta and Manitoba but may expand our business into other provinces as opportunities arise.

As a MIC, we are allowed to deduct dividends that we pay from our income. We intend to pay out all of our net income and net realized capital gains as dividends within the time period specified in the *Income Tax Act* (Canada) (the "**Tax Act**") with the result that we will not pay any income tax. See "Income Tax Consequences".

Development of Our Business

The present Company was formed through the amalgamation of four mortgage investment corporations at March 1, 2007. Prior to amalgamation, the pre-amalgamation Companies operated separately, but invested in a similar portfolio of mortgages and shared common Directors and Officers. The amalgamation was done to increase the efficiency of operations, thereby improving the Company's ability to raise capital and provide a favourable return to shareholders. The combined average annual return on investment and growth in capital for the amalgamated Companies over the past five fiscal years was as follows:

	Combined Average Annual Return on Investment	Combined Growth in Capital Year over Year (% and $)	
Fiscal Year 2015	7.5%	14.2%	$20,499,294
Fiscal Year 2014	7.0%	7.7%	$10,265,631
Fiscal Year 2013	6.5%	11.1%	$13,296,427
Fiscal Year 2012	6.4%	11.0%	$11,958,326
Fiscal Year 2011	6.2%	21.9%	$19,433,195

Notes:

Of the fiscal 2015 dividends declared in the amount of **$12,539,084**, **58.4%** were re-invested in Preferred Shares of the Company, signifying continued shareholder confidence.

The Directors and Officers of the Company have extensive real estate and financial experience which, along with an in depth loan approval process, enables the Company to objectively evaluate potential mortgage lending opportunities. The Company works closely with Terrafund Financial Inc. to secure viable mortgage lending opportunities in Western Canada. We continue to raise capital through the sale of Preferred Shares.

Objectives and Strategy

Our principal investment objective is to provide holders of Preferred Shares with sustainable income while preserving capital for re-investment. We will work to achieve this principal investment objective by investing in eligible investments and, subject to such working capital or reserve requirements as the Company's Board of Directors ("**Directors**") determine is necessary or desirable from time to time to meet our current and future expenses, liabilities, commitments and obligations and for the conduct, promotion and protection of our business and activities, our assets and shareholders, paying out cash or stock dividends to our Preferred Shareholders.

Our mortgage portfolio will mainly consist of commercial, industrial and residential construction, residential owner-occupied, residential inventory loans and land development loans, as well as term mortgages made for the purpose of acquiring or re-financing income-producing property. We will also invest in demand loans and term loans that are secured by income-producing real property.

Our current investment policies, practices and restrictions are as follows:

(a) we will invest in commercial and/or residential mortgages;

(b) we may make investments by purchasing interests in investments offered for sale by third parties, which may include mortgages on, or investments in, products, investments and properties;

(c) following funding, all of our mortgages will be registered on title to the subject property in our name or a nominee bare trustee for the Company;

(d) all mortgage investments will be made in Canada;

(e) at least 50% of the cost of all property will consist of residential mortgages and cash;

(f) we will not make any investment that would result in our failing to qualify as a MIC as that term is defined in the Tax Act, as amended from time to time;

(g) we will not invest in a mortgage or loan any funds to be secured by a mortgage unless at the date the mortgage is acquired or funds are initially committed (as the case may be) the indebtedness secured by such mortgage plus the amount of additional third party indebtedness of the borrower in priority to us, if any, generally does not exceed, on a property by property basis, 80% of the appraised value of the real property securing the mortgage, as determined by our Directors or such person(s) authorized by our Directors from time to time; provided that the appraised value may be based on stated conditions including without limitation, construction, completion, rehabilitation or lease-up of improvements located on the real property;

(h) if the independent appraisal reports an appraised value for the real property securing the mortgage other than on an "as is basis", we may advance funds under a loan by way of progress payments upon completion of specified stages of construction or development supported by receipt of reports of qualified inspectors which may include professional engineers, architects or quantity surveyors, as applicable, or upon completion of other specified milestones;

(i) to the extent that, from time to time, our funds are not invested in mortgages or mortgage backed securities, we will hold such funds in cash or money market accounts deposited with a Canadian chartered bank; and

Our investment policies, practises and restrictions set out above may be amended, supplemented or replaced from time to time by unanimous approval of our Directors.

Target Markets

We lend to borrowers located in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Market Opportunity

We are able to finance projects which are secured by real estate assets but that may be identified as too risky by conventional bank lenders. Due to the industry knowledge of the Company's Directors and Officers and their ability to oversee development of properties securing defaulted loans, the Company is generally able to fully recover on defaulted loans and may realize a profit on these projects over the long term.

Competition

Competitors in the Company's main market of British Columbia and Alberta include, Bancorp Financial Services Inc., Carevest Capital Inc., Atrium Mortgage Investment Corp., Trez Capital Corp., Lanyard Financial Corp., InstaFund Financial, and other mortgage investment corporations, mortgage brokers and private lenders. Banks and Trust Companies are minor competitors in lower risk loans.

Short Term Objectives and How We Intend to Achieve Them

Short term objectives over the next 12 months are to increase capital to $165 million to $196 million and to achieve a return on investment of 5% to 8%. Capital will be increased through further investment by existing shareholders, reinvestment of dividends by existing shareholders and introduction of new shareholders. Return on investment will be achieved through Company mortgage brokers identifying and closing loans of acceptable quality and yield that are approved by the Loan Approval Committee while keeping operating costs within budget. As at the end of the company's fiscal year of February 28, 2015, capital was $164,255,900. There will be no additional costs directly associated with the increase in capital as the Company does not pay commissions on share transactions.

Insufficient Proceeds

The proceeds of this offering may not be sufficient to accomplish all of our business objectives for the next 12 months. Management anticipates that revenue received from product sales and funds from additional financings will be sufficient for the Company to meet its objectives, however there is no assurance that such revenue will occur or that additional financings will be available.

Material Agreements of Terrapin

The following is a list of material agreements to which Terrapin is currently a party and any material agreements with a related party:

1. The Company has entered into an Exclusive Agency Agreement with Terrafund Financial Inc. (TFI) to secure viable mortgage lending opportunities in western Canada. TFI will provide exclusive mortgage broker services to the Company for 10 years commencing April 1, 2007. Under this Agreement, the Company shall maintain 1,520 square feet of rentable office space for use by TFI and provide overhead and office services as named in the Agreement. In exchange for broker services, a fee will be paid by the Company, which will be dependent on each deal, but generally provides for 50% of fees generated on funds to be advanced to be paid to TFI subject to a minimum of 1.0% of the authorized borrowing limit (principal amount) of each loan negotiated by TFI. Anything below the minimum may be made up through participation by TFI in the interest earned on the loan. Additionally, TFI will be entitled to a performance bonus based on the annual return of the Company per the audited financial statements and payable within 90 days of the fiscal year end of the Company as follows:

10% of the TMIC annual return that exceeds the First Return Standard up to and including the Second Return Standard and 12.5% of any annual return in excess of the Second Return Standard. The First Return Standard is defined as the greater of 8.0% per annum or the fiscal year average 2-year Government of Canada Benchmark Bond Yield plus 4.0%. The Second Return Standard is defined as the greater of 10.0% per annum or the fiscal year average 2-year Government of Canada Benchmark Bond Yield plus 6.0%.

The Company has the option to purchase the issued shares of TFI under certain conditions. Effective February 1, 2014 the Company purchased 39.95% of the outstanding shares of TFI in order to increase the Company's percentage of fees earned. Effective February 1, 2015 the Company sold 10.05% of the outstanding shares of TFI for $216,292, reducing their holding to 29.9%.

2. The Company has entered into a Management and Consulting Agreement with Adera Financial Inc. (AFI) to secure the services of the Company's management and administration and provide the Company with access to resources required for day-to-day operations. Under this agreement, management fees may be negotiated from time to time to reflect the value of goods and services provided. AFI is currently paid a fee based on 0.50% of current assets plus a small fee for miscellaneous expenses. A fixed charge of approximately $10,000 per month is paid to Adera Development Corp. (ADC) for the Company's portion of overhead and operating costs paid by ADC. Additionally, AFI will be entitled to a performance bonus based on the annual return of the Company per the audited financial statements and payable within 90 days of the fiscal year end of the Company as follows:

   10% of the TMIC annual return that exceeds the First Return Standard up to and including the Second Return Standard and 12.5% of any annual return in excess of the Second Return Standard. The First Return Standard is defined as the greater of 8.0% per annum or the fiscal year average 2-year Government of Canada Benchmark Bond Yield plus 4.0%. The Second Return Standard is defined as the greater of 10.0% per annum or the fiscal year average 2-year Government of Canada Benchmark Bond Yield plus 6.0%.

3. The Company has entered into a line of credit agreement with HSBC Finance Corporation Canada. This agreement is an annual, on demand credit facility that provides margining on certain of the Company's current and performing loans subject to various conditions. The rate of interest is HSBC's prime rate plus 0.85% and the line of credit is capped at $45 million.

ITEM 3. DIRECTORS, OFFICERS, PROMOTERS AND PRINCIPAL HOLDERS

Compensation and Securities Held

The names, municipality of principal residence, positions held, compensation paid and expected to be paid, and securities owned by the directors, officers and promoters of the Company, and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Company, are set out below:

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Terrapin in the most recently completed financial year	Base compensation anticipated to be paid in the current financial year	Number, type and percentage of voting securities of Terrapin held after completion of minimum offering	Number, type and percentage of voting securities of Terrapin held after completion of maximum offering	Number of Warrants Or Options[(1)] to purchase Common shares of Terrapin
Kenneth W. Mahon, FCPA, FCA Vancouver, B.C.	President and Director	Nil	Nil	1,000 Common Shares, 10.53% of Issued Common Shares	1,000 Common Shares, 10.53% of Issued Common Shares	Nil
Jeffrey A. Wolrige, BCom Vancouver, B.C.	Director	Nil	Nil	250 Common Shares, 2.63% of Issued Common Shares	250 Common Shares, 2.63% of Issued Common Shares	Nil
Kevin K. Mahon, BCom West Vancouver, B.C.	Treasurer and Director	Nil	Nil	400 Common Shares, 4.21% of Issued Common Shares	400 Common Shares, 4.21% of Issued Common Shares	Nil
Jeffrey Morgan, CPA, CA Burnaby, B.C.	CFO and Director	$71,999	$73,439	750 Common Shares, 7.89% of Issued Common Shares	750 Common Shares, 7.89%of Issued Common Shares	Nil

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Terrapin in the most recently completed financial year	Base compensation anticipated to be paid in the current financial year	Number, type and percentage of voting securities of Terrapin held after completion of minimum offering	Number, type and percentage of voting securities of Terrapin held after completion of maximum offering	Number of Warrants Or Options(1) to purchase Common shares of Terrapin
Randolph Pratt, CPA, CA Vancouver, B.C.	Director	Nil	Nil	250 Common Shares, 2.63% of Issued Common Shares	250 Common Shares, 2.63% of Issued Common Shares s	Nil
Dave Posnikoff, BCom North Vancouver, B.C.	Director	Nil	Nil	Nil	Nil	Nil

(1) Warrants and Options – the Company has no warrants or options outstanding.

Management Experience

The principal occupations of Directors and senior Officers over the past five years, as well as all relevant experience in a business similar to ours, are set out below:

Name	Principal occupation and related experience
Kenneth W. Mahon, FCPA, FCA	President and director of Terrapin Mortgage Investment Corp. since 1978.
Jeffrey A. Wolrige, BCom	Owner of Southview Property Management since 1981. Director of Terrapin Mortgage Investment Corp. since 2012.
Kevin K. Mahon, BCom	CEO Adera Group of Companies. Treasurer of Terrapin Mortgage Investment Corp since 1989.
Jeffrey Morgan, CPA, CA	CFO and Director of Terrapin Mortgage Investment Corp. since 1999.
Randolph Pratt, CPA, CA	Director of Terrapin Mortgage Investment Corp. 1994 – 1999, and since 2007. President of Adera Capital Corp. since 2005.
Dave Posnikoff, BCom	Formerly part owner and managing mortgage broker of Terrafund Financial Inc.

Penalties, Sanctions and Bankruptcy

None.

ITEM 4. CAPITAL STRUCTURE OF TERRAPIN

Outstanding Securities

The following table provides information about the Company's outstanding securities. There are currently no options, warrants and other securities convertible into shares.

Description of Security	Number of Shares Authorized to be Issued	Number of Shares Outstanding as at April 30, 2015	Number of Shares Outstanding after Minimum Offering (25,000 shares)	Number of Shares Outstanding after Maximum Offering (30,000,000 shares)
Voting common shares with no par value	Unlimited	9,500	9,500	9,500
Non-voting preferred shares with par value of $1.00 per preferred share	Unlimited	164,735,952	164,760,952	194,735,952
TOTAL	Unlimited	**164,745,452**	**164,770,452**	**194,745,452**

Long Term Debt

The Company currently has no long term debt outstanding.

Prior Sales

See attached Schedule "B" for a summary of Preferred Shares sold by Terrapin Mortgage Investment Corp. since June 1, 2014.

ITEM 5. DESCRIPTION OF SECURITIES OFFERED

Terms of Securities

Description of Preferred Shares

We are offering a minimum of 25,000 and a maximum of 30,000,000 Preferred Shares at the price per share stated on Schedule "A" which assuming the maximum share purchase price of $1.075 per share would result in aggregate gross proceeds of $32,250,000 to the Company. Preferred shares are valued at their par value of $1.00 per share. The minimum investment amount for an investor in the Class B Preferred shares is $250,000.

The rights and restrictions attaching to the Preferred Shares are as follows:

Voting Rights

Subject to the provisions of the *Business Corporations Act* (British Columbia), the holders of Preferred Shares shall not, as such, have any voting rights for the election of Directors or for any other purpose, nor shall they be entitled to attend general meetings of the shareholders.

Dividend Entitlement

Subject to the BCBCA, the Directors may from time to time declare and authorize the payment of dividends to the holders of Preferred Shares, in such amounts, in such manner, on such payment and other terms and subject to such conditions as they determine in their sole discretion; however, notwithstanding the foregoing, the Preferred Shares are entitled to rank at least pari passu with all other classes or series of shares in respect of the declaration and payment of dividends.

Notwithstanding the preceding paragraph, holders of Preferred Shares are entitled, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of Common Shares of the Company, to participate pari passu with the holders of the Common Shares in any further payment of dividends.

Subject to the sole discretion of the Directors, the dividends on the Class A Preferred shares are payable annually and the dividends on the Class B Preferred shares are payable quarterly. All dividends paid to the Class B Preferred shareholders shall be discounted by 30 basis points (0.30%) from dividends concurrently paid to the Class A and Common shareholders on an annual basis. This discount reflects the annual costs of administration and tying up capital.

Subject to such working capital or reserve requirements as our Directors determine is necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Company and for the conduct, promotion and protection of the business and activities of the Company, its assets and shareholders, for income tax purposes, the Company currently intends to distribute as dividends substantially all of its net income. See "Income Tax Consequences and RRSP Eligibility".

Retraction Rights

The BCBCA does not permit the Company to make any payment to purchase or otherwise acquire Preferred Shares issued by it if there are reasonable grounds for believing that: (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes.

Redemption Rights

The BCBCA does not permit the Company to make any payment to purchase or redeem Preferred Shares issued by it if there are reasonable grounds for believing that: (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would after the payment be less than the aggregate of (i) its liabilities; and (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or prior to the holders of the Preferred Shares.

Subject to the provisions of the BCBCA, the Company may at any time or times at the discretion of the Directors redeem all or any of the Preferred Shares by paying to the registered holder or holders thereof the amount of $1.00 per share together with all dividends declared thereon and unpaid (the "Redemption Amount").

If less than all of the outstanding Preferred Shares are to be redeemed at any time and such shares are held by more than one registered holder, the Preferred Shares to be redeemed shall be selected in such manner as determined by the Directors.

The Company shall give notice of any redemption to each holder of Preferred Shares by delivering the same to such holder not less than 24 hours prior to the date fixed for redemption. Such notice shall specify the provisions hereof under which such redemption shall be effected, the date fixed for redemption, the place in the Province of British Columbia where redemption shall be effected, the Redemption Amount and, in case of partial redemption, the number or portion of each holder's Preferred Shares to be redeemed. Notwithstanding the foregoing, the holders of Preferred Shares may waive notice of any such redemption by instrument or instruments in writing.

On the date fixed for any redemption, the Company shall pay or cause to be paid the Redemption Amount to or to the order of the holders of the Preferred Shares to be redeemed upon presentation and surrender at the place of redemption of the respective certificates representing such shares. The holders of the Preferred Shares so redeemed shall cease to exercise any of the rights of holders in respect thereof unless payment of the Redemption Amount shall not be made in accordance with the foregoing provisions, in which case the rights of such holder shall remain unimpaired.

The Company shall have the right at any time after delivering a notice of redemption to deposit the Redemption Amount of the shares thereby called for redemption or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank in the Province of British Columbia specified in such notice or in a subsequent notice to the holders of shares in respect of which the deposit is made, in a special account for the holder of such shares, and upon deposit being made or upon the date fixed for redemption, whichever is the later, the Preferred Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of each holder thereof shall be limited to receiving without interest, his proportionate part of the Redemption Amount so deposited upon presentation and surrender of the certificate representing the Preferred Shares so redeemed. Any interest on such deposit shall belong to the Company.

If less than all the Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance of shares valued at their par value of $1.00 per share shall be issued at the expense of the Company.

Entitlement on Liquidation, Dissolution or Winding Up

Subject to the rights of the holders of the Preferred Shares, in the event of the liquidation, dissolution or winding-up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the common shares shall be entitled to receive the remaining property of the Company;

In the event of the liquidation, dissolution or winding-up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares shall be entitled to receive before the distribution of assets to the holders of the common shares, the amount of $1.00 per share, together with any dividends declared thereon and unpaid.

Constraints on Transferability

Paragraph 130.1(6)(d) of the Tax Act stipulates that to qualify as a MIC, a corporation must have at least twenty shareholders and no one shareholder may be a Specified Shareholder (defined below) of the corporation. A Specified Shareholder, as defined in the Tax Act, would include a taxpayer who, alone or together with any person related to the taxpayer, owns, directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the Company (a "**Specified Shareholder**").

The Tax Act states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four shareholders for purposes of determining the number of shareholders and one shareholder for purposes of determining if a shareholder is a Specified Shareholder.

The Directors intend to refuse registration of an allotment or any transfer of shares which would result in the Company ceasing to meet the qualifications of a MIC.

As the Company is not currently a reporting issuer in the selling jurisdictions or in any other jurisdiction, the Preferred Shares are subject to resale restrictions pursuant to applicable securities laws. See "Resale Restrictions".

Subscription Qualification

We are offering the Preferred Shares in various provinces of Canada.

The offering is being made in accordance with certain statutory registration and prospectus exemptions contained in securities legislation in such provinces. Such exemptions relieve the Company from provisions under such statutes requiring the Company to utilize a registered dealer to sell the Preferred Shares (except in Ontario) and file a prospectus. As such, you will not receive the benefits associated with the involvement of such registrants, except in Ontario, or the benefits associated with purchasing the Preferred Shares pursuant to a filed prospectus, including the review of the material by the securities commission or similar regulatory authority in such jurisdictions.

In order for the Company to rely on these exemptions to sell the Preferred Shares, you must qualify to purchase the Preferred Shares with the requirements of the various exemptions. These qualifications are set out in the accompanying subscription agreement and vary depending upon your province of residence. **Please carefully review the accompanying subscription agreement to determine the exemption requirements that apply to you.**

Other Jurisdictions

We may offer the Preferred Shares to residents of jurisdictions outside of Canada. Purchasers in these jurisdictions may be asked to provide representations or complete forms other than those listed below in order to ensure compliance with the applicable securities laws. The Company reserves the right to reject subscriptions from persons resident in any jurisdiction on the basis that it is impossible or impractical to comply with the securities laws of such jurisdiction.

You will be restricted from selling your securities for an indefinite period. See "Resale Restrictions".

Subscription Procedure

You may subscribe for Preferred Shares by delivering the following documents to us at the address shown in the Subscription Agreement:

(a) a completed and executed subscription agreement in the form provided with this Offering Memorandum;

(b) a cheque or bank draft made payable to the Company in the amount of the subscription price for the Preferred Shares or an irrevocable direction to a financial institution to deliver to the Company full payment for the Preferred Shares upon delivery of certificates representing such Preferred Shares to the financial institution or to the Subscriber;

(c) a completed and executed Form 45-106F4 provided with this Offering Memorandum;

(d) a completed and executed risk acknowledgement form under British Columbia Securities Commission Instrument 32-517 ("BCI 32-517") provided with this Offering Memorandum; and

(e) if required by the Company, a completed and executed Certificate of Eligible Investor or Certificate of Accredited Investor provided with this Offering Memorandum.

We will hold your subscription funds in trust until midnight on the second business day after the day on which we received your signed subscription agreement. After this, we will hold the subscription funds in trust pending a closing under this Offering. Within a reasonable period following the closing, we will deliver to you a certified copy of a certificate representing the Preferred Shares purchased by you. See "Purchaser's Rights".

We will collect, use and disclose your individual personal information in accordance with the Company privacy policy. If required, we will obtain your consent to such collection, use and disclosure from time to time as required by our policy and the law. A copy of our privacy policy will be provided to you with your subscription agreement and your consent will be sought at that time.

This offering is subject to a minimum of $25,000 being raised on or before February 29, 2016, failing which the investment funds will be returned without interest or deduction. We anticipate that there will be multiple closings under this offering and we may close the offering on such date on or before February 29, 2016 as we may determine in our sole discretion.

We reserve the right to accept or reject a subscription for the Preferred Shares in whole or in part and the right to close the subscription books at any time without notice. Any investment funds for subscriptions that we do not accept will be promptly returned without interest after we have determined not to accept the investment funds.

ITEM 6. INCOME TAX CONSEQUENCES

The following income tax disclosure is provided by Kenneth W. Mahon, FCPA, FCA. The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. It is not intended to be and should not be interpreted as legal or tax advice to any particular subscriber. You should consult with your own tax advisor regarding the income tax consequences to you of acquiring, holding and disposing of the Preferred Shares including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

General

The following is a summary of the principal Canadian federal income tax consequences of acquiring, holding and disposing of the Preferred Shares by a subscriber who, at all relevant times, is a resident of Canada, deals with the Corporation at arm's length, and who acquires and holds the Preferred Shares as capital property. Subscribers to whom the Preferred Shares might not constitute capital property may elect, in certain circumstances, to have such property treated as capital property by making the election permitted by s. 39(4) of the Tax Act. This summary is not applicable to any holder Preferred Shares which is a "financial institution", as defined in section 142.2 of the Tax Act or to any holder Preferred Shares, an interest in which is a "tax shelter investment" for the purposes of the Tax Act.

This summary, provided by management of the Company, is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, all specific proposals (the "**Tax Proposals**") to amend the Tax Act, and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and the current published administrative practices of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted as currently proposed but does not take into account or anticipate any other changes in law whether by legislative, governmental or judicial action and does not take into account tax legislation or considerations of any province, territory or foreign jurisdiction.

This summary is based on the assumption that the Company meets certain conditions which are imposed by the Tax Act on the Company in order for the Company to qualify as a MIC thereunder. These conditions will generally be satisfied if, throughout a taxation year of the Company:

(a) the Company was a Canadian company as defined in the Tax Act;

(b) the Company's only undertaking was the investing of funds and it did not manage or develop any real property;

(c) no debts were owed to the Company by non-residents unless such debts were secured on real property situated in Canada;

(d) the Company did not own shares of non-resident Companies;

(e) the Company did not hold real property located outside of Canada or any leasehold interest in such property;

(f) the Company did not loan funds where the security for such loans is real property located outside of Canada;

(g) the cost amount of the Company's property represented by mortgages on houses or on property included within a housing project (as those terms are defined in the *National Housing Act*), together with cash on hand and deposits with a bank or any other Company or a credit union, (collectively, the "**Qualifying Property**") was at least 50% of the cost amount to it of all of its property;

(h) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by the Company) owned by the Company did not exceed 25% of the cost amount to it of all of its property;

(i) the Company had at least 20 shareholders (in its first taxation year the Company must have at least 20 shareholders on the last day of that year) and no person would have been a Specified Shareholder of the Company at any time in the taxation year;

(j) holders of Preferred Shares had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the Common Shares to participate pari passu with holders of Common Shares in any further payment of dividends; and

(k) the Company's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, where at any time in the year the cost amount to it of its Qualifying Property is less than 2/3 of the cost amount to it of all of its property, or, where throughout the taxation year the cost amount to it of its Qualifying Property equalled or exceeded 2/3 of the cost amount of all of its property, the Company's liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

It is intended, and this summary assumes, that these requirements will be satisfied so that the Company will quality as a MIC at all relevant times. If the Company were not to quality as a MIC, the income tax consequences would be materially different from those described below.

Taxation of the Company

The Company will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the company in computing its income for the preceding year. As a MIC is deemed to be a public company, no capital dividends can be paid by the Company. However, a MIC may declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct one-half of such dividend from its taxable income. As discussed below, a capital gains dividend is taxed in the hands of a shareholder as a capital gain arising form a notional disposition of capital property. The combination of the Company's deduction for capital gains dividends and the shareholder's deemed capital gain will allow the Company to flow capital gains through to a shareholder on a tax efficient basis. As a public company, the Company will be subject to tax at the highest company rates. However, at this time the Company intends to declare dividends and capital gains dividends each year in sufficient amounts to reduce its taxable income to nil.

Taxation of Shareholders

Dividends other than capital gains dividends which are paid by the Company on Preferred Shares will be included in shareholders' incomes as bond interest. Capital gains dividends will be treated as realized capital gains of shareholders, and will be subject to the general rules relating to the taxation of capital gains. **SINCE THE DIVIDENDS RECEIVED ARE TAXED AS BOND INTEREST, THE NORMAL GROSS UP AND DIVIDEND TAX CREDIT RULES WILL NOT APPLY TO DIVIDENDS PAID BY THE COMPANY TO AN INDIVIDUAL AND TRUSTS ON A PREFERRED SHARE AND SHAREHOLDERS THAT ARE COMPANIES WILL NOT BE ENTITLED TO DECUCT THE AMOUNT OF DIVIDENDS PAID BY THE COMPANY FROM THEIR TAXABLE INCOME.**

The cost to a Subscriber of Preferred Shares acquired pursuant to this offering will equal the purchase price of the Preferred Shares plus the amount of any other reasonable costs incurred in connection therewith. This cost will be averaged with the cost of all other Preferred Shares held by the subscriber to determine the adjusted cost base of each Preferred Share.

A disposition or a deemed disposition of Preferred Shares (other than to the Company) will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of Preferred Shares exceed (or are exceeded by) the adjusted cost base of the Preferred Shares and the disposition costs. Amounts paid by the Company on the redemption or acquisition by it of a Preferred Share, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Company on the redemption or acquisition of a Preferred Share which is in excess of the paid-up capital of such Preferred Share will be deemed to be a dividend and will be included in the income of a holder of Preferred Shares, in accordance with the rules described above.

Fifty percent of any capital gain realized by a Shareholder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the Shareholder's income under the Tax Act as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized in taxation year may be deducted against any taxable capital gains realized by the shareholder in such year, in the three preceding taxation years or in any subsequent taxation year.

The taxable gains realized by a shareholder that is an individual may give rise to alternative minimum tax depending upon the shareholder's circumstances. A Shareholder that is a "Canadian Controlled Private Company" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6.66% (six and 2/3s) on certain investment income, including amounts in respect of interest and taxable capital gains. The 6.66% (six and 2/3s) tax is to be added to such company's refundable dividend tax on-hand account and will be eligible for refund at a rate of $1.00 for every $3.00 of dividends paid by the Company.

Eligibility for Investment by Deferred Income Plans

The Preferred Shares will be qualified investment for a Registered Retirement Savings Plan ("**RRSP**"), Registered Educational Savings Plan ("**RESP**"), Deferred Profit Sharing Plan or a Registered Retirement Income Fund ("**RRIF**"). Tax Free Savings, Account ("**TFSA**") (collectively a "**Deferred Income Plan**") at a particular time if the Company qualifies as a MIC under the Tax Act at such particular time and if throughout the calendar year in which the particular time occurs, the Company does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber, as the case may be, under the relevant Deferred Income Plans will generally not be liable for tax in respect of any dividends received from the Company.

If the Company ceases to qualify as a MIC throughout any period of time, the Preferred Shares of the Company will cease to qualify as investments for Deferred Income Plans throughout such period. A Deferred Income Plan will be subject to a penalty tax if it holds any non-qualified investments at the end of a month. The tax is equal to 1% of the fair market value at the time of acquisition of the non-qualified investment and is payable for each month end in which the non-qualified property is held.

If an RRSP or RRIF holds a non-qualified investment at any time during a particular year, the RRSP or RRIF will be subject to a tax under Part I of the Tax Act on income attributable to the non-qualified investment. RESPs which hold non-qualified investments can have their registration revoked by the Canada Revenue Agency.

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

The Preferred Shares being offered are planned to be sold directly by the Company. However, the Company reserves the right to pay commissions or referral fees to registered dealers and other persons permitted by law to receive them, in consideration of the referral of qualified investors who complete a subscription agreement that is accepted by us. Such commissions and referral fees will be negotiated on a case-by-case basis and may involve cash commissions and/or securities (including options and warrants) but the amounts negotiated will not exceed commissions normally paid in the securities industry.

ITEM 8. RISK FACTORS

In addition to factors set forth elsewhere in this Offering Memorandum, potential subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Preferred Shares. The following is a summary only of the risk factors involved in an investment in the Preferred Shares. Investors should consult with their own professional advisors to assess the income tax, legal and other aspects of an investment in the Preferred Shares.

No Market for Our Securities

Since there is no developed market for the Preferred Shares and the Preferred Shares are subject to overall restrictions under securities laws, you will not be able to liquidate your investment or withdraw your capital at will. Other than in accordance with the limited redemption rights attached to the Preferred Shares, you may never be able to sell your Preferred Shares and recover any part of your investment. Accordingly, and investment in Preferred Shares should only be considered by investors who do not require liquidity. See "Resale Restrictions".

The Preferred Shares are not Insured

The Company is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation. The Preferred Shares are redeemable at the option of the holder, but only under certain circumstances and due to the illiquid nature of mortgage lending, the Company may not be in a position to redeem the shares for a period of up to six months from receipt of the notice of redemption. See "Description of Securities Offered".

No Guaranteed Return

There is no guarantee that an investment in Preferred Shares will earn any positive return or any return at all in the short or long term. Moreover, the interest rates being charged for mortgages reflect the general level of interest rates and, as interest rates fluctuate, management of the Company expect that the aggregate yield on mortgage investments will also change.

Use of Estimates in Determining Price

The selling price of Preferred Shares is based on an anticipated rate of return as estimated by Management. Although best efforts are made to closely approximate the actual return, the use of estimates is required to determine selling price and the actual rate of return may differ due to circumstances beyond our immediate control.

Tax Treatment

If for any reason the Company fails to maintain its qualification as a MIC under the Tax Act, dividends paid by the Company on the Preferred Shares will cease to be deductible from the Company's income and the Preferred Shares, unless listed on a prescribed stock exchange for the purposes of the Tax Act, may cease to be qualified investments for Deferred Income Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments in Deferred Income Plans. See "Income Tax Consequences".

The normal gross-up and dividend tax credit rules do not apply to dividends paid on securities of the Company and corporate holders of the Preferred Shares will not be entitled to deduct the amount of any dividends paid on their Preferred Shares from their taxable income. See "Income Tax Consequences".

Dilution

The number of Preferred Shares the Company is authorized to issue is unlimited and the Directors have the sole discretion to issue additional Preferred Shares. The proceeds of this offering may not be sufficient to accomplish all of the Company's proposed objectives. In addition to alternate financing sources, the Company may conduct future offerings of Preferred Shares in order to raise the funds required which will result in a dilution of the interests of the Preferred Shareholders in the Company and the income or loss from the Company.

Reliance on Management

In assessing the risks and rewards of an investment in Preferred Shares, potential investors should appreciate that they are relying on the good faith and judgement of the Directors in administering and managing the Company. Preferred Shareholders do not have the right to vote on most matters affecting the Company, including the election of Directors. It would be inappropriate for investors who are unwilling to rely on the Directors to this extent to subscribe for Preferred Shares. There is no certainty that the persons who are currently Directors will continue to be available to the Company for the entire period during which it requires the provision of their services.

Nature of the Investments

The Company's investments in mortgage loans will be secured by real estate. All real property investments are subject to elements of risk. Real property value is affected by general economic conditions, local real estate markets, the attractiveness of a property to purchasers or tenants, competition from other available properties and other factors. While independent appraisals are generally required before the Company makes any mortgage investments, the appraised values provided therein, even where reported on an "as is" basis are not necessary reflective of the market value of the underlying real property, which may fluctuate. In including the completion, rehabilitation or lease-up improvements on the real property providing security for the investment, there can be no guarantee that these conditions will be satisfied and if, and to the extent, they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income. The Company may be required to incur such expenditures to protect its investment, even if the borrower is not making debt service required of it under the mortgage.

Real property mortgage investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of the investment. Such illiquidity may tend to limit the Company's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Company were required to liquidate its real property mortgage investments, the proceeds to the Company might be significantly less than the total value of its investment.

The Company will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by the properties of the Company will not be able to be refinanced or that the terms of re-financing will not be as favourable as the terms of existing indebtedness.

Renewal of Mortgages

There can be no assurances that any of the mortgages comprising the Company's mortgage portfolio from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each mortgage comprising the mortgage portfolio, it is possible that the mortgagor, the mortgagee or both, will not elect to renew such mortgage. In addition, if the mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors and the mortgagees at the time of renewal.

Composition of the Mortgage Portfolio

The composition of the Company's mortgage portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the mortgage portfolio being less diversified than anticipated. A lack of diversification may result in the Company being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography.

Failure to Meet Commitments

The Company may commit to making future mortgage investment in anticipation of repayment of principal outstanding under existing mortgage investments. In the event that such repayments of principal are not made in contravention of the borrowers' obligations, the Company may be able to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may face liability in connection with its failure to make such advances.

Competition

The Company will be competing for investments with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek investments similar to those desired by the Company. Many of these investors will have greater financial resources than those of the Company, or operate without the investment or operating restrictions of the Company or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in such investments may increase competition for those investments, thereby increasing purchase prices and reducing the yield on the investments.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the real estate industry will not be changed in a manner which adversely affects the Company or distributions received by its security holders.

Environmental and Other Regulatory Matters

Environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, the Company could become liable for the costs of effecting remedial work necessitated by the release, deposit, or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location. The failure to effect remedial work may adversely affect an owner's ability to sell real estate or to borrow using the real estate as collateral and could result in claims against the owner.

ITEM 9. REPORTING OBLIGATIONS

The Company is not a reporting issuer or its equivalent in any jurisdiction and there are no plans for the Company to become a reporting issuer in any jurisdiction. **We are not required to send you any documents on an annual or ongoing basis.**

ITEM 10. RESALE RESTRICTIONS

The securities offered hereby will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation.

Unless permitted under applicable securities legislation, you cannot trade the securities before the date that is 4 months and a day after Terrapin becomes a reporting issuer in any province or territory. Terrapin does not have any plans at present to become a reporting issuer in any jurisdiction.

ITEM 11. PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(i) the Company to cancel your agreement to buy these securities; or

(ii) for damages against the Company and against the directors of the Company as at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

If you are resident in the Province of Saskatchewan, you may have the right to sue, against any promoters of the Company as at the date of this Offering Memorandum, and every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them, and every person or company that sells securities on behalf of the Company under this Offering Memorandum or an amendment to this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (i) or (ii) above, you must do so within strict time limitations. You must commence your action to cancel the agreement no later than 180 days after the day of the transaction that gave rise to the cause of action. In British Columbia, Alberta and Ontario, you must commence your action for damages no later than the earlier of: (A) 180 days after the day you first had knowledge of the facts giving rise to the cause of action; or (B) 3 years after the day of the transaction that gave rise to the cause of action. Limitation periods may differ in other Canadian provinces or territories.

Reference is made to the *Securities Act* (British Columbia) and *Securities Act* (Alberta) for the complete text of the provisions under which these rights are respectively conferred and this summary is subject to the express provisions of the *Securities Act* (British Columbia) and *Securities Act* (Alberta).

The foregoing rights are in addition to and without derogation from any other right or remedy available to you at law.

SmytheRatcliffe
CHARTERED ACCOUNTANTS

TERRAPIN MORTGAGE INVESTMENT CORP.

Consolidated Financial Statements
February 28, 2015 and 2014
(Expressed in Canadian Dollars)

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF TERRAPIN MORTGAGE INVESTMENT CORP.

We have audited the accompanying consolidated financial statements of Terrapin Mortgage Investment Corp., which comprise the consolidated statements of financial position as at February 28, 2015 and 2014, and the consolidated statements of operations and retained earnings, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Terrapin Mortgage Investment Corp. as at February 28, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
May 19, 2015

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Vancouver, BC V6C 2G8

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TERRAPIN MORTGAGE INVESTMENT CORP.
Consolidated Statements of Financial Position
February 28
(Expressed in Canadian Dollars)

	2015	2014
Assets (note 5)		
Cash	$ 158,484	$ 349,693
Accounts receivable	677,880	4,784,038
Mortgages receivable (note 8)	204,607,320	137,591,315
Property held for resale (notes 6, 7 and 12)	11,725,152	15,506,064
Investment in associate (note 9)	643,499	859,791
	$ 217,812,335	$ 159,090,901
Liabilities		
Bank indebtedness (notes 4 and 5)	$ 39,953,772	$ 2,782,481
Loan payable (note 6)	1,123,108	1,326,087
Accounts payable	272,384	976,041
Accrued liabilities	695,348	844,106
	42,044,612	5,928,715
Shareholders' Equity		
Capital Stock (note 10)	164,255,900	143,756,606
Retained Earnings	11,511,823	9,405,580
	175,767,723	153,162,186
	$ 217,812,335	$ 159,090,901

Approved by the Board:

…………………………………………… Director
Kenneth W. Mahon

…………………………………………… Director
Jeff Morgan

See notes to consolidated financial statements.

TERRAPIN MORTGAGE INVESTMENT CORP.
Consolidated Statements of Operations and Retained Earnings
Years Ended February 28
(Expressed in Canadian Dollars)

	2015	2014
Revenues		
Mortgage interest	$ 13,123,013	$ 10,937,795
Fees and other income	3,012,726	1,103,982
Net recoveries on property held for resale	-	710,576
	16,135,739	12,752,353
Cost of Borrowing		
Interest and bank charges	766,110	475,517
	15,369,629	12,276,836
Expenses		
Management fees (note 11)	872,024	654,874
Salaries and benefits	246,323	236,771
Premises (note 11)	120,330	98,617
Office and miscellaneous	94,874	91,956
Professional fees	27,563	38,406
	1,361,114	1,120,624
Income from Operations	14,008,515	11,156,212
Provision for Mortgage Losses	1,687,633	1,110,885
Net Income for the Year	12,320,882	10,045,327
Retained Earnings, Beginning of Year	9,405,580	8,052,066
	21,726,462	18,097,393
Dividends Paid	10,214,639	8,691,813
Retained Earnings, End of Year	$ 11,511,823	$ 9,405,580
Return on Investment Before Provision for Loss	8.5%	7.8%
Return on Investment After Provision for Loss	7.5%	7.0%

See notes to consolidated financial statements.

TERRAPIN MORTGAGE INVESTMENT CORP.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares					
	Class A Common	Class A Preferred	Class B Preferred	Capital Stock	Retained Earnings	Total
Balance, February 28, 2013 (unaudited)	9,500	123,104,742	10,376,733	$ 133,490,975	$ 8,052,066	$ 141,543,041
Shares issued as stock dividends	-	5,404,071	19,078	5,423,149	-	5,423,149
Share subscriptions	-	8,268,025	250,000	8,518,025	-	8,518,025
Share redemptions	-	(3,675,543)	-	(3,675,543)	-	(3,675,543)
Net income	-	-	-	-	10,045,327	10,045,327
Dividends declared	-	-	-	-	(8,691,813)	(8,691,813)
Balance, February 28, 2014	9,500	133,101,295	10,645,811	143,756,606	9,405,580	153,162,186
Shares issued as stock dividends	-	6,164,656	17,029	6,181,685	-	6,181,685
Share subscriptions	-	35,192,861	5,113,028	40,305,889	-	40,305,889
Share redemptions	-	(23,714,407)	(2,273,873)	(25,988,280)	-	(25,988,280)
Net income	-	-	-	-	12,320,882	12,320,882
Dividends declared	-	-	-	-	(10,214,639)	(10,214,639)
Balance, February 28, 2015	9,500	150,744,405	13,501,995	$ 164,255,900	$ 11,511,823	$ 175,767,723

See notes to consolidated financial statements.

TERRAPIN MORTGAGE INVESTMENT CORP.
Consolidated Statements of Cash Flows
Years Ended February 28
(Expressed in Canadian Dollars)

	2015	2014
Operating Activities		
Net income for the year	$ 12,320,882	$ 10,045,327
Changes in non-cash working capital		
Accounts receivable	4,106,158	(4,486,943)
Accounts payable	(703,657)	878,894
Accrued liabilities	(148,758)	66,581
Unearned placement fees	-	(435,275)
Cash Provided by Operating Activities	15,574,625	6,068,584
Investing Activities		
Investments in mortgages	(67,016,005)	(10,213,181)
Proceeds from property held for resale	3,780,912	10,242,590
Proceeds from (investments in) associate	216,292	(859,791)
Cash Used in Investing Activities	(63,018,801)	(830,382)
Financing Activities		
Issuance of preferred shares	40,305,889	8,518,025
Redemption of preferred shares	(25,988,280)	(3,675,543)
Dividends declared and paid	(4,032,954)	(3,268,664)
Proceeds from (repayment of) loan payable	(202,979)	1,326,087
Proceeds from (repayment of) bank indebtedness	37,171,291	(7,928,920)
Cash Provided by (Used in) Financing Activities	47,252,967	(5,029,015)
Inflow (Outflow) of Cash	(191,209)	209,187
Cash, Beginning of Year	349,693	140,506
Cash, End of Year	$ 158,484	$ 349,693
Supplemental Cash Flow Information		
Stock dividends included in dividends declared and paid	$ 6,181,685	$ 5,423,149

See notes to consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Terrapin Mortgage Investment Corp. (the "Company" or "Terrapin") is a corporation domiciled in Canada, incorporated under the *Business Corporations Act* (British Columbia). The address of the Company's registered head office and principal place of business is Suite 2200, Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, British Columbia V7X 1K8.

The Company is a Mortgage Investment Corporation as defined in section 130.1(6) of the *Income Tax Act* (Canada). Accordingly, the Company is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after February 28 each year. Such dividends are treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the Company had been made directly by the shareholder.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Company's Board of Directors on May 19, 2015.

(b) Basis of measurement and presentation

The consolidated financial statements have been prepared on a historical cost basis. All dollar amounts presented are in Canadian dollars, the Company's functional and presentation currency, unless otherwise specified.

(c) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these audited consolidated financial statements.

TERRAPIN MORTGAGE INVESTMENT CORP.
Notes to Consolidated Financial Statements
Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

(c) Use of estimates and judgments (Continued)

The most significant estimates that the Company is required to make relate to the impairment of the mortgages receivable and the valuation of properties held for resale. These estimates may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

(d) Cash equivalents

Cash equivalents which may be held at times during the year include short-term liquid investments that are cashable or readily convertible into a known amount of cash within three months or less and are subject to insignificant risk of changes in value.

(e) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries (note 2(k)). A subsidiary is an entity in which the Company has control, where control requires exposure to rights to variable returns and the ability to affect these returns through power over the investees. All significant intercompany transactions and balances have been eliminated.

(f) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss ("FVTPL") – This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

2. BASIS OF PREPARATION (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in profit or loss.

All financial assets, except those measured at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

FVTPL – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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2. BASIS OF PREPARATION (Continued)

(g) Mortgages receivable

Mortgages receivable are classified as loans and receivable financial instruments. Such instruments are recognized initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgages receivable are measured at amortized cost using the effective interest method, less any impairment losses.

The mortgages receivable are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and if the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of mortgages receivable measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the consolidated statements of operations and retained earnings and reflected in an allowance account against the investments. Interest on the impaired asset continues to be recognized through the unwinding of the discount if it is considered collectable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(h) Revenue recognition

Interest income is recognized as earned at the stated rate in accordance with the terms of the instrument.

Placement fees collected at the beginning of the term of the mortgage are recognized upon collection.

(i) Income taxes

The Canadian *Income Tax Act* permits mortgage investment corporations to deduct taxable dividends paid during the year or within 90 days after fiscal year-end in calculating taxable income for the year. Management of the Company intends to follow the policy of annually distributing all taxable income to the shareholders by dividend, and in accordance with this policy, no provision for income taxes has been recorded in these consolidated financial statements.

(j) Investments in ventures

As part of the recovery process for delinquent loans, the Company established companies to hold foreclosed properties and perform recovery work. These recovery companies are controlled by the Company and are consolidated. All significant intercompany transactions and balances have been eliminated upon consolidation.

2. BASIS OF PREPARATION (Continued)

(k) Investment in subsidiaries

As part of the recovery process for delinquent loans, the Company established the following wholly-owned subsidiary companies to hold foreclosed properties and perform recovery work: Scarboro Projects, Edmonton Terra Apartments, PL Estates, Live Man's Flats, KRL Properties Ltd., Sea Spray Projects, and Southern Island Land and Sea. These recovery companies are accounted for using the consolidation method. All significant intercompany transactions and balances have been eliminated.

(l) Investments in associates

The Company holds an equity position in Terrafund Financial Inc. ("TFI"). The investment is being accounted for under the equity method. All significant intercompany transactions and balances have been eliminated.

(m) Property held for resale

The Company holds title to property acquired through the foreclosure process. These properties are measured at fair value in accordance with Accounting Guideline 18 *Investment Companies*. Fair value is estimated as net realizable value of the properties, subject to impairment tests performed by the Company at the time of foreclosure.

(n) Preferred shares

The Company classifies financial instruments issued as either financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The preferred shares are classified as equity instruments and presented as "Capital Stock" in the consolidated statements of financial position.

Dividends payable to holders of preferred shares are recognized in the consolidated statements of changes in equity when they are declared. Incremental costs directly attributable to the issuance of preferred shares are recognized on the consolidated statements of operations and retained earnings.

(o) Future changes in accounting policies

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

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2. BASIS OF PREPARATION (Continued)

(o) Future changes in accounting policies (Continued)

The standards, amendments and interpretations that will be relevant to the Company are:

IFRS 9 *Financial Instruments* (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to annual periods beginning on or after January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with mortgagees.

The five steps in the model are as follows:

- Identify the contract with the mortgagee
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to annual periods beginning on or after January 1, 2017.

2. BASIS OF PREPARATION (Continued)

(o) Future changes in accounting policies (Continued)

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 9 — To clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 — To clarify the meaning of “elsewhere in the interim report” and require a cross-reference.

Applicable to annual periods beginning on or after January 1, 2016.

3. FINANCIAL INSTRUMENTS

The Company classifies its cash as FVTPL; mortgages receivable, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities.

The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below.

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk in respect of cash by placing its cash balances at a major Canadian financial institution.

With respect to its accounts receivable, the Company manages credit risk by assessing the credit rating of all potential customers.

With respect to its mortgages receivable, the Company follows a program of credit evaluations of mortgagees and has registered charges on underlying property. The Company maintains a provision for potential credit losses.

3. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

The Company's maximum credit risk exposure (without taking into account collateral and other credit enfacements) at February 28, 2015 and 2014 is represented by the respective amounts of the relevant financial assets in the consolidated statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities and any bank financing that may be outstanding. The bank loan and indebtedness is drawn on to make mortgage investments. The Company's agreement with the lender is that the bank loan will not be called as long as all covenants are met.

As at February 28, 2015, management considers that the Company does not have significant exposure to liquidity risk, as it has access to a line of credit of $45,000,000, of which $39,953,772 (2014 - $2,782,481) is currently utilized.

(c) Market risk

Market risk is the risk that the fair value of the collateral securing any of the mortgages receivable falls to a level approaching the mortgage amount. The Company ensures that it is aware of real estate market conditions in the regions in which it operates and monitors real estate market trends and lending practices. Policies are adjusted when necessary.

(d) Interest cash flow risk

Interest cash flow risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash held in bank accounts and mortgages receivable that earn interest at variable rates. Due to the short-term nature of these financial instruments, fluctuations in market rates of interest do not have a significant impact on future cash flows.

(e) Foreign currency risk

Currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk as all assets and liabilities are denominated in Canadian funds.

3. FINANCIAL INSTRUMENTS (Continued)

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest cash flow risk or foreign currency risk. The Company is not exposed to significant other price risk as it holds no financial instruments whose value changes due to changes in market prices.

4. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to preserve shareholders' equity, provide shareholders with stable dividends and use leverage in a conservative manner to improve return to shareholders. There have been no changes to the Company's approach to capital management during the year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital. The Company is subject to capital requirements imposed by the bank. The bank requires the Company to ensure that the bank covenants are met to continue to hold the operating line of credit; if they are not met then the bank has the right to call the loan at any time. The covenants in place are:

- The Company will maintain a ratio of total liabilities to tangible net worth of not greater than 0.5:1;
- The Company must maintain an interest coverage ratio of greater than 2.1;
- The Company must maintain a minimum tangible net worth of $135,000,000;
- The Company will not, without prior consent, provide any one mortgage in excess of 10% of the Company's total mortgage portfolio; and
- The Company will not provide loans to its shareholders or any non-arm's length entity of the shareholders.

At year-end, the Company was in compliance with its loan covenants.

5. BANK INDEBTEDNESS

The Company has available bank lending facilities of $45,000,000 (2014 - $35,000,000) with interest at the bank's prime lending rate plus 0.85% (2014 - 0.85%) per annum, and due on demand. The lending facility is secured by a general security agreement and an assignment of mortgages receivable. The balance used under the facility as at February 28, 2015 is $39,953,772 (2014 - $2,782,481).

6. LOAN PAYABLE

The demand loan payable in the amount of $1,123,108 is due to Interior Savings Credit Union. Monthly payments are made at prime plus 1.5% (prime plus 2% after September 12, 2015) floating interest calculated daily. The loan is secured by specified property held for resale.

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7. PROPERTY HELD FOR RESALE

Property held for resale consists of foreclosed properties, which consist of residential, condominium and commercial complexes. Upon foreclosure, the Company records the property at cost, assuming the value of the property is equal to or greater than the amount of the foreclosed loan. Subsequently, the Company capitalizes all maintenance, foreclosure, pre-development costs, borrowing costs, occupancy costs and property taxes with the intention of recovering the costs upon subsequent sale of the property. When a specific property's fair value is less than the carrying value, a fair market value adjustment is made. A property's fair value is estimated by net realizable value based on current listings, appraisals and other relevant market information less selling costs. The estimates of net realizable value of real estate assets are made at a specific point in time, given current relevant market information and do not impact the Company's attempt to fully maximize the value realized. At February 28, 2015, the Company has made a specific reserve for loss of $3,542,622 (2014 - $2,798,113) against these assets to provide for the possibility of losses on sale.

8. MORTGAGES RECEIVABLE

The Company's portfolio consists of mortgages receivable with interest at floating rates with minimum floor rate requirements and fixed rate mortgages. During the year, the interest rates on the mortgages receivable ranged from 6.25% to 14.5% (2014 - 6.25% to 14.5%). The mortgages receivable mature between March 2015 and October 2018 (2014 - March 2014 and August 2017) with the option to renew at the discretion of the Company and are secured by land and building.

The mortgages receivable are recoverable under the provisions of the mortgage agreements between the Company and the borrowers. When borrowers default on the mortgages receivable, the Company will either seek a court ordered sale or foreclose the mortgages and take title to the underlying assets. The ultimate realization of these mortgages receivable is dependent upon the result of development and sale of the underlying real estate assets, and accordingly, there is some uncertainty as to the amounts to be recovered.

The Company has provided for the possibility of a loss on mortgages. The effect of the provision on mortgages receivable is as follows:

	2015	**2014**
Mortgages receivable	$ 203,548,224	$ 137,111,697
Accrued interest	1,997,425	1,693,643
	205,545,649	138,805,340
Reserve for mortgage losses	(938,329)	(1,214,025)
	$ 204,607,320	$ 137,591,315

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9. INVESTMENT IN ASSOCIATE

On February 1, 2014, the Company acquired 39.95% of the shares of TFI for $859,791. TFI is the exclusive mortgage agent of the Company. The investment is being accounted for under the equity method.

On February 1, 2015, the Company sold 10.05% of the outstanding shares of TFI for $216,292, reducing their holding to 29.9%.

Financial services fees of $559,947 (2014 - $37,454) charged to TFI are included in other income.

10. CAPITAL STOCK

As at February 28, 2015, the authorized share capital of the Company is an unlimited number of common voting shares with a par value of $1 each; fully participating, Class A preferred shares with a par value of $1 each; and fully participating, Class B preferred shares with a par value of $1 each.

11. RELATED PARTY TRANSACTIONS

The Company paid various expenses to companies with common directors. These transactions are in the normal course of operations and are contracted at prevailing market prices and credit terms and consist of the following:

	2015	2014
Management fees	$ 872,024	$ 654,874
Premise rent	$ 120,330	$ 98,617

Management fees and premise rent are paid to companies with common directors for the provision of credit approval, strategic planning, premise rent and general management.

Management and Advisory Agreement

Pursuant to a management and advisory agreement with a company with common directors, a performance incentive fee is paid to the related company based on net income after all provisions for all expenses including a provision for reserves against potential losses. The performance incentive fees paid are based on the following parameters:

- 10.0% of earnings in excess of the greater of 8.0% or the two-year Government of Canada Benchmark Bond Rate plus 4.0%.
- 12.5% of earnings in excess of the greater of 10.0% or the two-year Government of Canada Benchmark Bond Rate plus 6.0%.

TERRAPIN MORTGAGE INVESTMENT CORP.
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11. RELATED PARTY TRANSACTIONS (Continued)

The fees are paid annually based on the net income of the Company, as reported in its audited annual consolidated financial statements, within ninety days after the Company's fiscal year-end. Included in administration fees are performance incentive fees of $nil (2014 - $nil).

Key management comprises directors and executive officers. There was no compensation paid by the Company during the year to directors and executive officers.

12. INVESTMENTS IN JOINT VENTURES

The consolidated financial statements include the Company's share of the assets, liabilities, equity, revenues and expenses of the following joint ventures:

RDC Venture

	2015	2014
Total assets	$ 7,522,651	$ 7,719,497
Total liabilities	$ 8,280,303	$ 8,179,476
Deficit	(757,652)	(459,979)
	$ 7,522,651	$ 7,719,497
Total revenues	$ (297,682)	$ (580,847)
Total expenses	-	-
Net income (loss)	$ (297,682)	$ (580,847)

Winterra Venture

	2015	2014
Total assets	$ 3,317,454	$ -
Total liabilities	$ 3,317,339	$ -
Retained earnings	115	-
	$ 3,317,454	$ -
Total revenues	$ 12	$ -
Total expenses	-	-
Net income (loss)	$ 12	$ -

13. TRUST FUNDS

Trust funds held by the Company for third parties amounting to $5,682,674 (2014 - $3,721,198) are not included in the consolidated financial statements.

TERRAPIN MORTGAGE INVESTMENT CORP.
Notes to Consolidated Financial Statements
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14. SEGMENT INFORMATION

The Company operates in Canada in one business segment, being investment in mortgages.

15. EVENTS AFTER THE REPORTING DATE

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

ITEM 13. DATE AND CERTIFICATE

Dated this 31st day of May, 2015.

This Offering Memorandum does not contain a misrepresentation.

TERRAPIN MORTGAGE INVESTMENT CORP.

President	Chief Financial Officer
Kenneth W. Mahon	Jeff Morgan

ON BEHALF OF THE DIRECTORS

Kevin Mahon, Director	Randy Pratt, Director
Jeff Wolrige, Director	Dave Posnikoff, Director

SCHEDULE "A"
TERRAPIN MORTGAGE INVESTMENT CORP.
PREFERRED SHARE PURCHASE PRICES

March 1 – 31	$1.0000 per share
April 1 – 30	$1.0068 per share
May 1 – 31	$1.0136 per share
June 1 – 30	$1.0205 per share
July 1 – 31	$1.0273 per share
August 1 – 31	$1.0341 per share
September 1 – 30	$1.0409 per share
October 1 – 31	$1.0477 per share
November 1 – 30	$1.0545 per share
December 1 – 31	$1.0614 per share
January 1 – 31	$1.0682 per share
February 1 – 29	$1.0750 per share

Note: Shares issued in payment of dividends declared to shareholder of record at February 28 (29 in leap years) and payable on or before May 29, are issued at their par value of $1.00 per share.

SCHEDULE "B"
TERRAPIN MORTGAGE INVESTMENT CORP.
PRIOR SALES OF PREFERRED SHARES
FROM JUNE 1, 2014 TO MAY 31, 2015

Date of Issuance	Type of Security Issued	Number of shares	Price per share	Total Funds
June 10, 2014	Preferred Shares	462,000	1.019	470,778
June 25, 2014	Preferred Shares	357,212	1.019	363,999
June 30, 2014	Preferred Shares	1,481,355	1.019	1,509,500
July 14, 2014	Preferred Shares	1,073,170	1.025	1,100,000
July 24, 2014	Preferred Shares	40,000	1.025	41,000
July 30, 2014	Preferred Shares	9,756	1.025	10,000
July 31, 2014	Preferred Shares	171,955	1.025	176,254
August 1, 2014	Preferred Shares	400,000	1.032	412,800
August 18, 2014	Preferred Shares	1,259,690	1.032	1,300,000
August 28, 2014	Preferred Shares	436,047	1.032	450,000
September 3, 2014	Preferred Shares	72,254	1.038	75,000
September 11, 2014	Preferred Shares	74,149	1.038	76,967
September 16, 2014	Preferred Shares	250,000	1.038	259,500
September 17, 2014	Preferred Shares	28,902	1.038	30,000
September 29, 2014	Preferred Shares	481,696	1.038	500,000
September 30, 2014	Preferred Shares	651,446	1.038	676,200
October 20, 2014	Preferred Shares	250,000	1.045	261,250
October 22, 2014	Preferred Shares	330,000	1.045	344,850
October 30, 2014	Preferred Shares	168,203	1.045	175,773
October 31, 2014	Preferred Shares	75,000	1.045	78,375
November 7, 2014	Preferred Shares	475,737	1.051	500,000
November 28, 2014	Preferred Shares	475,738	1.051	500,000
December 10, 2014	Preferred Shares	283,822	1.057	300,000
December 15, 2014	Preferred Shares	151,000	1.057	159,607
December 19, 2014	Preferred Shares	250,000	1.057	264,250
December 31, 2014	Preferred Shares	545,000	1.057	576,065
January 6, 2015	Preferred Shares	200,000	1.064	212,800
January 14, 2015	Preferred Shares	10,338	1.064	11,000
January 26, 2015	Preferred Shares	818,540	1.064	870,926
January 28, 2015	Preferred Shares	23,496	1.064	25,000
January 30, 2015	Preferred Shares	9,399	1.064	10,001
March 2, 2015	Preferred Shares	317,500	1.000	317,500
March 3, 2015	Preferred Shares	252,000	1.000	252,000
March 5, 2015	Preferred Shares	12,000	1.000	12,000
March 6, 2015	Preferred Shares	4,000	1.000	4,000
March 9, 2015	Preferred Shares	3,000	1.000	3,000
March 11, 2015	Preferred Shares	4,000	1.000	4,000
March 16, 2015	Preferred Shares	37,000	1.000	37,000
March 17, 2015	Preferred Shares	2,000	1.000	2,000
March 19, 2015	Preferred Shares	2,000	1.000	2,000
March 20, 2015	Preferred Shares	85,000	1.000	85,000
March 23, 2015	Preferred Shares	11,000	1.000	11,000
March 24, 2015	Preferred Shares	25,000	1.000	25,000
March 25, 2015	Preferred Shares	76,000	1.000	76,000
March 26, 2015	Preferred Shares	49,000	1.000	49,000
March 27, 2015	Preferred Shares	642,800	1.000	642,800

SCHEDULE "B"
TERRAPIN MORTGAGE INVESTMENT CORP.
PRIOR SALES OF PREFERRED SHARES
FROM JUNE 1, 2014 TO MAY 31, 2015

March 30, 2015	Preferred Shares	1,350,000	1.000	1,350,000
March 31, 2015	Preferred Shares	1,079,108	1.000	642,800
April 15, 2015	Preferred Shares	24,000	1.0068	24,163
April 16, 2015	Preferred Shares	50,000	1.0068	50,340
April 29, 2015	Preferred Shares	300,000	1.0068	302,040
April 30, 2015	Preferred Shares	2,500	1.0068	2,517
May 22, 2015	Preferred Shares	23,678	1.0068	24,000