OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

Dated the 30th day of June, 2017

<u>The Issuer</u>	AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION (the "Corporation")
Head Office:	Suite #600 - 11012 Macleod Tr. SE, Calgary, Alberta T2J 6A5 Telephone: (403) 254-9075/Facsimile: (403) 254-9087 Email: investor.relations@awcapital.ca
Currently listed or quoted:	No, these securities do not trade on any exchange or market.
Reporting Issuer:	No.
SEDAR filer:	Yes, to the limited extent prescribed by National Instrument 45-106 *Prospectus Exemptions*.
<u>The Offering</u>	
Securities Offered:	Class "B" non-voting shares in the capital of the Corporation (the "Class B Shares" or "Shares").
Price Per Share:	The initial price per Share is $100. After the Initial Closing, the price per Share will be based on the NAV of the Corporation on the relevant date of Closing.
Minimum Offering:	**There is no minimum. You may be the only purchaser.**
Maximum Offering:	Up to $12,000,000. **Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Minimum Subscription Amount:	There is no minimum subscription amount an investor must invest.
Payment Terms:	Payment by certified cheque or bank draft to "AWM Diversified Mortgage Investment Corporation".
Proposed Closing Date(s):	The Initial Closing is expected to occur on or before June 30, 2017, but Closings may occur at such other earlier or later date, or dates, as determined by the Corporation in its sole discretion.
Income Tax Consequences:	There are important tax consequences to these securities. See Item 6 - "Canadian Federal Income Tax Consequences and RRSP Eligibility".
Selling Agent:	Yes. Commissions are authorized to arm's length and non-arm's length sellers/finders. The Corporation is a "connected issuer" to Alta West Mortgage Capital Corporation (the "Manager"), as defined in NI 33-105 *Underwriting Conflicts*. The Manager is a registered Exempt Market Dealer within the Province of Alberta. The Corporation is a connected issuer to the Manager, in its capacity as EMD, because of the following relationships: Charles McKitrick indirectly owns 70% of the issued and outstanding voting shares of the Manager. Further, Charles McKitrick is a director and officer of both the Manager and the Corporation, and is a voting shareholder of the Corporation, holding 9.1% of the issued voting shares. Jared Morrison indirectly owns 15% of the issued and outstanding voting shares of the Manager, is a director of the Corporation and an officer of the Manager and is a voting shareholder of the Corporation, holding 9.1% of the issued voting shares. George Botros indirectly owns 15% of the issued and outstanding voting shares of the Manager and is a director, the president and a voting shareholder of the Corporation, holding 9.1% of the issued voting shares. See Item 7 - "Compensation Paid to Sellers and Finders" and Item 2 - "The Manager".

<u>Resale restrictions</u>: The Corporation is not a reporting issuer or equivalent in any jurisdiction. You will be restricted from selling your securities for an indefinite period. See Item 10 - "Resale Restrictions."

<u>Purchaser's rights</u>: You (herein sometimes referred to as the "**Investor**") have two business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 - "Purchasers' Rights."

No securities regulatory authority or regulator 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 "*Risk Factors*."

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NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain information in this Offering Memorandum is "forward looking information" within the meaning of applicable securities laws. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" or other similar words or statements that certain events or conditions "may" or "will" occur. Forward looking information involves significant known and unknown risks and uncertainties. A number of factors, many of which are beyond the control of the Corporation, could cause actual results to differ materially from the results discussed in forward looking information. Although the forward looking information contained in this Offering Memorandum is based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with this forward looking information. Because of the risks, uncertainties and assumptions inherent in forward looking information, prospective investors in the Corporation's securities should not place undue reliance on this forward looking information.

In particular, this Offering Memorandum contains forward looking information pertaining to the following:

- business development plans and estimated timing;
- dividends and rates of return;
- business strategy and plans;
- other expectations, beliefs, plans, goals, objectives, assumptions, information;
- statements about possible future events, conditions, results of operations or performance;
- information regarding mortgage loans and rates of interest; and
- plans for ongoing development and the mortgage lending business in Alberta and Ontario.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and, in some instances to differ materially from those anticipated by the Corporation and described in the forward-looking information contained in this Offering Memorandum. The material risk factors include, but are not limited to:

- the risks of the competition within the Corporation's business;
- the risk and changes of international, national and regional economic and business conditions;
- the uncertainty of estimates and projections relating to the real estate industry;
- fluctuations in interest rates;

- uncertainties as to the availability and cost of financing and changes in capital markets;
- adverse changes in real estate prices or other changes that negatively impact the real estate market;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- the Corporation's ability to implement its business strategy.

The foregoing list of risk factors is not exhaustive. Additional information on these and other factors that could affect the Corporation's operations or financial results are included under the heading "Risk Factors" in this Offering Memorandum, see Item 8. Forward-looking information is based on the estimates and opinions of the Corporation at the time the information is presented. The Corporation assumes no obligation to update forward-looking information should circumstances or the Corporation's estimates or opinions change, except as required by law.

PROSPECTIVE INVESTORS SHOULD THOROUGHLY REVIEW THIS OFFERING MEMORANDUM AND ARE ADVISED TO CONSULT WITH THEIR OWN LEGAL AND TAX ADVISORS CONCERNING THIS INVESTMENT.

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SUMMARY

This summary does not constitute an offering of securities, and cannot be relied upon for making your investment decision. It is a summary of the more detailed information appearing elsewhere in this Offering Memorandum and is qualified by such information.

Offering:	Up to $12,000,000.
Price:	The initial price per Share is $100. After the Initial Closing, the price per Share will be based on the net asset value of the Corporation, pro-rated on a per Share basis on the relevant date of Closing.
Subscription Procedure:	A fully executed Subscription Agreement, including all associated applicable forms as outlined in the Subscription Agreement, must be delivered with a bank draft or certified cheque for the full subscription price payable to the Corporation.
Closings:	The Initial Closing is expected to occur on or before June 30, 2017, but may occur at such other earlier or later date, or dates, as determined by the Corporation.
The Corporation:	The Corporation was incorporated as Dominion Properties Mortgage Investment Corporation on June 29, 2004 under the laws of the Province of Alberta. On September 15, 2008, the Corporation changed its name to AWM Diversified Mortgage Investment Corporation. See Item 2 - "Business of the Corporation".
Principal Business:	The Corporation is a mortgage investment corporation, or MIC. As such, it is a company whose primary business is lending secured by residential and commercial mortgages (i.e. investing in mortgages). The Corporation may also make other secured and unsecured investments where permitted of a MIC under the Tax Act. See Item 2 - "Business of the Corporation".
Use of Available Funds:	The available funds of the Offering will be principally used to invest in Mortgage Investments in accordance with the Corporation's investment practices and restrictions. See Item 1 - "Use of Available Funds" and Item 2 - "Business of the Corporation".
Risk Factors:	An investment in the Class B Shares offered hereunder is subject to a number of risk factors. Interested parties should carefully consider the detailed description of these risk factors as outlined under the heading "Risk Factors". However, such risk factors should not be considered exhaustive. See Item 8 - "Risk Factors".

Directors and Officers of the Corporation:	George Botros	President and Director
	Charles McKitrick	Vice-President and Director
	Jared Morrison	Director
	Fahn Bacon	Secretary-Treasurer

Investors' Rights:	Each Investor has certain statutory or contractual rights of rescission, withdrawal and damages. See Item 11 - "Purchaser's Rights".
Commissions and Finder's Fees:	It is currently contemplated that the Class B Shares offered hereunder will primarily be sold through the Manager pursuant to the Management and Administration Agreement. The Manager is compensated for providing management services, which includes services as an EMD, by an annual fee of up to 2% per annum of the assets of the Corporation under management (calculated based on the principal amount of mortgages under administration), calculated and paid on a monthly basis, plus applicable taxes. As the Corporation and the Manager are affiliated, the Management and Administration Agreement constitutes a related party transaction. There are inherent conflicts associated with related party transactions. See Item 2.7 - "Material Agreements, Management and Administration Agreement", and Item 8 - "Risk Factors, Conflicts of Interest". Apart from any fees payable to the Manager pursuant to the Management and Administration Agreement (some of which are in respect of EMD services), the Corporation may pay up to 5% of the Gross Proceeds realized on the sale of Class B Shares sold by one or more arm's length EMDs. The Corporation may pay arm's length EMDs cash Trailer Fees in respect of investment monies raised by the arm's length EMDs. Depending on the agreement made with the arm's length EMD, Trailer Fees on Class B Shares may be calculated at the end of the second, third, fourth and fifth fiscal year ends in which the investment monies raised by the EMD remain invested in the Corporation, and paid within 30 days thereafter or calculated at the end of each and every fiscal year in which the investment monies raised by the EMD remain invested in the Corporation, and paid within 30 days thereafter. In no event shall a Trailer Fee exceed 1.00% per annum of the investment monies raised by the EMD from the sale of Class B Shares.

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DEFINITIONS

The following are definitions of certain terms that appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of the Offering Memorandum in which such term is used.

ABCA	means the *Business Corporations Act* (Alberta) as amended from time to time.
Additional Fees	means an amount paid by the Corporation to the Manager, when interest rates on Mortgage Investments are relatively high but fees charged to borrowers by the Manager are low, not to exceed an amount equal to 2.00% of interest paid by a borrower under the terms of the Mortgage Investment.
Alta West	means the Manager, Alta West Mortgage Capital Corporation, a private Alberta company that is non-arm's length to the Corporation. Also see definition of the "Manager".
Applicable Laws	means all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Policies.
Auditors	means the auditors of the Corporation as elected by the Class A shareholders from time to time. As at the date hereof, the Auditor is Czechowsky, Graham & Hanevelt, Chartered Accountants of Calgary, Alberta.
Blanket Mortgage	means a mortgage in respect of two or more parcels of real property.
Class B Shares	means the Class B non-voting shares in the capital of the Corporation being offered hereunder. See Item 5 - "Securities Offered".
Closing(s)	means one or more closings of this Offering. The Initial Closing is tentatively scheduled to be June 30 2017, but may occur at such other earlier or later date, or dates, as the Corporation may determine in its sole discretion.
Commercial Mortgages	means First Mortgages or Second Mortgages that are principally secured by multi-family housing projects, residential land developments and income producing properties that have retail, commercial, service, office and/or industrial uses.
Common Shares	means the Class "A" voting common shares in the capital of the Corporation.
Credit Facility	means the credit facility agreement entered into between the Corporation as borrower and private individuals, as lenders, effective November 3, 2015. See Item 2.7 - "Material Agreements".
EMD	means a registered Exempt Market Dealer, as such term is defined in NI 31-103.

Gross Proceeds	means for any period, the aggregate subscription amounts raised under this Offering, without deduction.
First Mortgage	means a mortgage having priority over all other financial security interests registered against the same real property used to secure obligations respecting such mortgage.
Investors	mean those persons who are considering, or have subscribed for Class B Shares under this Offering.
IFM	means an Investment Fund Manager as that term is defined in NI 31-103.
Initial Closing	means June 30, 2017, or such other earlier or later date as the Corporation may determine.
Lending Committee	means the lending committee appointed by the Manager from time to time.
Loan to Value Ratio	means outstanding amounts owed in respect of all mortgages registered against a parcel of real property divided by the appraised value of such parcel of real property.
Management and Administration Agreement	means the agreement dated June 30, 2017 between the Corporation and the Manager, respecting the provision of management and administration services by the Manager on behalf of the Corporation.
Manager	means Alta West Mortgage Capital Corporation, a private Alberta company that is non-arm's length to the Corporation. See Item 2 - "Business of the Corporation". Also see the definition of "Alta West".
MIC	means Mortgage Investment Corporation, as defined under the Tax Act.
Mortgage	means the charge of real property by a debtor to the Manager on behalf of the Corporation as security for a debt, on the condition that it shall be returned on payment of the debt within a certain period.
Mortgage Investment	means an investment in a Commercial or Residential Mortgage acquired by way of security being granted by a borrower or a guarantor to the Manager on behalf of the Corporation as security to the obligations of the borrower under a Mortgage Loan.
Mortgage Loan	means a loan to a borrower which is secured by a Commercial Mortgage or a Residential Mortgage, being the Mortgage Investment.
NAV	means the net asset value of the Corporation calculated based on the outstanding balance of all Mortgages contained in the Portfolio minus a reasonable discount for Mortgage Loans that are impaired, based on the discretion of management acting reasonably, taking into account advice

from the Corporation's auditors.

Net Proceeds means, at any time, the gross proceeds of the Offering less any fees payable to the Manager and other selling commissions and fees and the expenses of the Offering, all as more particularly described in this Offering Memorandum and the table contained in Item 1 - "Use of Available Funds".

NI 31-103 means National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

NI 45-106 means National Instrument 45-106 - *Prospectus Exemptions*.

Offering means the offering of Class B Shares described herein.

Offering Memorandum means this confidential offering memorandum, including any amendment hereto.

Permitted Investment means an investment, other than a Mortgage Investment, which is permitted to be made by a MIC, such as the Corporation, pursuant to the Tax Act. Permitted Investments may be debt or equity, secured or unsecured, and they may be evidenced by a promissory note, loan agreement, or other form of evidence of an indebtedness, and the investment may or may not be made with a party related to the Corporation. See Item 8 - "Risk Factors", and Item 2.2 - "Our Business".

Person means any individual, company, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, joint stock company, limited liability corporation, association, bank, pension fund, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof or any other form of entity or organization.

Portfolio means the portfolio of First Mortgages, Second Mortgages, Third Mortgages and/or any Permitted Investments held by the Corporation.

Registered Plans means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan or a tax free savings account, all as defined in the Tax Act, and "Registered Plan" means any one of them.

Residential Mortgages means mortgages that are principally secured by single family houses and multi-family residential properties located in Canada.

RPM means a Restricted Portfolio Manager, as that term is defined in NI 31-103.

Second Mortgage	means a mortgage that has second place priority over all other registered financial security interests against the same real property used to secure such mortgage.
Securities Act(s)	means the *Securities Acts* of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, as may be amended from time to time.
Securities Policies	means the *Securities Acts* and all applicable securities policies, rules, instruments and legislation of the provinces to which such Securities Acts relate, as such may be amended from time to time.
Subscribers	mean those Persons subscribing for Class B Shares pursuant to this Offering, and "Subscriber" means any one of them. Where a Subscriber has acquired Class B Shares and all or a portion of the subscription amount has been contributed by their Registered Plan, such subscriber and the trust governing the Registered Plan shall be collectively referred to as the "Subscriber".
Subscription Agreement	means the document signed by interested parties indicating their desire to purchase Class B Shares and acknowledging certain rights, limitations and characteristics of their investment in the Class B Shares, particularly with respect to applicable Securities Policies.
Subscription Price	means $100 per Share. After the Initial Closing, the price per Share will be based on NAV, pro-rated on a per Share basis on the relevant date.
Tax Act	means the *Income Tax Act* (Canada) and its regulations, as amended from time to time.
Third Mortgage	means a mortgage that has third place priority over all other registered financial security interests registered against the same real property used to secure such mortgage.
Trailer Fees	means a cash fee paid to arm's length or non-arm's length sellers/finders (a "Finder") in respect to investment monies raised by that Finder. Depending on the agreement made with the arm's length EMD, Trailer Fees on Class B Shares may be calculated at the end of the second, third, fourth and fifth fiscal year ends in which the investment monies raised by the EMD remain invested in the Corporation, and paid within 30 days thereafter or calculated at the end of each and every fiscal year in which the investment monies raised by the EMD remain invested in the Corporation, and paid within 30 days thereafter. In no event shall a Trailer Fee exceed 1.00% per annum of the investment monies raised by the EMD from the sale of Class B Shares.

MARKETING MATERIAL INCORPORATED BY REFERENCE

Any "OM marketing materials" (as that term is defined in NI 45-106) related to each distribution under this Offering Memorandum and delivered or made reasonable available to a prospective Subscriber before the termination of the distribution is, and is deemed to be, incorporated by reference into this Offering Memorandum. Notwithstanding the foregoing, OM marketing materials incorporated by reference as described above are no longer incorporated by reference, and no longer form part of this Offering Memorandum, to the extent to which such materials have been superseded by a statement or statements contained in (i) an amendment to the Offering Memorandum, or an amended and restated Offering Memorandum, or (ii) subsequent OM marketing materials delivered to or made reasonably available to a prospective Subscriber.

1. USE OF AVAILABLE FUNDS

1.1 Funds

The Net Proceeds of the Offering and the funds that will be available to the Corporation after this Offering are as follows:

		Assuming Minimum Offering(1)	Assuming Maximum Offering
A	Amount to be raised by the Offering	$0	$12,000,000
B	Selling Commissions and Fees(2)	$0	$600,000
C	Estimated Offering Costs(3)	$60,000	$60,000
D	Net Proceeds: D = A - (B + C)	($60,000)	$11,340,000
E	Additional Sources of Funding(4)	$0	$6,000,000
F	Working Capital Deficiency(5)	$0	$0
G	Total: G = (D + E) - F	($60,000)	$17,340,000

Notes:

(1) There is no minimum offering, meaning the Corporation may raise no funds under this Offering.

(2) This assumes the full amount of authorized commission or finder's fees are paid to EMDs (excluding Trailer Fees). The Corporation does not anticipate that all authorized commissions will be paid in connection with the Offering. The amount also excludes the following: (i) all fees paid to the Manager pursuant to the Management and Administration Agreement, including those in respect of the Manager's services as an EMD and (ii) any Additional Fees payable by the Corporation to the Manager. See Item 7 - "Compensation Paid to Sellers and Finders" and Item 2.7 - "Material Agreements – Management and Administration Agreement".

(3) Legal, accounting and audit.

(4) This amount represents the total credit available to the Corporation under the Credit Facility (assuming the maximum offering amount of $12,000,000 is raised). See Item 2 - "Our Business - Leverage" and Item 8.2 "Risk Factors - Borrowing and Leverage".

(5) As of June 30, 2017 the Corporation did not have a Working Capital Deficiency. Working Capital is calculated as Current Assets – Current Liabilities and in accordance with accounting standards applicable to the Corporation. See Schedule "A", "Financial Statements".

1.2 Use of Available Funds

The Corporation intends to use the net proceeds following the Offering as follows:

Use of Available Funds	Assuming Minimum Offering	Assuming Maximum Offering
Fees payable to Manager(1)	$0	$240,000
Investment in Mortgages and other permitted investments, including secured or unsecured promissory notes (2) (3)	$0	$17,100,000
Total	($60,000)	$17,340,000

Notes:

(1) Fees are payable pursuant to the Management and Administration Agreement. The amount excludes any Trailer Fees the Corporation intends to pay to arm's length EMDs and also excludes any Additional Fees payable by the Corporation to the Manager. See Item 2.7 - "Material Agreements - Management and Administration Agreement" and Item 7 - "Compensation Paid to Sellers and Finders" for a summary of the Trailer Fees and Additional Fees which may be paid in connection with the Offering. As the Corporation and the Manager are related parties, the Management and Administration Agreement is a non-arm's length transaction. The parties are related as follows: Charles McKitrick is a director, officer and voting shareholder of both the Manager and the Corporation. Jared Morrison is a voting shareholder of the Manager and the Corporation and is a director of the Corporation and an officer of the Manager. George Botros is a voting shareholder of the Manager and the Corporation and is a director and the President of the Corporation. See Item 2 - "Business of the Corporation– The Manager" and Item 2.7 - "Material Agreements - Management and Administration Agreement" and Item 8 - "Risk Factors – Conflicts of Interest".

(2) Although specific mortgage investments cannot be identified at this time, the Corporation will invest the available funds in Residential and Commercial Mortgages as more particularly described under Item 2.2 "Our Business".

(3) Permitted Investments do not comprise a significant component of the Corporation's investment activities. Any Permitted Investments currently held by the Corporation are identified in the financial statements attached to this Offering Memorandum. Also see Item 2 - "Business of the Corporation - Mortgage Portfolio Summary"

Until required, the available funds will be invested only in securities of, or those guaranteed by, the Government of Canada or any province of Canada, in certificates of deposit or interest bearing accounts of Canadian chartered banks or trust companies. The available funds will not be commingled with the accounts of the Manager.

1.3 Reallocation

The Corporation intends to invest the available funds as stated. The Corporation will reallocate funds only for sound business reasons.

2. BUSINESS OF THE CORPORATION

Some of the information under this section "Business of the Corporation" and the subheadings thereunder includes forward-looking information, future-oriented financial information or provides financial outlooks. Actual results or events can differ materially from those anticipated. The purpose of providing such information is to assist Investors in understanding the financial and logistical issues related to financing real estate secured by Mortgages in the context of their potential investment. See Item 8 - "Risk Factors".

2.1 Structure

The Corporation

The Corporation was incorporated under the name Dominion Properties Mortgage Investment Corporation pursuant to the *Business Corporations Act* (Alberta) ("ABCA") on June 29, 2004.

On September 15, 2008, the Corporation changed its name to AWM Diversified Mortgage Investment Corporation. Its head and principal office is located at Suite #600 - 11012

Macleod Tr. SE, Calgary, Alberta T2J 6A5 and the registered and records office is located at 300, 14505 Bannister Road SE, Calgary, Alberta, T2X 3J3. The Corporation has no subsidiaries. See Item 3 - "Directors, Management, Promoters and Principal Holders".

The Corporation was extra-provincially registered in British Columbia on October 20, 2006, and may register extra-provincially in the future to conduct business in other Canadian jurisdictions as may be approved by the Corporation's directors.

The Manager

The Manager is a corporation duly incorporated on March 26, 1991 under the laws of the Province of Alberta. The Manager is extra-provincially registered in the Provinces of British Columbia, Manitoba and Ontario and is registered as a mortgage broker in the Provinces of British Columbia, Alberta and Ontario.

On April 20, 2015, the Manager became registered as a licensed mortgage broker and a licensed mortgage administrator in the Province of Ontario. The Manager became registered as an Exempt Market Dealer within the Province of Ontario on April 21, 2015.

2.2 Our Business

Mortgage Investment Corporation

The Corporation is a "Mortgage Investment Corporation" (or MIC) as defined in the Tax Act. It is in the business of investing in mortgages which have been granted by mortgagors to the Manager, or other nominees on behalf of the Corporation, as security for loans advanced to builders, developers and owners of commercial, industrial and residential real estate located in the provinces of Alberta and British Columbia, Manitoba and Ontario. In respect of the Mortgages that are included in the Corporation's Mortgage Portfolio, Alta West:

- makes all financing commitments to the borrowers;
- holds the proportionate interest(s) of all lenders secured by such Mortgage in trust; and
- maintains exclusive decision making authority with respect to servicing, renewal(s), enforcement action(s), and all other matters respecting such Mortgage.

In addition to Mortgage Investments, the Corporation may invest in other Permitted Investments. Permitted Investments are investments other than Mortgage Investments which are permitted to be made by a MIC pursuant to the Tax Act. Permitted Investments may be debt or equity, secured or unsecured, and they may be evidenced by a promissory note, loan agreement, or other form of evidence of indebtedness, and the investment may or may not be made with a party related to the Corporation. Permitted Investments do not comprise a significant component of the Corporation's investment activities. As at the date hereof, the Corporation does not hold any Permitted Investments. The Corporation's income primarily consists of interest received on its Mortgage Investments. In the discretion of the Manager, the Corporation may share with the Manager, a portion of lender fees collected by the Manager from borrowers at the time of the advance of a loan.

To the extent that the Corporation's funds are not invested in Mortgage Investments and other Permitted Investments, such funds will be held in cash deposited with a Canadian chartered bank or will be invested by the Manager on the Corporation's behalf in short-term deposits, savings accounts or government guaranteed income certificates so that the

Corporation maintains a level of working capital for its ongoing operations considered acceptable by the directors of the Corporation.

Borrowers seek loans from the Corporation for a wide variety of reasons which include real estate or asset purchases, business development, incorporations and business loans, divorce settlements and refinance/equity take outs. Generally speaking, it could be argued that Mortgages which have first place priority over all other financial security interests registered against the same lands will have a higher likelihood of being collected when compared with subordinate Mortgages registered on the same lands. First Mortgages tend to have lower interest rates than Mortgages ranking below First Mortgages. The interest rates on the Corporation's Mortgage Loans are typically in the range of 4.99% to 19.99%. However, Second Mortgages with higher rates of interest don't necessarily equate to a high risk Mortgage.

In respect to Mortgage Investments where the loan to value ratio is greater than 80%, the Corporation is obligated to follow certain credit lending criteria formulated by the Manager which include a variety of indicia of acceptable income from an individual borrower.

All mortgage loans the Corporation makes are fully secured when advanced with a maximum loan to value ratio of 90%. This means that at the time the Mortgage Loan is advanced, the independently appraised value of the underlying real property exceeds the value of the aggregate principal amounts owing under all Mortgages registered against title by at least 10%. In other words, the borrower is required to have a minimum of 10% equity in the underlying real property. However, this 10% equity is subject to the fluctuation of the Canadian housing market and there is a risk that if the value of the underlying real property decreases sufficiently there may not be enough equity in the underlying real property to satisfy all amounts owing pursuant to the Mortgages secured against the underlying real property. This could result in a loss of the entire amount of principal and interest owed to the Corporation which is secured by way of a subordinate Mortgage. See Item 8 - "Risk Factors - Risks Related to Mortgage Defaults".

Under the Tax Act, the Corporation, as a MIC, is allowed to deduct from income all dividends paid therefrom. Subject to Applicable Laws, the Corporation intends to pay out all of its net income and net realized capital gains as dividends within the time period specified in the Tax Act. As a result, it is not anticipated that the Corporation will be paying any income tax. Historically, the Corporation has provided dividends to holders of Class B Shares in the range provided for in the table below contained in Item 2.3 - "Development of the Business - Dividends". These historical dividends do not guarantee that the Corporation will maintain the same level of dividends in the future. See Item 2.3 - "Development of the Business - Dividends" and Item 8 - "Risk Factors - Investment Risks – Distributions".

The Manager, Alta West, is responsible for, and the Corporation relies exclusively on the expertise of the Manager to, actively seek Mortgage Investments on behalf of the Corporation, and to oversee and manage the Corporation's Portfolio of Mortgage Investments and Permitted Investments, if any. Subject to the ABCA, the Manager is responsible for directing the business, operations and affairs of the Corporation and for managing the funds of the Corporation. In fulfilling its obligations to the Corporation, the Manager has established a Lending Committee. The Lending Committee is comprised of Charles McKitrick, George Botros, Jared Morrison and Brent Shaw. The Lending Committee reviews investment opportunities and decides as to which opportunities to invest based on the Corporation's investment policies and criteria, and Applicable Laws. The Manager will obtain opinions from counsel as it deems necessary in connection with such compliance. This relationship between the Corporation and the Manager is set out in the Management and Administration Agreement, which constitutes a non-arm's length transaction. See Item 2 - "Business of the Corporation – Manager", Item 2.7 - "Material Agreements – Management and Administration Agreement" and Item 8 - "Risk Factors – Conflicts of

Interest". As most of the Corporation's operations are carried out by the Manager, the Corporation does not have and does not expect to have any employees other than the officers described in this Offering Memorandum. See Item 3 - "Directors, Management, Promoters and Principal Holders".

The Corporation is subject to a number of actual and potential conflicts of interest involving the Manager and its affiliates because the Manager provides discretionary investment management services to other affiliated MICs, and the Manager and its affiliates may also invest for their own accounts. In fact, the Manager currently provides investment advisory services to a number of different clients and this will preclude the Manager from devoting all of its time and effort to the business of the Corporation, and from referring all investment opportunities to the Corporation, even in the event such opportunity meets the investment criteria of the Corporation. The Manager currently provides investment management services to First Place Mortgage Investment Corporation and AWM Balanced Mortgage Investment Corporation, which are related to the Corporation by common directors, officers and voting shareholders. In the event an investment opportunity arises which meets the investment criteria of each of the Corporation, First Place Mortgage Investment Corporation and AWM Balanced Mortgage Investment Corporation, and each of the MICs have sufficient funds to invest in the investment opportunity, the Manager will allocate the opportunity on an 'every third turn' basis as between the affiliated MICs competing for the opportunity. One MIC will be allocated the investment opportunity on the first instance, a second MIC will be allocated the investment opportunity on the second instance, and a third MIC will be allocated the investment opportunity on the third instance, and so on and so forth on a go forward basis. See Item 8 - "Risk Factors - Conflicts of Interest".

Investment Strategies

The Corporation's objective is to continue to build a Portfolio of Mortgage Investments that encompass the following general characteristics: (i) variety of different Mortgage Loans spread out amongst a variety of properties; (ii) diversification of geographic location of mortgage properties; (ii) short and intermediate loans; (iii) payment schedules of either interest only or blended payments of principal and interest; and (iv) loans in Canadian dollars on Canadian based real property. The Corporation utilizes a set of policies to assist it to invest its funds in a forward-looking manner. These policies reflect the goals of the Corporation to develop a diversified Portfolio with the intent to limit exposure to adverse market conditions and risk, taking into account the industry in which it operates and its overall investment criteria. See "Investment Process" and "Mortgage Investment Criteria" below for details on the criteria used in mortgage selection for investment by the Corporation.

The Corporation does not directly employ resources to actively seek or originate mortgages for investment, and it relies exclusively on the expertise of the Manager to provide mortgage investment opportunities consistent with the Corporation's investment objectives.

The Manager is currently a registered mortgage broker in the Provinces of Alberta, British Columbia and Ontario and is extra-provincially registered in the Province of Manitoba and Saskatchewan. The Corporation is a registered lender in each of Alberta, British Columbia and Ontario.

Leverage

The Corporation may utilize leverage (the borrowing of capital for investing in mortgages) from time to time at the discretion of the Manager through the Credit Facility arranged by the Manager with arm's length private lenders (collectively the "Creditors"), who are not related to the Corporation. Subject to complying with the rules to maintain its qualifications as a MIC, under the Credit Facility the Corporation may borrow up to a maximum amount equal to 50% of the outstanding share capital of the Class B Shares of the Corporation based on NAV calculated at the relevant period. The Manager expects that the Corporation will utilize leverage for the purposes of an operating loan to fund new Mortgage Investments. The Credit Facility bears interest at a rate not to exceed 7.5% per annum. Interest on any outstanding principal amount will be calculated monthly and will be payable monthly on the third business day following the end of the preceding month.

The Corporation has granted the Creditors a first priority security interest in the cash and securities held by the Corporation and also in all current and future Mortgage Investments contained in the Corporation's Portfolio. **This means that the rights of Investors to interest income paid via dividends, and to the return of capital via redemption of Shares or through wind-up and dissolution, will be subject to and or subordinate to the right of the Creditors to be repaid any amounts which may be outstanding under the Credit Facility (and to the rights of any other creditors of the Corporation).** See Item 8, "Risk Factors -Borrowing And Leverage". As at June 26, 2017, the outstanding balance owing under the Credit Facility is $7,960,000.

The Corporation has previously been unsuccessful in attempting to secure similar financing through conventional lenders. There is a possibility that the Corporation could have obtained financing with an annual interest rate of less than 7.5% per annum.

Investment Process and Mortgage Investment Criteria

The Manager will use an investment process that is focused on identifying what it considers to be high quality Mortgage Investments that are consistent with the objectives of the Corporation and its investment policies and criteria beginning with the identification of Mortgage Investment opportunities and the evaluation of their attributes. In the Manager's opinion, high quality Mortgage Investments are those where (i) the Corporation has a clear exit strategy, (ii) where the underlying real property is reasonably liquid, and (iii) where the borrower has a reasonable amount of equity (at least 10%) invested in the underlying real property.

Each prospective Mortgage Investment (and, where applicable, a Permitted Investment) is subject to a detailed review process by the Lending Committee. Mortgage Investments that are deemed satisfactory by the Manager upon completion of its due diligence will be presented to the Lending Committee together with a summary report. The Lending Committee will consider each investment opportunity presented to it by the Manager on a stand-alone basis, taking into consideration the Corporation's overall investment objectives, its Articles of Incorporation and the provisions of the Tax Act, with a view to assessing the appropriateness of the investment opportunity for inclusion in the Portfolio. In considering the adequacy of the underlying real property asset that is to be secured by a Mortgage, the Lending Committee will consider, among other things, the following factors:

(a) Exit strategy for the proposed Mortgage Investment;

(b) Default risk of the borrower/mortgagor;

(c) Valuation of the underlying real property;

(d) Location of underlying real property; and

(e) Loan to value ratio, and priority of the Mortgage in relation to other Mortgages registered against the real property.

Upon completion of its analysis of an opportunity, the Lending Committee will make a recommendation to the Manager. Only upon a receipt of a positive recommendation will the

Manager consider whether it will proceed with a particular Mortgage Investment. When considering each opportunity, the Manager will consider the proposed Mortgage Investment both on a stand-alone basis as well as whether the investment will fit within the requirements of the Portfolio as a whole. Accordingly, the Manager has established certain policies that the Corporation must follow in respect to the Corporation's Portfolio. These policies include, but are not limited to, the following:

(a) the Corporation is permitted to invest in a portfolio of both Residential Mortgages and Commercial Mortgages;

(b) the Corporation may invest in a portfolio of First Mortgages, Second Mortgages and Third Mortgages and in addition may also invest in Permitted Investments;

(c) neither a First Mortgage, Second Mortgage or Third Mortgage may exceed 90% of the difference between the appraised value of the underlying real property securing the mortgage (as determined by an arm's length appraiser and calculated at the time of commitment) and amounts owing in respect of any priority Mortgage registered against the real property;

(d) Mortgages may contain clauses permitting the mortgagor, when not in default, to renew the Mortgage for additional terms at the sole discretion of the Manager;

(e) an investment in a Mortgage Investment with a single borrower shall not exceed 20% of the cost of the Corporation's assets (a single borrower shall include persons known to be "affiliated", as that term is defined in the *Business Corporations Act* (Alberta), with any single borrower);

(f) the Corporation may borrow funds in order to invest in specific Mortgage Investments up to a maximum amount equal to 50% of the outstanding share capital of the Class B Shares of the Corporation based on NAV calculated at the relevant period; and

(g) the Corporation may participate in mortgages on a syndication basis.

Although the Corporation may invest based on the foregoing policies and guidelines, during the last 3 years, the Corporation has tended to invest primarily in Second Mortgages. These Second Mortgages are typically secured against urban based residential houses. As mentioned above, a "Second Mortgage" means a Mortgage that has second place priority over all other financial security interests registered against the same real property used to secure such Mortgage for which the principal amount, at the time of commitment, does not exceed the difference between 90% of the appraised value of the underlying real property securing the mortgage (as determined by an arm's length appraiser) and any principal amount owing on any other Mortgage registered against such real property.

The Manager

Pursuant to the Management and Administration Agreement, the Corporation has engaged an IFM registered under applicable Securities Policies, being the Manager.

The Manager has been providing Mortgage Investment opportunities to investors in excess of 20 years. The Manager was originally incorporated to provide mortgage brokering services, which it still does, and to act as the manager of MICs, including MICs affiliated with the Corporation. These MICs take advantage of a sector of the Canadian mortgage market which the Manager considered under-serviced. What was considered relevant 20 years ago remains so today, in that the Manager considers that due to insufficient competition among Canadian financial institutions and the small number of quality private lenders in the Canadian marketplace, there continues to exist an under-serviced and relatively inefficient market for certain types of Mortgages. Specifically, the Manager continues to see an opportunity to invest in shorter-term Mortgages to real estate investors and homeowners who often require faster execution and more flexible terms than Canadian financial institutions are prepared to consider. See "Our Business – Canadian Mortgage Lending Industry". Also see Item 8 "Risk Factors - Conflicts of Interest".

By entering into the Management and Administration Agreement (see "Material Agreements – Management and Administration Agreement"), the Manager is, subject to the ABCA and applicable law relating to the obligations of directors and corporate matters, fully empowered to direct and exercise the responsibility of directing the business and affairs of the Corporation. This is a very broad power which means that all decisions relating to the management and administration of the business and affairs of the Corporation, including all decisions relating to investments to be entered into by the Corporation will now be made by the Manager, subject to the obligations of the directors of the MIC under applicable law and certain corporate matters. In addition, the Corporation will retain limited powers related to fundraising activities. A detailed description of the Management and Administration Agreement is contained below in Item 2.7 - "Material Agreements – Management and Administration Agreement".

The Corporation and the Manager are related parties in that Charles McKitrick is a voting shareholder and a director of each of the Corporation and the Manager. George Botros is a voting shareholder and a director of the Corporation and is an officer and voting shareholder of the Manager. Jared Morrison is a voting shareholder and director of the Corporation and is an officer and voting shareholder of the Manager. Conflicts of interest shall be governed by the provisions of the ABCA, the policies and procedures of the Corporation and obligations of the Manager, as a registrant, pursuant to Securities Policies. See Item 8 - "Risk Factors – Conflicts of Interest".

The Manager is also registered as an EMD under Securities Policies and provides EMD services to the Corporation. Accordingly, the Corporation is a "connected issuer" to the Manager as defined in NI 33-105 Underwriting Conflicts. The Corporation is a connected issuer to the Manager, in its capacity as an EMD, because of the relationships described above.

The Manager, in its capacity as an EMD, has had no involvement in the decision to distribute the Class B Shares under this Offering. The Manager, in its capacity as an EMD, is not underwriting the Offering as an EMD, and is not the sole EMD used by the Corporation for this Offering. The Manager will not receive any commission or finder's fee directly related to selling the offered securities. However, the Manager is compensated for providing its management services, including those related to services as an EMD, by an annual fee of up to 2% per annum of the assets of the Corporation under management (calculated based on the outstanding balance of Mortgages under administration), calculated on a monthly basis, plus applicable taxes, to be disbursed to the Manager on no more frequently than a monthly basis.

Canadian Mortgage Lending Industry

The real estate investment market in western Canada and Ontario is primarily comprised of residential (including both single and multi-residential), commercial and industrial real property, including unimproved land. Investors in this sector are typically either large institutional investors, such as pension funds and public companies, or smaller entrepreneurial investors, such as privately managed funds and individuals. Most investors in the Canadian real estate market require some form of mortgage financing to acquire or develop real estate.

The Alberta economy is currently experiencing a downward economic cycle primarily attributed to the low price of crude oil. Consequently, in Alberta, the amount of debt available for real estate investment has been reduced. Financial institutions and other institutional lenders have reduced their availability of debt, likely in part as a result of a need to (i) reduce leverage, (ii) carry larger capital reserves, and (iii) readjust debt-to-equity investments (likely due to the decline in value of equity portfolios and or interest rates for conventional loans being below a lender's cost of capital). In addition, institutions have implemented more consistent and rigid lending practices developed primarily on the underlying fundamentals of properties (specifically, the strength of the locations, leasing, and sponsorship) thereby exacerbating access to debt that would otherwise be secured by those properties.

The current market in Alberta has created an opportunity for non-conventional lenders to charge premium interest rates for mortgage loans. The gradual reduction of the availability of mortgage loans since the drop in crude oil prices has contributed to the increased number of investment opportunities available to non-conventional lenders which management believes should contribute to a lending environment conducive to the future growth of the Corporation.

Registration Requirements

Under Alberta Securities Policies MICs are deemed to be "investment funds" such that they are required to register as IFMs in accordance with NI 31-103. However, this requirement to register does not apply in the case of a MIC that does not have the power to direct and does not exercise the responsibility of directing the affairs of an investment fund. As the Corporation has contracted the services of the Manager under the Management and Administration Agreement, and thereby transferred the powers to direct and exercise the responsibility of directing the affairs of the Corporation, the Corporation is not required to register as an IFM. In other selling jurisdictions where this Offering is being made, a MIC is not considered an "investment fund" if its primary activity is mortgage lending, that is, by operating a business that creates and manages mortgages. As the Corporation's primary activity is mortgage lending, it is not required to register as an IFM pursuant to applicable Securities Policies in these other selling jurisdictions.

Competition

Competitors of the Corporation include private lenders, other MIC's, mortgage syndicators, individual investors and real estate investment trusts. Each of these lender types targets the class of mortgage that it wants in its portfolio to meet the risk tolerance/reward requirements of their investors. For example, a MIC desiring to offer dividends in excess of 10% annualized returns to its investors may be required to accept higher ratio mortgages, development projects, land deals or second mortgages that may carry higher risks but have the potential for greater returns.

Other competitors of the Corporation include AWM Balanced Mortgage Investment Corporation and First Place Mortgage Investment Corporation, MICs related to the Corporation and the Manager by common voting shareholders, officers and directors. The Manager currently provides investment management services to First Place Mortgage Investment Corporation and AWM Balanced Mortgage Investment Corporation, which are related to the Corporation. In the event an investment opportunity arises which meets the investment criteria of each of the affiliated MICs, and each of the MICs have sufficient funds to invest in the investment opportunity, the Manager will allocate the opportunity on an 'every third turn' basis as between the affiliated MICs competing for the opportunity. One

MIC will be allocated the investment opportunity on the first instance, another MIC will be allocated the investment opportunity on the second instance, and the third MIC will be allocated the investment opportunity on the third instance, and so on and so forth on a go forward basis. See Item 8 "Risk Factors - Conflicts of Interest".

Mortgage Portfolio Summary as of May 31, 2017

	Total
Total Invested	$29,533,765.25
Shareholder Capital	$21,288,779.21
Leveraged Capital Invested	$7,960,000.00
Number of Mortgages	597
Weighted LTV	82.04%

Priority of Loans

Type of Mortgage	Number of Loans	Value of Loans	Percentage Total of Loans
First Mortgage	49	$6,368,689.26	22%
Second Mortgage	547	$23,114,140.36	78%
Third Mortgage	1	$50,935.63	0%
Total	597	$29,533,765.25	100%

Loans Aged [(1)]

Aged	Number of Loans	Value of Loans	Percentage of Value of Total Loans
Current (<30 days)	586	$28,530,414.59	97%
30-60 days	3	$374,635.65	1%
>60 days	8	$628,715.01	2%
Total	597	$29,533,765.25	100%

Notes:

(1) The higher the number of Mortgages in default (loans which remain unpaid for more than 30 days beyond their maturity date) the higher the risk to the investor, since this risk can affect interest income and can tie up capital which could otherwise be used by the Corporation to invest in performing Mortgages and satisfying other obligations of the Corporation. See "Risk Factors – Risks Related to Mortgage Defaults" below.

NAV is calculated based on the outstanding balance of all Mortgages contained in the Portfolio minus a reasonable discount for Mortgage Loans that are impaired, based on the discretion of management acting reasonably, taking into account advice from the Corporation's auditors. As of June 20, 2017, NAV is equal to $29,533,765.25.

Distribution of Loans

Aged - Type of Property	Value of Loans	Percentage of Value of Total Loans
Urban	$29,423,318.55	99.63%
Rural	$110,446.70	0.37%
Total Weighted Average	$29,533,765.25	100%

Interest Rates

Interest Rates	Number of Loans	Value of Loans	Percentage of Value of Total Loans
<5%	341	$15,345,532.35	52%
5%-6%	17	$883,892.36	3%
6%-7%	3	$290,823.39	1%
7%-8%	20	$3,351,680.29	11%
8%-9%	20	$2,370,033.56	8%
9%-10%	52	$1,959,725.35	7%
10%-11%	30	$1,007,874.06	3%
11%-12%	10	$381,470.73	1%
12%-13%	7	$471,951.08	2%
13%-14%	39	$1,341,101.28	5%
14%-15%	24	$881,053.49	3%
>15%	34	$1,248,627.31	4%
Total	597	$29,533,765.25	100%

Basis for Determining the Value of the Property on which LTV is calculated:

	Number of Loans	Value of Loans	Percentage of Value of Total Loans
Appraisal	597	$29,533,765.25	100%

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Location

Location	Number of Loans	Value of Loans	Percentage of Value of Total Loans
Alberta	163	$7,464,334.17	25%
British Columbia	58	$2,642,613.85	9%
Manitoba	3	$56,724.27	0%
Ontario	373	$19,370,092.96	66%
	597	$29,533,765.25	100%

Maturity Dates

Year	Number of Loans	Value of Loans	Percentage of Value of Total Loans
2012	1	$304,412.21	1%
2013	0	$-	0%
2014	1	$46,514.56	0%
2015	1	$11,803.62	0%
2016	5	$531,923.81	2%
2017	325	$13,859,650.93	47%
2018	264	$14,779,460.12	50%
	597	$29,533,765.25	100%

2.3 Development of the Business

The Corporation commenced operations under the name Dominion Properties Mortgage Investment Corporation in June 2004 as a qualified Mortgage Investment Corporation under the Tax Act and was solely engaged in raising funds for mortgage lending predominantly in Alberta. It formally engaged Alta West Mortgage Capital Corporation as its manager effective January 2, 2007, pursuant to the Management and Administration Agreement. Please see Item 2.7 "Material Agreements - Management and Administration Agreement" respecting the terms of the current Management and Administration Agreement. In September 2008, the Corporation completed a name change to AWM Diversified Mortgage Investment Corporation in an effort to better describe the portfolio of mortgages to be acquired by the Corporation.

The two subsequent years proved difficult for the Corporation due to the economic events brought on by the global financial crisis triggered in late 2008. The economic climate caused primarily by sub-par mortgage lending practices in the United States in the period beginning in late 2008 and continuing into 2009 had effect across all industries in Canada including directly impacting the Corporation's core lending area in Alberta and British Columbia. As in other jurisdictions, the demand for housing dropped significantly in the west and was followed by a corresponding decrease in housing prices. Coming on the heels of a somewhat overbuilt real estate market, with unemployment increasing and previously reliable borrowers suddenly becoming unable to make payments, the Corporation was put into a greater than expected number of situations where it had to initiate foreclosure. Unfortunately, with the aforementioned drop in real estate values, even in taking the steps of initiating foreclosure, the Corporation was unable to recover its entire investment in certain circumstances and losses were incurred.

The 2010-2011 fiscal year proved to be a recovery year for the Corporation. While there were some prior period losses that carried over into the fiscal year, there were very few new foreclosures within the Corporation's portfolio. Further, the Corporation made efforts to invest in some lower risk First Mortgages in part due to implementation of an updated risk aversion strategy, and in part due to an excess of capital available in the markets which forced the Corporation to lower rates to borrowers in order to remain competitive. Both these factors resulted in downward pressure on the gross yield of the Corporation. However, as can be noted from the Dividends section below, the Corporation had successfully navigated the previous difficult years with the investor's principal capital contributions intact.

Over the last year, the Corporation has seen an increase in new Mortgage Loans that are secured by First Mortgages and a shift away from Mortgage Loans that are secured by Second Mortgages. This appears to be in response to a preference which borrowers are showing to the slightly lower interest rates usually attributed to First Mortgages.

As of June 26, 2017, the amount of shareholder capital was equal to $21,662,202.16. The Corporation had a cash deficiency of $7,394,255.74, resulting from the outstanding balance of the Credit Facility ($7,960,000) minus $565,744.26 in cash being held in the Corporation's bank account.

The Corporation and the Manager entered into a revised Management and Administration Agreement dated effective June 30, 2017. The Management and Administration Agreement sets out all fees payable by the Corporation to the Manager and the payment of Additional Fees as discussed below. See Item 2.7 - "Material Agreements – Management and Administration Agreement".

Dividends

As described above in Item 2.2 the Corporation's primary source of revenue is from interest payments from Mortgage Investments and, at the discretion of the Manager, lending fees. Typically, the majority of this revenue is then distributed as dividends to holders of Class B Shares. Historically, dividends have been in the range provided for in the table below. However, these historical dividends do not guarantee that the Corporation will maintain the same level of dividends in the future as past performance is not necessarily indicative of future performance. See Item 8 "Risk Factors". In addition, the payment of dividends is subject to the solvency test set forth in subsection 43 of the ABCA (for the purposes of this section, the "Solvency Test").

The Solvency Test exists in the ABCA in part to act as a safeguard against the erosion of shareholder capital and as a protection to other stakeholders of companies, such as creditors. In order to declare and pay a dividend, the directors must have reasonable grounds for believing that the Corporation is, or would after the payment be, able to pay its liabilities as they come due, and that the realizable value of the corporation's assets would, by declaring or paying a dividend, be no less than the aggregate of its liabilities and stated capital of all classes.

The Corporation's current policy is to pay dividends monthly with a year-end top up. Prior to Q3 of 2012 the Corporation's policy was to pay dividends quarterly with a year-end top up. The following table sets out the annual dividend yields for the last four years.

Year Ended March 31	Q1	Q2	Q3	Q4	Top Up	Simple Annual Return
2014	2.16	1.32	2.31	2.17	0.4	8.36
2015	1.98	2.14	2.48	2.42	0.78	9.8
2016	2.285	2.25	2.245	2.195	0	8.975
2017	2.15	1.99	2.33	2.34	0	8.81

It should be noted that dividends fluctuate and are not guaranteed and undue reliance should not be placed on historical information.

2.4 Long-Term Objectives

The Corporation's long term objective is to continue to build a balanced and diversified Mortgage Investment Portfolio and generate income from the interest payment obligations related to the Mortgage Loan and, at the discretion of the Manager, through lender fees. The Corporation has sought and will continue to seek to achieve this objective by investing in the Mortgage Investments described in Item 2.2 which are coordinated by the Manager. As of the date of this Offering Memorandum, these Mortgage Investments consist mainly of Second Mortgages that are Residential Mortgages registered against urban based residential properties located throughout British Columbia, Alberta, Manitoba and Ontario, although the Corporation's lending guidelines and policies do permit other types of lending and investing including investing in Permitted Investments.

The Corporation intends to seek to allocate more capital to Mortgage Investment opportunities in other Provinces outside of Alberta, British Columbia and Ontario, including Saskatchewan and Manitoba. Other than the short-term costs identified below (and excluding any dividend payments), the Corporation does not anticipate any significant costs associated with ongoing operations. As funds are raised by the Corporation, it intends to continue to invest the funds in accordance with its investment policies. See Item 2.7 - "Material Agreements – Management and Administration Agreement" and Item 2.3 - "Our Business - Investment Strategies and Investment Process".

2.5 Short-Term Objectives and the Intentions to Achieve Them

As a MIC, the principal short-term objectives focus on completing the Offering and investing the net proceeds in Mortgage Investments. The following table sets out the objectives, the timelines and the expected costs to complete the short-term objectives for the next twelve months:

What Must Be Done and How It Will Be Accomplished	Target Completion Date	Cost To Complete
The Corporation "must" continue to seek Mortgage Investment opportunities based on the Corporation's investment policies and to earn acceptable yields from its existing Mortgage Portfolio. Its business plan also contemplates that its yields fund the distribution of dividends and the redemption of Class B Shares[(1)] and re-investment into new Mortgage Investments. In order to facilitate the growth of its Mortgage Portfolio and the yields that it produces, the Corporation's goal over the next 12 months is to raise a further $12,000,000 in equity capital to permit it to continue to invest in new Mortgage Investments.	No later than the earlier of the Maximum Offering being subscribed for or June 30, 2018.	$60,000 for legal, accounting and audit expense. $240,000 representing fees payable to the Manager[(2)]

Notes:

(1) The redemption of Class B Shares is subject to various restrictions. Both redemptions and dividends are subject to the applicable Solvency Tests provided for in the ABCA. See Item 5 - "Securities Offered".

(2) This assumes the maximum amount of the Offering is raised. The amount excludes any Trailer Fees the Corporation intends to pay to arm's length EMDs and also excludes any Additional Fees payable by the Corporation to the Manager. See Item 7 "Compensation Paid to Sellers and Finders" for a summary of the Trailer Fees and Additional Fees which may be paid in connection with the Offering. Also see Item 2.7 "Material Agreements – Management and Administration Agreement".

2.6 Insufficient Funds

The funds available as a result of the Offering either may not or will not be sufficient to accomplish all of the Corporation's proposed objectives and there is no assurance that alternative financing will be available.

2.7 Material Agreements

The following are the material agreements to which the Corporation is currently a party.

Management and Administration Agreement

Pursuant to the Management and Administration Agreement dated effective as of June 30, 2017 (superseding the prior agreement entered into on June 30, 2016), Alta West Mortgage Capital Corporation is the Manager of the mortgage investment Portfolio of the Corporation. In this role, the Manager sources new investment into the Corporation in its capacity as an EMD and oversees the mortgage investment Portfolio of the Corporation in its capacity as an IFM and RPM. The Manager sources, recommends and makes available to the Corporation, potential investors into the Corporation and for investment in the Corporation's name, mortgages or interests in mortgages as and when they become available. The Manager has the exclusive right to provide the Corporation with these investment opportunities. The Manager also oversees and administers the Corporation's day to day operations as required by Securities Policies applicable to investment funds.

The Management and Administration Agreement is a related party transaction, and the Corporation is a "connected issuer" to the Manager, as defined in National Instrument 33-105, *Underwriting Conflicts*, as the Manager and the Corporation are affiliated companies. They are affiliated by virtue of the following relationships: Charles McKitrick indirectly owns 70% of the issued and outstanding voting shares of the Manager. Further, Charles McKitrick is a director and officer of both the Manager and the Corporation, and is a voting shareholder of the Corporation, holding 9.1% of the issued voting shares. George Botros is a director, officer and voting shareholder of the Corporation, holding 9.1% of the issued voting shares and is an officer and voting shareholder of the Manager, holding 15% of the issued voting shares. Jared Morrison is a director and voting shareholder of the Corporation, holding 9.1% of the issued voting shares and is also an officer and voting shareholder of the Manager, holding 15% of the issued voting shares. See Item 8 - "Risk Factors - Conflicts of Interest".

The Manager pays all of its own costs, expenses and overhead relating to the provision of its services. All of the costs with respect to the business of the Corporation are on account of the Corporation including, without limitation, legal, audit, shareholder meeting and communication costs, and allocated insurance and rent. In exchange for the management services provided under the Management and Administration Agreement, the Manager is compensated by the Corporation with an annual fee of up to 2% per annum of the assets of the Corporation under management (calculated based on the outstanding balance of Mortgages under administration), calculated monthly, plus applicable taxes, to be disbursed to the Manager on no more frequently than a monthly basis. The Management and Administration Agreement also provides that the Manager may, from time to time, charge brokers' fees, lenders' fees, commitment fees, extension fees, renewal fees, NSF fees, administration fees and similar fees to borrowers with respect to any Mortgage Loan, all of which fees are the sole property of the Manager.

The Manager has the discretion to set interest rates and to determine the amount of fees payable by borrowers on Mortgage Investments. Since the Manager generates revenue from fees paid by borrowers but the Corporation earns income from interest earned, the Management Agreement provides that the Corporation and the Manager will effectively normalize (to an extent) these earnings. For example, when interest rates are relatively high but fees charged to borrowers are low, the Corporation may pay the Manager an additional amount (the "Additional Fees"), not to exceed an amount equal to 2.00% of interest paid by the borrower under the terms of the Mortgage Investment. Conversely, when fees are relatively high but interest rates low, the Manager may pay an amount of up to 2.00% to the Corporation in an effort to normalize earnings as between the Corporation and Manager.

The term of the Management and Administration Agreement is for one (1) year from its effective date of June 30, 2017, but may be terminated by either party as follows:

by the Corporation in the event that:

(a) a bankruptcy, receivership or liquidation order is issued against the Manager;

(b) the Manager makes an assignment for the benefit of creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);

(c) the Manager assigns the Management and Administration Agreement or its rights or obligations thereunder to any person who is not an affiliate of the Manager without the prior written consent of the Directors;

(d) the Manager commits a breach or default under the Management and Administration Agreement not related to the payment of any money to be paid by the Manager to the Corporation and the same is not cured within 30 days of the Manager receiving notice thereof; or

(e) the Manager commits a breach or default under the Management and Administration Agreement related to the payment of any money to be paid by the Manager to the Corporation and the same is not cured within 15 days of the Manager receiving notice thereof;

by the Manager in the event that:

(a) a bankruptcy, receivership or liquidation order is issued against the Corporation;

(b) the Corporation makes an assignment for the benefit of its' creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);

(c) the Manager gives the Corporation three month's prior written notice of its intention to terminate this Agreement;

(d) the Corporation commits a breach or default under this Agreement (not related to the payment of any money to be paid by the Corporation to the

Manager) and the same is not cured within 30 days of the Corporation receiving notice thereof; or

(e) the Corporation commits a breach or default under this Agreement related to the payment of any money to be paid by the Corporation to the Manager and the same is not cured within 15 days of the Corporation receiving notice thereof;

The Manager must render its services under the Management and Administration Agreement honestly and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under the Management and Administration Agreement in a commercially reasonable and competent manner.

Pursuant to the Management and Administration Agreement, the Corporation shall indemnify and hold harmless the Manager, its directors, officers, employees and agents (together, the "Indemnified Parties"), from and against any and all claims, actions, suits, proceedings, demands, assessments, judgments, losses, damages, liabilities, expenses, costs (including all legal fees and costs on a solicitor and his own client basis) to which the Indemnified Parties, may be put or suffer as a result of the following:

(a) a misrepresentation or breach of any direct or indirect representation or warranty made by the Corporation to its Shareholders;

(b) any failure by the Corporation to comply with Securities Policies in connection with the sale of Class B Shares to the Shareholders;

(c) any failure or default of a borrower of the Corporation or any failure or defect in the mortgage security or any other security securing any loan, the result of which is that the Shareholders suffers any loss; and

(d) any breach of the Management and Administration Agreement by the Corporation.

The Manager shall indemnify and hold harmless the Corporation, its directors, officers, employees and agents from and against any and all claims, actions, suits, proceedings, demands, assessments, judgments, losses, damages, liabilities, expenses, costs (including all legal fees and costs on a solicitor and his own client basis) to which the Corporation may be put or suffer as a result of the Manager breaching any of the terms of the Management and Administration Agreement or in the event the Manager breaches the terms of its registration as an IFM, EMD or RPM.

Credit Facility Loan Agreement

Effective November 3, 2015 (superseding an agreement dated May 9, 2013), the Corporation and several arm's length private lenders (collectively the "Creditors") entered into a loan agreement to reflect the terms of a credit facility whereby the Corporation may borrow up to an amount that is equal to 50% of the outstanding share capital of the Class B Shares of the Corporation (the "Credit Facility Loan Agreement"). The Creditors are not related to the Corporation or the Manager. The purpose of the Credit Facility is to provide the Corporation with leverage to bridge timing differences resulting from loan maturities and new loan origination and for general working capital purposes when required. The Credit Facility will bear interest at a rate not to exceed 7.5% per annum. Interest on any outstanding principal amount will be calculated monthly and will be payable monthly on the third business day following the end of the preceding month. The Credit Facility is payable on demand. As of June 26, $7,960,000 is owing by the Corporation under the Credit Facility.

The Corporation has granted the Creditors a first priority security interest in the cash and securities held by the Corporation and also in all current and future Mortgage Investments contained in the Corporation's Portfolio.

3. INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following are the names and residence of the current directors, officers, promoters and principal holders of the Corporation, their respective management experience and any of their holdings of securities of the Corporation and its affiliates after the Offering.

Compensation & Securities Held				
Name and municipality of principal residence	**Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position[(1)]**	**Compensation paid by Corporation or related party in the most recently completed financial year and compensation anticipated to be paid in the current financial year**	**Number and percentage of securities of the issuer held prior to completion of the Offering**	**Number and percentage of securities of the issuer held after completion of Maximum Offering[(3)]**
Charles McKitrick Heritage Pointe, Alberta	Director since October 30, 2006 Vice-President since August 1, 2014	2017 Nil 2018 Nil	25 Class A Shares (9.1%) 3,494.8311 Shares (1.64%)	25 Class A Shares (9.1%) 3,494.8311 Shares (1.05%)
Cal Morstad Calgary, Alberta	Promoter since June 29, 2012	2017 Nil 2018 Nil	25 Class A Shares (9.1%) 7,426.2419 Shares (3.49%)	25 Class A Shares (9.1%) 7,426.2419 Shares (2.23%)
Fahn Bacon Coldstream, BC	Promoter since August 1, 2014, Secretary-Treasurer since August 1, 2014	2017 Nil 2018 Nil	25 Class A Shares (9.1%) 94.0086 Shares (0.04%)	25 Class A Shares (9.1%) 94.0086 Shares (0.03%)
Alta West Mortgage Capital Corporation Calgary, Alberta	Promoter since June 29, 2004	2017 $383,429.94 2018 +/- $449,729.44	Nil Class A Shares (Nil) Nil Shares (Nil)	Nil Class A Shares (Nil) Nil Shares (Nil)
George Botros Calgary, Alberta	Director since August 1, 2014 President since August 1, 2014	2017 Nil 2018 Nil	25 Class A Shares (9.1%) 3,218.1646 Shares (1.51%)	25 Class A Shares (9.1%) 3,218.1646 Shares (0.97%)
Jared Morrison Calgary, Alberta	Director since June 29, 2012	2017 Nil 2018 Nil	25 Class A Shares (9.1%) 373.5299 Shares (0.18%)	25 Class A Shares (9.1%) 373.5299 Shares (0.11%)

Notes:

(1) The directors and officers of the Corporation do not receive any compensation for acting in these capacities.

(2) Alta West Mortgage Capital Corporation, a private Alberta company controlled by Charles McKitrick is the Manager of the Corporation pursuant to the Management and Administration Agreement and is the Promoter. The compensation received by the Manager from the Corporation is paid pursuant to the terms of the Management and Administration Agreement. See Item 2.7 -"Material Agreements – Management and Administration Agreement". The anticipated compensation noted for the fiscal year 2016 is an estimate of the maximum that may be paid to the Manager pursuant to the Management and Administration Agreement.

(3) Amounts assume the maximum Offering is fully subscribed and assume no Class B Shares are acquired under the Corporation's reinvestment plan with any cash dividends paid on such shares.

3.2 Management Experience

The following table discloses the principal occupations of the current directors and senior officers of the Corporation over the past five years and their relevant experience in businesses similar to the Corporation's.

Name	Principal Occupation and Related Experience
George Botros Calgary, Alberta	George Botros has prior experience managing a mortgage investment corporation, Toro Financial Corp., which he managed for seven years. In 2014, the mortgage assets of Toro Financial Corp. were purchased by the Corporation. George has over fifteen years of experience in the lending business and throughout that period has participated in residential, commercial, mezzanine, and interim financing related activities. George holds a Bachelor of Economics, an MBA, and holds the Chartered Investment Manager designation. George currently holds the positions of Director, Chief Compliance Officer and manager of underwriting for the Manager and is also the President of the Corporation. George also holds the positions of Director, Chief Compliance Officer and manager of underwriting for First Place Mortgage Investment Corporation, a corporation managed by Alta West Mortgage Capital Corporation. Through a private Alberta company, George owns a 15% interest in Alta West Mortgage Capital Corporation.
Charles McKitrick Calgary, Alberta	Charles McKitrick, through Pura Vida Development Corporation, a private Alberta company, owns a 70.00% interest in Alta West Mortgage Capital Corporation (the Manager). He is a director and the Chief Executive Officer for Alta West Mortgage Capital Corporation, and manages its business development and growth, as well as funding and human resources. Mr. McKitrick is also a director, officer and voting shareholder of First Place Mortgage Investment Corporation and AWM Balanced Mortgage Investment Corporation, both of which are mortgage investment corporation's that are active in the Alberta marketplace and managed by Alta West Mortgage Capital Corporation. He is also a Mortgage Agent and Dealing Representative. Prior to joining Alta West Mortgage Capital Corporation, Mr. McKitrick was the owner/operator of several health care clinics in Calgary, and after a major acquisition of this company he assumed a senior management position with the purchaser. Mr. McKitrick also owned a business in real estate investments and has been investing in the Calgary market for many years. Mr. McKitrick brings 20 years of business experience and management to Alta West Mortgage Capital Corporation and the mortgage investment corporations that it manages. He is also a past director for the Alberta Mortgage Broker's Association. Mr. McKitrick holds a Bachelor of Science Degree from the University of Saskatchewan.
Fahn Bacon, Coldstream, BC	Fahn Bacon is the Secretary-Treasurer of the Corporation, Vice-President of First Place Mortgage Investment Corporation, a director of AWM Balanced Mortgage Investment Corporation and is the Manager of Risk Assurance for Alta West Mortgage Capital Corporation. She has been with Alta West Mortgage Capital Corporation since May of 2008. Mrs. Bacon is responsible for liaising with the investors of the mortgage investment corporations that Alta West Mortgage Capital Corporation manages, and managing their respective accounts. She is registered as a Dealing Representative with Alta West Mortgage Capital Corporation and works closely with the Chief Compliance Officer in regards to legal compliance matters. She is also

	responsible for the oversight and analysis on foreclosure files. Mrs. Bacon brings an analytical background to Alta West Mortgage Capital Corporation with a Bachelor of Science in Mathematics and a minor in Economics from the University of Calgary. She has completed her Canadian Securities Course and Mortgage Associates Program, and she is licensed as a Mortgage Agent.
Jared Morrison Calgary, Alberta	Jared Morrison is the National Sales Manager for Alta West Mortgage Capital Corporation. He is responsible for generating new business opportunities from the broker community, industry partners and through direct sales. He has been representing Alta West Mortgage Capital Corporation since 2007. Mr. Morrison has 25 years of background in banking and business-to-business sales. Through CTT Consulting Ltd, a private Alberta company, Jared owns a 15% interest in Alta West Mortgage Capital Corporation. Jared is a Director of the Corporation and an officer of Alta West Mortgage Capital Corporation. Mr. Morrison is a Dealing Representative and a Licensed Mortgage Associate for Alta West Mortgage Capital Corporation.

3.3 Penalties, Sanctions and Bankruptcy

There have been:

(a) no penalties or sanctions (e.g. fines, penalties, enforcement orders, etc.);

(b) no cease trade orders that have been in effect for a period of more than 30 consecutive days; and

(c) no declarations of bankruptcy, voluntary assignment in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors, or appointments of receivers, receiver managers or trustees,

that were imposed or in effect at any time during the past 10 years against or with respect to any of the directors, officers or control persons of the Corporation or any issuer of which any of above individuals and companies were a director, senior officer or control person at the relevant time.

4. CAPITAL STRUCTURE

4.1 Share Capital

Description of security	Number authorized to be issued	Price Per Security	Number Outstanding as at June 26, 2017	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering
Class A Shares	Unlimited	$0.01	88,000	n/a	88,000
Class B Shares	Unlimited	$100.00	216,622.20	n/a	335,623.30

4.2 Long-Term Debt

As at the date hereof the Corporation has no long-term debt. The Corporation does not contemplate issuing any debt securities under this Offering.

4.3 Prior Sales

The following table sets out the prior sales of the Class "B" Shares of the Corporation in the past 12 months.

Date of Issuance	Type of Security	Number Issued	Price per Unit	Total Funds Received
06/03/2016	Preferred Shares	770.0000	$100.00	$77,000.00
06/22/2016	Preferred Shares	663.5938	$100.00	$66,359.38
06/30/2016	Preferred Shares	1,336.7344	$100.00	$133,673.44
07/12/2016	Preferred Shares	4,420.0000	$100.00	$442,000.00
07/20/2016	Preferred Shares	1,486.5757	$100.00	$148,657.57
08/09/2016	Preferred Shares	244.5000	$100.00	$24,450.00
08/19/2016	Preferred Shares	500.0000	$100.00	$50,000.00
08/29/2016	Preferred Shares	1,794.7308	$100.00	$179,473.08
09/15/2016	Preferred Shares	610.0000	$100.00	$61,000.00
09/28/2016	Preferred Shares	823.0000	$100.00	$82,300.00
10/17/2016	Preferred Shares	800.0000	$100.00	$80,000.00
10/25/2016	Preferred Shares	150.0000	$100.00	$15,000.00
10/31/2016	Preferred Shares	1,500.0000	$100.00	$150,000.00
11/07/2016	Preferred Shares	1,475.3248	$100.00	$147,532.48
11/10/2016	Preferred Shares	390.0000	$100.00	$39,000.00
12/05/2016	Preferred Shares	400.0000	$100.00	$40,000.00
12/14/2016	Preferred Shares	1,864.5118	$100.00	$186,451.18
01/12/2017	Preferred Shares	2,250.0000	$100.00	$225,000.00
01/20/2017	Preferred Shares	1,098.6566	$100.00	$109,865.66
02/16/2017	Preferred Shares	9,122.1300	$100.00	$912,213.00
02/28/2017	Preferred Shares	285.0000	$100.00	$28,500.00
03/10/2017	Preferred Shares	2,428.6078	$100.00	$242,860.78
03/22/2017	Preferred Shares	1,355.0000	$100.00	$135,500.00
04/05/2017	Preferred Shares	2,011.5476	$100.00	$201,154.76
04/17/2017	Preferred Shares	645.0000	$100.00	$64,500.00
04/18/2017	Preferred Shares	80.0000	$100.00	$8,000.00
04/25/2017	Preferred Shares	102.0000	$100.00	$10,200.00
05/11/2017	Preferred Shares	525.1759	$100.00	$52,517.59
05/19/2017	Preferred Shares	500.0000	$100.00	$50,000.00
05/26/2017	Preferred Shares	500.0000	$100.00	$50,000.00
		40,132.0892		**$4,013,208.92**

5. SECURITIES OFFERED

5.1 Terms

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

Voting Rights

Holders of the Class B Shares shall not be entitled to receive notice of, attend or speak at any meeting of the shareholders of the Corporation, subject to any rights pursuant to the ABCA.

Dividend Entitlement

Holders of "Eligible Class B Shares" are entitled to receive dividends as and when declared in the discretion of the Board of Directors, in an amount equal to the surplus or profits of the Corporation (as determined in accordance with International Financial Reporting Standards) available for the payment of dividends (as determined by the Board of Directors). For the purposes hereof, "Eligible Class B Shares" mean those Class B Shares that have been issued and outstanding for not less than an entire fiscal year. Class B Shares that are not "Eligible Class B Shares" shall be entitled to receive dividends as and when declared in the discretion of the Board of Directors, on a pro-rata basis based on the number of days in the fiscal year during which the said Class B Shares were issued and outstanding, so long as the Class B Shares are still issued and outstanding as at the last day of the said fiscal year.

Subject to the discretion of the Board of Directors and the ABCA, the Corporation intends to declare and pay monthly cash dividends. However, at the time of subscribing, Investors may elect to participate in the Corporation's reinvestment plan, in which case the Investor's cash dividend is applied towards the purchase of new Class B Shares based on a purchase price based on NAV.

For income tax purposes, the Corporation intends to distribute as dividends substantially all of its profits. See "Canadian Federal Income Tax Consequences".

Redemption Rights

Subject to the provisions of the ABCA and applicable securities laws (if any), the Corporation may redeem all or any part of the Class B Shares outstanding by giving notice at least 30 days before fiscal year-end to all the holders of record of the outstanding Class B Shares. The redemption price for each Class B Share will be the lesser of: (i) $100.00 per Class B Share plus any declared but unpaid dividends thereon; or (ii) the net realizable value attributable to each Class B Share as determined in the Corporation's audited financial statements prepared for the relevant fiscal year-end in which notice is given (both referred to as the "Redemption Amount").

If upon giving notice that the Corporation intends to redeem a portion of the outstanding Class B Shares, the Corporation receives acceptance of an aggregate number of shares greater than the number for which the Corporation is prepared to accept, then the Class B Shares will be purchased, as nearly as may be, pro rata, to the number of Class B Shares so offered for redemption by each of the holders of the Class B Shares.

Retraction Rights

Subject to the provisions of the Tax Act (including but not limited to the provisions respecting MICs), the ABCA, applicable securities laws (if any) and the ability of

the Corporation to pay the Redemption Amount from cash reserves, a holder of Class B Shares may with respect to any Class B Shares that have been registered in the name of the holder ("Retractable Shares"), by giving written notice at least 60 days before fiscal year-end to the Corporation (the "Retraction Notice"), request that the Corporation redeem the whole or any part of the Retractable Shares held by such holder. The retraction amount for each Class B Share that is retracted is equal to the Redemption Amount as determined on the "Date of Retraction" (defined below). See above under this Item, Redemption Rights. In addition however, in regards to Class B Shares acquired through an arm's length registered EMD, pursuant to the terms provided for in the Subscription Agreement that Investors execute in connection with their subscription for Class B Shares a discount will be applied to the Redemption Amount as follows:

(a) If the Date of Retraction is before the one year anniversary of the date such Class B Shares were issued to the Shareholder, there will be a 5% discount to the Redemption Amount;

(b) If the Date of Retraction is on or following the one year anniversary and before the two year anniversary of the date such Class B Shares were issued to the Shareholder, there will be a 4% discount to the Redemption Amount;

(c) If the Date of Retraction is on or following the two year anniversary and before the three year anniversary of the date such Class B Shares were issued to the Shareholder, there will be a 3% discount to the Redemption Amount;

(d) If the Date of Retraction is on or following the three year anniversary and before the four year anniversary of the date such Class B Shares were issued to the Shareholder, there will be a 2% discount to the Redemption Amount;

(e) If the Date of Retraction is on or following the fourth year anniversary and before the fifth year anniversary of the date such Class B Shares were issued to the Shareholder, there will be a 1% discount to the Redemption Amount; and

(f) If the Date of Retraction is on or following the fifth year anniversary of the date such Class B Shares were issued to the Shareholder, no discount will apply.

In the event Class B Shares are not acquired through an arm's length registered EMD, the discounts listed above will not apply to Subscribers exercising their retraction rights. Class B Shares shall be considered to be tendered for retraction on the date that the Corporation has, to the satisfaction of the Manager, received the Retraction Notice. On the day that is 120 days after the end of the fiscal year in which the Retraction notice is received by the Corporation (the "Date of Retraction"), the Corporation will, subject to the ABCA, be required to pay the Redemption Amount in respect of the Retractable Shares specified in the Retraction Notice.

The Corporation will not be required to redeem Class B Shares for which Retraction Notices are given, if:

(a) redemption of the aggregate number of Class B Shares subject to the Retraction Notices would result in the Corporation having a Class B Shareholder during the period of time since the start of the most recent fiscal year which owns greater than 25% of the Class B Shares issued and outstanding (at any time since the start of the then current fiscal year and or as at the beginning of the fiscal year during which the last of such Retraction Notices are given); or

(b) it would result in the Corporation having less than 20 holders of Class B Shares as defined under the Mortgage Investment Corporation provisions of the Tax Act.

Restrictions (a) and (b) are imposed to ensure that the Corporation continues to qualify as a Mortgage Investment Corporation under the Tax Act.

Entitlement on Liquidation, Dissolution or Winding Up

In the event of a reduction of capital or the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Shares and the Class B Shares shall be entitled to receive an amount equal to the aggregate amount paid up on the Class A and Class B Shares held by them respectively and in the event that there is not sufficient property or assets to return the entire amount paid up thereon to all holders, the amount available for distribution shall be distributed to the holders rateably.

After the Corporation has made the distribution to the holders of the Class A Shares and Class B Shares contemplated above, the holders of the Class A and Class B Shares shall be entitled to receive, on an equal basis, a share of the remaining amount available for distribution. The aggregate amount distributable to all holders of any class of shares shall be determined by multiplying the amount remaining to the distributed by a fraction, the numerator of which is the number of shares of the class then outstanding and the denominator of which is the number of shares of all classes then outstanding.

Constraints on Transferability

Paragraph 130.1(6)(d) of the Tax Act stipulates that to qualify as a mortgage investment corporation, a corporation must have at least twenty shareholders and no one shareholder may be a Specified Shareholder, as such term is defined in the Tax Act, of the corporation.

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 Board of Directors intend to refuse registration of an allotment or any transfer of shares which would result in the Corporation ceasing to meet the qualifications of a mortgage investment corporation.

As the Corporation is not currently a reporting issuer in the selling jurisdictions or in any other jurisdiction, the Class B Shares are subject to resale restrictions pursuant to applicable securities law. See “Resale Restrictions”.

Other Limitations

Notwithstanding anything else contained in the Articles of Incorporation, no distribution shall be made to the holders of shares of the Corporation if such distribution would result in a violation of any provision of the ABCA. For purposes of this section, “Distribution” means any declaration, payment or disbursement to the holders of any shares of the Corporation then outstanding including dividends in cash or in specie or the purchases, redemption or other retirement of any outstanding shares except when such is paid out of the proceeds of a fresh issue of shares for the purposes of the redemption.

5.2 Subscription Procedure

An Investor may subscribe for Class B Shares by delivering the following documents to the Corporation at the address shown in the Subscription Agreement:

(a) an executed Subscription Agreement, including all applicable attachments, in the form provided with this Offering Memorandum; and

(b) a certified cheque or bank draft made payable to the Corporation in the amount of the subscription price for the Class B Shares.

The Corporation will hold your subscription funds in trust until midnight on the second business day after the day on which the Corporation received your signed subscription agreement. After this, the Corporation will hold the subscription funds in trust pending Closing. See Item 11 - "Purchaser's Rights".

This Offering is not subject to any minimum subscription level, and therefore any funds received from an Investor are available to the Corporation on Closing and thereafter need not be refunded to the Investor. The initial Closing is expected to occur on or before June 30, 2017, but may occur at such other earlier or later date or dates, as determined by the Corporation.

The Corporation reserves the right to accept or reject in whole or in part and the right to close the subscription books at any time without notice. Any investment funds for subscription that the Corporation does not accept will be promptly returned, without interest, after the Corporation has determined not to accept the investment funds.

At a closing of the Offering, the Corporation will deliver to the Investor copies of the certificates representing fully paid and non-assessable Class B Shares, provided the subscription price has been paid in full. **Unless directed otherwise, the original share certificates will be kept in the Corporation's Minute Book.**

An Investor should carefully review the terms of the Subscription Agreement for more detailed information concerning the rights and obligations of the Investor and the Corporation. Execution and delivery of the Subscription Agreement will bind the Investor to the terms thereof, whether executed by the Investor or by an agent on the Investor's behalf. The Investor should consult with their professional advisors. See Item 8 - "Risk Factors".

6. CANADIAN FEDERAL INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

Based on the advice of Collins Barrow Calgary, LLP, the advisors to the Manager, the following is a summary of the material Canadian federal income tax considerations to Investors in Class B Shares offered pursuant to this Offering Memorandum who are individuals or corporations resident in Canada, who deal at arm's length with the Corporation and who hold Shares as capital property, all within the meaning of the Tax Act.

No application has been made for an advance income tax ruling with respect to the investment described in this Offering Memorandum, nor is it intended that any application be made.

You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

This summary does not address the federal income tax consequences of Investors who are:

(a) not residents of Canada;

(b) traders or dealers in securities;

(c) agents, if any, acting on behalf of the Corporation in completing the Offering;

(d) partnerships or trusts;

(e) "financial institutions" as defined in subsection 142.2(1) of the Tax Act for purposes of the mark to market rules;

(f) or dealing at non-arm's length with the Corporation.

This summary is based on the Tax Act, the Regulations to the Tax Act and the current administrative practices of the Canada Revenue Agency ("CRA"). This summary also takes into account any published proposals to amend the Tax Act and Regulations and announcements made by the Minister of Finance by way of press release or announcement in the House of Commons prior to June 30, 2017. It has been assumed that any proposed amendments to the Tax Act announced before the date hereof will be enacted in substantially their present form and that no other relevant amendments to the Tax Act will come into force. This summary does not otherwise take into account or anticipate any change in law, whether by judicial, governmental or legislative action, nor does it take into account provincial or territorial tax laws of Canada or the tax laws of any foreign country.

While the Corporation will furnish each Shareholder with annual tax information relevant to the Shareholder's Canadian federal and provincial tax returns, the preparation and filing of these returns will remain the sole responsibility of each Investor.

The federal and provincial income tax consequences to a particular Investor of an investment in Class B Shares pursuant to the Offering will vary depending upon a number of factors including the particular Province in which the Investor resides, carries on business or has a permanent establishment, the legal characterization of the Investor as an individual, corporation, trust or partnership and the amount that would be the Investor's taxable income but for the Investor's investment in the Class B Shares. This summary is of a general nature only and is not intended to be, nor should it be construed as, legal or tax advice to any particular Investor. Accordingly, each Investor should obtain independent advice regarding the income tax consequences of investing in Shares with reference to the Investor's own particular circumstances.

6.1 Interest on Amounts Borrowed to Purchase Shares

An Investor that borrows funds to purchase shares may be eligible to deduct all or a portion of the interest paid against the interest earned on Shares. However, if an investor borrows money or incurs indebtedness in order to contribute to an RRSP, RRIF, RESP, TFSA or DPSP (each a "Deferred Income Plan") which in turn acquired Shares, any interest incurred by such investor will not be deductible for tax purposes.

6.2 Income Tax Considerations

The Corporation is required to meet the conditions under the Tax Act to qualify as a Mortgage Investment Corporation, which generally will be satisfied if, throughout a taxation year of the Corporation:

(a) the Corporation was a Canadian corporation as defined in the Tax Act;

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

(c) no debts were owing to the Corporation that were secured on real property situated outside Canada;

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

(e) the Corporation did not own shares of non-resident corporations;

(f) the Corporation did not hold real property; or any leasehold interest in such property, located outside of Canada;

(g) the cost amount of the Corporation'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* (Canada)), together with cash on hand and deposits with a bank or any other corporation whose deposits are insured by the Canada Deposit Insurance Corporation 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 Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;

(i) the Corporation had at least 20 shareholders (in its first taxation year the Corporation must have at least 20 shareholders on the last day of that year) and no person held, together with corporations related to them, their spouse or common-law partner, and their minor children, more than 25% of the shares of any class of the Corporation at any time in the taxation year;

(j) holders of preferred shares have a right, after payment to them of their preferred dividends, and payments of dividends in a like amount per share to the holders of the common shares to participate *pari passu* with the holders of common shares in any further payment of dividends;

(k) where at any time in the year the cost amount of its Qualifying Property as defined in (g) above, plus its money, was less than two-thirds of the cost amount to it of all property, the Corporation's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities; and

(l) where the condition in (k) is not applicable in that the cost amount of its Qualifying Property equalled or was greater than two-thirds of the cost amount of all its property, the Corporation's liabilities may not exceed five times the amount by which the cost amount of all of its property exceeds its liabilities.

If the Corporation were at any time to cease to qualify as a MIC, the income tax considerations would materially change.

6.3 Taxation of the Corporation

Provided the Corporation remains a MIC throughout the year, the Corporation will 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 Corporation in computing its income for the preceding year. As a MIC, the Corporation will be subject to tax at the highest corporate rates. However, the Corporation intends to declare dividends each year in sufficient amounts to reduce its taxable income to a nominal amount.

6.4 Taxation of Shareholders

DIVIDENDS WILL BE INCLUDED IN A SHAREHOLDER'S TAXABLE INCOME AS INTEREST. THE NORMAL GROSS UP AND DIVIDEND TAX CREDIT RULES WILL NOT APPLY TO DIVIDENDS PAID BY THE CORPORATION TO AN INDIVIDUAL AND TRUSTS ON A COMMON OR PREFERRED SHARE AND SHAREHOLDERS THAT ARE CORPORATIONS WILL NOT BE ENTITLED TO DEDUCT THE AMOUNT OF DIVIDENDS PAID BY THE CORPORATION FROM THEIR TAXABLE INCOME.

The cost to a subscriber of Class B Shares acquired pursuant to this offering memorandum will equal the purchase price of the Class B Shares plus the amount of any other reasonable costs incurred in connection therewith.

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

Under the Tax Act, 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 taxable income under the Tax Act as a taxable capital gain. Under the Tax Act, subject to certain specific rules in the Tax Act, one-half of any capital loss realized in a 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 capital 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 Corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10.67% on certain investment income, including amounts in respect of interest and taxable capital gains. The 10.67% tax is to be added to such corporation's refundable dividend tax on-hand account and will be eligible for refund at a rate of approximately $1 for every $2.61 of taxable dividends paid by the Corporation.

6.5 Eligibility for Investment by Deferred Income Plans

The Class B Shares will be qualified investments for a trust governed by a Deferred Income Plan at a particular time if the Corporation qualifies as a MIC at such particular time and if throughout the calendar year in which the particular time occurs, the Corporation 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 Plan or of any other person who does not deal at arm's length with that person. Deferred Income Plans will generally not be liable for tax in respect of any dividends received from the Corporation.

If the Corporation fails to qualify as a MIC at any time throughout a taxation year, shares of the Corporation may cease to be a qualified investment for a Deferred Income Plan. When a Deferred Income Plan holds a non-qualified investment at the end of a month, the trust governed by the plan will be subject to a tax of 1% of the fair market value of the investment at the time it was acquired.

If an RRSP, RRIF or TFSA holds a non-qualified Investment at any time during a particular year, the RRSP, RRIF or TFSA will be subject to a tax under Part I of the Tax Act on income attributable to the non-qualified investment. An RESP which holds non-qualified investments can have its registration revoked by the CRA.

There are additional requirements for a Deferred Income Plan that is an RRSP, RRIF or TFSA, whereby the Class B Shares cannot be a "prohibited investment" or penalty taxes will apply in respect of the investment as well as to any income or capital gains realized from the investment. The Class B Shares will be a "prohibited investment" if, at any time while the Class B Shares are owned by a trust governed by one of the foregoing Deferred Income Plans, the individual account holder, beneficiary, annuitant or subscriber, as the case may be, of the Plan does not deal at "arm's length" with the Corporation, or that individual is a "specified shareholder" of the Corporation as defined in the Tax Act. A specified shareholder is a person who owns 10% or more of any class of shares of the Corporation, and for this purpose an individual is deemed to own any shares owned by non-arm's length persons.

7. COMPENSATION PAID TO SELLERS AND FINDERS

It is currently contemplated that the Class B Shares offered hereunder will primarily be sold through the Manager pursuant to the Management and Administration Agreement. The Manager is compensated for providing its management services, which includes its services as an EMD, by an annual fee of up to 2% per annum of the assets of the Corporation under management (calculated based on the outstanding balance of Mortgages under administration), calculated monthly, plus applicable taxes, to be disbursed to the Manager on no more frequently than a monthly basis. See Item 2.7, "Material Agreements - Management and Administration Agreement".

The Manager has the discretion to set interest rates and to determine the amount of fees payable by borrowers on Mortgage Investments. Since the Manager generates revenue from fees paid by borrowers but the Corporation earns income from interest earned, the Management Agreement provides that the Corporation and the Manager may effectively normalize (to an extent) these earnings. For example, when interest rates are relatively high but fees charged to borrowers are low, the Corporation may pay the Manager an Additional Fee, not to exceed an amount equal to 2.00% of interest paid by the borrower under the terms of the Mortgage Investment. Conversely, when fees are relatively high but interest rates are low, the Manager may pay an amount of up to 2.00% to the Corporation in an effort to normalize earnings as between the Corporation and Manager.

Apart from any fees payable to the Manager pursuant to the Management and Administration Agreement (some of which are in respect of EMD services), the Corporation may pay up to 5% of the Gross Proceeds realized on the sale of Class B Shares sold by one or more arm's length EMDs. No warrants, options or other securities will be issued as a component of compensation paid to third party EMDs. The Corporation may pay arm's length EMDs cash Trailer Fees in respect of investment monies raised by the arm's length EMDs. Depending on the agreement made with the arm's length EMD, Trailer Fees on Class B Shares may be calculated at the end of the second, third, fourth and fifth fiscal year ends in which the investment monies raised by the EMD remain invested in the Corporation, and paid within 30 days thereafter or calculated at the end of each and every fiscal year in which the investment monies raised by the EMD remain invested in the Corporation, and paid within 30 days thereafter. In no event shall a Trailer Fee exceed 1.00% per annum of the investment monies raised by the EMD from the sale of Class B Shares.

In addition to the Finder's fee contemplated above, in some cases, dealing representatives licensed under the Manager (in the Manager's capacity as EMD) may be paid by the Manager, on a quarterly basis, an amount equal to 1.0% of the aggregate gross proceeds of the sale of Class B Shares sold by those dealing representatives for as long as those Class B Shares remain issued and outstanding.

The Manager is also registered as an EMD under Securities Policies and provides EMD services to the Corporation. Accordingly, the Corporation is a "connected issuer" to the Manager as defined in NI 33-105 Underwriting Conflicts. See Item 2.7 "Material Agreements, Management and Administration Agreement".

8. RISK FACTORS

This is a speculative offering. The purchase of Class B Shares involves a number of risk factors and is suitable only for Subscribers who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their entire invested capital and who have no immediate need for liquidity. There is no assurance of any return on a Subscriber's investment. There are certain risks inherent in an investment in the Class B Shares of the Corporation, including the risk factors set out below, which investors should carefully consider before investing. Some of these risk factors are interrelated and, consequently, investors should also consider such risk factors as a whole. The following information is a summary only of certain risk factors, each of which is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Offering Memorandum. These risks and uncertainties are not the only ones that could affect the Corporation and additional risks and uncertainties not currently known to the Corporation or the Manager, or that they currently consider immaterial, may also impair the returns, financial condition and results of operations of the Corporation. If any such risks actually occur, the returns, financial condition and results of operations of the Corporation could be materially adversely affected and the financial performance of the Corporation and the ability of the Corporation to pay dividends or satisfy requests for redemptions of Class B Shares could be materially adversely affected.

8.1 Investment Risks

Private Offering

This Offering Memorandum constitutes a private offering of the Class B Shares by the Corporation only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale under exemptions in applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Class B Shares. Subscribers pursuant to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

Net Asset Value

As referred to previously in this Offering Memorandum, NAV or net asset value is calculated on the outstanding balance of all Mortgages contained in the Portfolio minus a reasonable discount for Mortgage Loans that are impaired, based on the discretion of management acting reasonably, taking into account advice from the Corporation's auditors. There is a subjective component to this calculation, in that management is entitled to use its discretion to determine what amount, if any, to apply as a discount for Mortgage Loans that are impaired. There is a risk that management may underestimate the discount amount required, with the result that the NAV calculation arrived at by management may not accurately reflect the true net asset value of the Corporation.

Resale Restrictions

While the Class B Shares do have certain retraction rights attached, the Class B Shares are also subject to onerous and indefinite resale restrictions under Securities Policies. There is no market through which the Class B Shares may be sold and the Corporation does not expect that any market will develop pursuant to this Offering or in the future. See Item 5 - "Securities Offered – Retraction Rights".

Investment Risks or Paying Distributions

There is no assurance that the Corporation will be able to achieve its investment objectives or be able to pay dividend distributions consistent with historical dividend distributions. The funds available for distribution to holders of Class B Shares will vary according to, among other things, the interest and principal payments received in respect of the Mortgage Investments comprising the Corporation's Portfolio and the realizable value of the Corporation's assets. There is no assurance that the Corporation's Portfolio will earn any return. There is a risk that the Corporation may not be in a position to pay dividend distributions, particularly if the Corporation cannot meet the test governing the payment of dividends set forth in section 43 of the ABCA. Section 43 of the ABCA prohibits the payment of dividends where, after the payment of the dividend, either the Corporation cannot meet its liabilities as they become due, or the realizable value of the Corporation's assets would, by declaring or paying the dividend, be less than the aggregate of its liabilities and stated capital of all share classes.

An investment in the Corporation is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of distributions not being paid in any period or at all.

No Guarantee of Returns or Insurance

There can be no assurance that Mortgage Investments of the Corporation will result in a guaranteed rate of return or any return to holders of Class B Shares or that losses will not be suffered on one or more Mortgage Investments. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage Investments will also change.

A borrower's obligations to the Corporation or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. Further, Class B Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Dilution

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

Distributions

The funds available for distributions will vary according to, among other things, the value of the Portfolio and the interest earned thereon. Fluctuations in the market value of the Portfolio may occur for a number of reasons beyond the control of the Manager or the Corporation. The Corporation will depend on revenue generated from the Portfolio. There can be no assurance regarding the amount of revenue that may be generated by the Mortgages comprising the Portfolio. The amount of dividends paid on Class B Shares, if at all, will depend upon numerous factors, including the ability of borrowers to make applicable payments under mortgages comprising the Portfolio, interest rates, unexpected costs, and other factors which may not now be known by or which may be beyond the control of the Corporation or the Manager. If the directors of the Corporation, on the advice of the Manager, determine that it would be in the best interests of the Corporation, they may reduce or suspend for any period, or altogether cease indefinitely, the payment of dividends to be made on the Class B Shares.

Redemption and Retraction Risks

The Class B Shares are retractable, meaning that Investors do have the right to require the Corporation to retract them upon appropriate notice. However, such retractions are subject to certain restrictions and conditions set out in the Corporation's constating documents, the ABCA and as described elsewhere in this Offering Memorandum. Therefore, Subscribers may not be able to retract their Class B Shares in the timeframe expected, or at all. The Corporation provides no assurance that any Subscriber will be able to retract any or all of their Class B Shares at any time. Redemption of the Class B Shares is subject to a maximum number of Class B Share redemptions in a given fiscal year or a calendar month. In particular, the Corporation must meet the statutory test governing the redemption of shares set forth in section 36 of the ABCA, which prohibits a corporation from redeeming shares if (1) there are reasonable grounds for believing that the corporation is, or would be after the payment, unable to pay its liabilities as they become due or (2) the realizable value of the corporation's assets would, after the payment, be less than the aggregate of its liabilities and the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption, rateably with or prior to the holders of the shares to be purchased or redeemed.

Retraction and redemption of the Class B Shares are also subject to the Tax Act and the provisions relating to MICs contained therein. In addition, if a significant number of Class B Shares are redeemed, (i) the Corporation may be required to sell Portfolio assets in order to satisfy redemption payment obligations and may not be able to complete such Portfolio asset sales on favourable terms or at all, and (ii) the expenses of the Corporation would be spread among fewer Class B Shares resulting in a higher expense ratio per Class B Share.

Given these limitations, restrictions and risks related to redemptions and retractions, an investment in the Class B Shares should only be considered by Investors who do not require liquidity. See Item 5 - "Securities Offered – Retraction Rights".

Qualification as a MIC/Tax Issues

Although the Corporation intends to maintain its qualification at all times as a MIC, no assurance can be provided in this regard. If for any reason the Corporation does not maintain its qualification as a MIC under the Tax Act, dividends paid by the Corporation on the Class B Shares will cease to be deductible by the Corporation in computing its income and will no longer be deemed to have been received by holders of Class B Shares as interest or a capital gain, as the case may be. In addition the Class B Shares would no longer constitute qualified investments for a TFSA, RRSP, DPSP, RRIF, RDSP and RESP. See Item 6 - "Canadian Federal Income Tax Consequences".

Pursuant to the requirements of a MIC under the Tax Act, no shareholder of the Corporation is permitted, alone or together with corporations related to them, their spouse or common law partner, and their minor children, at any time to hold more than 25% of any class of the issued shares of the Corporation. The Corporation intends to monitor major holdings of shares within each class of shares to ensure that no one shareholder of the Corporation exceeds this 25% maximum ownership limit set by the Tax Act, in order for the Corporation to maintain its qualification as a MIC. See Item 6 - "Canadian Federal Income Tax Consequences".

Under the Tax Act, no investor may alone or in conjunction with non-arm's length parties, hold directly or indirectly, more than a 10% interest in a MIC. If the 10% threshold is exceeded, then there may be immediate tax consequences to the investor. The Corporation intends to monitor major holdings of Class B Shares to ensure that no shareholders of the Corporation exceed this 10% maximum ownership limit, **however, it is the responsibility of the investor to ensure that its registered funds are properly invested in compliance with these Tax Act requirements.**

8.2 Issuer Risks

Concentration and Composition of the Portfolio and Exposure to Alberta Economy

The Portfolio will be invested primarily in Residential Mortgages that are Second Mortgages (the Corporation may also hold cash and cash equivalents). Given the concentration of the Corporation's exposure to the mortgage lending sector, the Corporation will be more susceptible to adverse economic or regulatory occurrences affecting that sector than an investment fund that is not concentrated in a single sector.

As of the date of this Offering Memorandum, approximately one quarter of the Mortgage Investments made by the Corporation are to Alberta borrowers, secured by Mortgages registered on Alberta real property (see Item 3 - "Our Business - Mortgage Portfolio Summary" above). This leaves the Corporation susceptible to both positive and negative economic trends which may affect the Alberta economy and the real estate market in particular. The Alberta economy is currently experiencing a downward economic cycle primarily attributed to the low price of crude oil. The pressures of the current economic environment in Alberta may negatively impact the Corporation's Mortgage Investments and it may have a corresponding effect on the Corporation's lending activities. For example, there may be a greater number of Mortgage defaults as a result of the economic downturn, which could tie up capital available to the Corporation and negatively affect the value of the Class B Shares.

Investments in Mortgages are relatively illiquid. Such illiquidity will limit the Corporation's ability to vary its Portfolio promptly, if at all, in response to changing economic or investment conditions.

The investment objectives and investment restrictions of the Corporation permit the assets of the Corporation to be invested in First Mortgages, Second Mortgages, Third Mortgages and Permitted Investments. Therefore, the composition of the Portfolio may vary widely from time to time. The Portfolio will be comprised of and may from time to time be concentrated with Mortgage Investments where the underlying real property is of a similar type or in a similar location, or have other similar features or characteristics resulting in the Portfolio being less diversified than at other times. As a result, the returns generated by the Portfolio and the risks associated with its Mortgage Investments may change as its composition changes.

Litigation Risks

The Corporation may, from time to time, become involved in legal proceedings in the course of its business, including, without limitation, foreclosure proceedings. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, the Corporation is not receiving payments of interest or principal on a Mortgage Investment that is the subject of litigation, thereby impacting cash flows. The unfavourable resolution of any legal proceedings could have a material adverse effect on the Corporation and its financial position and results of operations.

Reliance on the Manager and the Lending Committee

Pursuant to the terms and conditions of the Management and Administration Agreement (see "Material Agreements"), the Manager exercises a very high degree of control over the business, operations and affairs of the Corporation and has complete control over the management and administration of the funds of the Corporation. The Manager has undertaken to exercise the power to direct and exercises the responsibility of directing the affairs of the Corporation. As a result, any change in ownership of the Manager, bankruptcy or insolvency proceedings involving the Manager or litigation commenced against the Manager will have a material impact on the Corporation and its investments and ultimately could have a material impact on the return of principal and interest associated with a Purchaser's Class B Shares. Although the employees of the Manager who will be primarily responsible for the performance of the obligations owed to the Corporation have extensive experience, there is no certainty that such individuals will continue to be employees of the Manager in the future. There is no certainty that the persons who are currently officers and directors of the Manager will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of the Manager from time to time. Shareholders do not have the right to direct or influence in any manner the business or affairs of the Manager.

In addition, there is no certainty that the persons who are current members of the Lending Committee will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the Lending Committee from time to time.

The Corporation may be Unable to fund Investments

The Corporation may commit to making Mortgage Investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage Investments. In the event that such repayments of principal or payments of interest are not made, the Corporation may be unable 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.

Conflicts of Interest

The Corporation is subject to a number of actual and potential conflicts of interest involving the Manager and its affiliates because the Manager provides discretionary investment management services to other investors, including other mortgage investment corporations, (all of which may constitute competitors of the Corporation) and the Manager and its affiliates may also invest for their own accounts. Accordingly, the services that are to be provided by the Manager pursuant to the Management and Administration Agreement are not exclusive to the Corporation and the Management and Administration Agreement does not restrict the Manager or its affiliates from establishing additional MICs, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Corporation and/or involve substantial time and resources of the Manager. In fact, the Manager currently provides investment advisory services to a number of different clients and this will preclude the Manager from devoting all of its time and effort to the business of the Corporation, and from referring all investment opportunities to the Corporation, even in the event such opportunity meets the investment criteria of the Corporation.

For example, the Manager manages and advises with respect to accounts of non-arm's length mortgage investment corporations that have investment objectives similar to those of the Corporation and may engage in transactions in the same types of securities and instruments as the Corporation. See Item 8.3 - "Competition" below. Such transactions will, except as discussed below, be executed independently of transactions of the Corporation and thus at prices or rates that may be more or less favourable than those obtained by the Corporation.

The Corporation will rely upon the Manager to manage the business of the Corporation and to provide managerial skill. The directors and officers of the Manager may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Corporation, and other businesses or projects in which they may become involved.

The Corporation and the Manager are related parties as referred to Item 2.2 - "Our Business - the Manager".

Ability to Manage Growth

The Corporation intends to grow the Portfolio. In order to effectively deploy its capital and monitor its loans and investments in the future, the Corporation will need to rely on the Manager to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which can divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that the Corporation will be able to effectively manage its growth and, if it is unable to do so, the Portfolio may be materially adversely affected.

Unsecured Investments

The Corporation is a MIC and as such it is in the business of investing in various mortgages as described above under the headings "Investment Strategies", "Investment Process and Mortgage Investment Criteria". As a MIC, the Corporation is permitted under the Tax Act to invest in a wide range of investments (i.e., Permitted Investments) other than Mortgage Investments. The Corporation may invest in debt or equity instruments which are not secured by any land collateral or personal property collateral. There is a risk that in the event the borrower defaults in repayment of these unsecured obligations, the Corporation may never collect any amounts owed to it pursuant to the terms of the obligations. This can affect interest income revenue and can tie up capital which could otherwise be used by the Corporation to invest in performing Mortgage Investments, pay dividends and/or honour redemption requests made by the shareholders.

Borrower Profile

Some of the Corporation's Mortgage Investments will be comprised of loans made to individuals who are involved in bankruptcy proceedings, who are the subject of foreclosure proceedings, who have poor credit scores or who are self-employed. The credit risks that these borrower's present may negatively impact their ability to repay a Mortgage Loan which could in turn lead to an increased number of defaults in the Corporation's Portfolio. For a discussion on the impact Mortgage defaults have on the Corporation please see Item 8 - "Risk Factors – Risks Related to Mortgage Defaults" below.

Borrowing and Leverage

The Corporation is subject to the risks associated with debt financing. The Corporation may utilize leverage (the borrowing of capital for investing in mortgages) from time to time at the discretion of the Manager through the Credit Facility arranged by the Manager with the Creditors. Subject to complying with the rules to maintain its qualifications as a MIC, under the Credit Facility the Corporation may borrow up to a maximum amount equal to 50% of the outstanding share capital of the Class B Shares of the Corporation.

The Corporation has granted the Creditors a first priority security interest in the cash and securities held by the Corporation and also in all current and future Mortgage Investments contained in the Corporation's Portfolio. This means that the rights of Investors to interest income paid via dividends and to the return of capital via redemption of Shares or through wind-up and dissolution will be subordinate to the right of the Creditors (and any other creditor of the Corporation) to be repaid any amounts which may be outstanding under the Credit Facility. See Item 2.7 "Material Agreements - Credit Facility". As of the date of this Offering Memorandum, the balance owing under the Credit Facility is $7,960,000.

In the event the Corporation cannot meet its obligations with respect to the Credit Facility (such as the payment of interest or the repayment of principal), the Corporation may incur substantial costs if the Corporation is forced to sell assets to repay the loan or to otherwise protect its Mortgage Investments while managing its debts. In addition, the Corporation may lose some or all of its assets as a result of the Creditors exercising their rights under their security agreement taken as security in connection with the Credit Facility.

The expenses incurred in respect of the Credit Facility may exceed the incremental gains/losses and/or income generated by Mortgage Investments acquired with the proceeds of the Credit Facility. Accordingly, any event which adversely affects the value of Mortgage Investments would be magnified to the extent that the Credit Facility was employed to purchase such Mortgage Investments thereby increasing the riskiness of such Mortgage Investments as well as the risk profile of the Portfolio. In addition, the Corporation may not be able to renew the Credit Facility on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Corporation in respect of the Credit Facility will enhance returns.

8.3 Mortgage Investment Industry Risk

Changes in Land Values

The Corporation's investments in Mortgage Investments will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors.

The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers, which may then depend on the credit worthiness of any tenants of borrowers leasing the real property secured by the Mortgage Investment. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting on the ability of the borrower to service the debt and/or repay the Mortgage Loan. In particular, recent economic disruptions in Alberta may adversely affect the value of Alberta real estate secured by a Mortgage Investment and the ability of the borrowers to repay the Mortgage Loans, and thereby negatively impact the Corporation's business and hence the value of the Class B Shares.

A decline in value of real property provided as security for a Mortgage included in the Portfolio may cause the value of the property to be less than the outstanding principal amount of the Mortgage Loan. Foreclosure by the Corporation on any such Mortgage Loan generally would not provide the Corporation with proceeds sufficient to satisfy the outstanding principal amount of the Mortgage Loan.

Where independent appraisals are required before the Corporation may make any Mortgage Investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion of construction, rehabilitation or leasehold improvements on the real property providing security for the loan. There can be no assurance 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.

Competition

The performance of the Corporation depends, in large part, on the Manager's ability to obtain Mortgage Investment opportunities that offer favourable yields, and the Manager will have to compete with other lenders for these opportunities. Some of these competitors may have greater resources than the Corporation or other advantages and may therefore operate with greater flexibility. As a result, the Manager may not be able to obtain Mortgage Investment opportunities at favourable yields, or at all.

Competitors of the Corporation include AWM Balanced Mortgage Investment Corporation and First Place Mortgage Investment Corporation, MICs related to the Corporation and the Manager by common voting shareholders, officers and directors. The Manager currently provides investment management services to First Place Mortgage Investment Corporation and AWM Balanced Mortgage Investment Corporation, which are related to the Corporation. In the event an investment opportunity arises which meets the investment criteria of each of the affiliated MICs, and each of the MICs have sufficient funds to invest in the investment opportunity, the Manager will allocate the opportunity on an 'every third turn' basis as between the affiliated MICs competing for the opportunity. One MIC will be allocated the investment opportunity on the first instance, another MIC will be allocated the investment opportunity on the second instance, and the third MIC will be allocated the investment opportunity on the third instance, and so on and so forth on a go forward basis.

Sensitivity to Interest Rates

It is anticipated that the market value of the Portfolio at any given time will be affected by the level of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on principally Second Mortgages comprising the Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's Mortgage Investments are based), the Corporation may find it difficult to arrange additional Mortgage Investments bearing rates sufficient to achieve the targeted payment of dividends on the Class B Shares. There can be no assurance that an interest rate environment in which there is a significant change in interest rates would not adversely affect the Corporation's ability to maintain distributions on the Class B Shares at a consistent level.

Availability of Investments

As the Corporation relies on the Manager to source the Mortgage Investments, the Corporation is exposed to adverse developments in the business and affairs of the Manager, to its management and financial strength and to its ability to operate its businesses profitably and to devote time and attention to the Corporation irrespective of the other MICs that it manages. The ability of the Corporation to make Mortgage Investments in accordance with its investment objectives and investment strategies depends upon the availability of suitable investment opportunities and the amount of funds available to make such investments. Additionally, the Corporation may occasionally hold excess funds if and until additional Mortgage Investment opportunities are identified and invested in, which may negatively impact returns.

Risks Related to Mortgage Defaults

As part of the Manager's active management of the Portfolio, among other strategies, the Manager may from time to time deem it appropriate to extend or renew the term of a Mortgage Loan past its maturity, or to accrue the interest on a Mortgage Investment, rather than enforce its security. The Manager generally will do so if it believes the benefits outweigh the risks to the Corporation of not being repaid the full principal and interest owing on the Mortgage Investment, taking into account the cost of enforcement proceedings and other Mortgage Investment opportunities among other things. In these circumstances, however, the Corporation is subject to the risk that the principal and/or accrued interest of such Mortgage Investment may not be repaid in a timely manner or at all, which could impact the cash flows of the Corporation during the period in which it is exercising such remedies. The higher the number of Mortgages in default contained in the Portfolio the higher the risk to the investor, since this risk can affect interest income and can tie up capital (or result in a loss of capital) which could otherwise be used by the Corporation to invest in performing Mortgages, honour redemption requests made by the shareholders and/or pay dividends. There is also increased risk to the investor with a Mortgage in default as a Mortgage in default may ultimately result in a foreclosure and/or overall loss to the Corporation. Further, in the event that the valuation of the real property secured by a Mortgage Investment has fluctuated substantially due to market conditions, there is a risk that the Corporation may not recover all or the entire principal and interest owed to the Corporation in respect of such Mortgage Investment in default. As at May 31, 2017, the Corporation's Portfolio includes 8 mortgages in the aggregate amount of $628,715.01 which are in default for being over 60 days and loss provisions have been taken by the Corporation. The aggregate amount of the loss provisions taken is $628,715.01. Where losses are incurred or loss provisions are taken the dividends that the Corporation otherwise intended to pay its shareholders are reduced. See Item 2.3 "Our Business – Mortgage Portfolio Summary" for particulars on aged loans related to the Corporation's Portfolio.

When a Mortgage Investment is extended past its maturity, the loan can either be held over on a month to month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Manager has the ability to exercise its mortgage enforcement remedies in respect of the extended or renewed Mortgage Loan. Exercising mortgage enforcement remedies is costly and is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Corporation during the period of enforcement. In addition, as a result of potential declines in real estate values, there is no assurance that the Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to the Corporation in respect of such Mortgages by exercising its mortgage enforcement remedies. Should the Corporation be unable to recover all or substantially all of the principal and interest owed to the Corporation in respect of such Mortgage Investments as well as costs, the overall value of the Corporation would be reduced, and the returns, financial condition and results of operations of the Corporation could be adversely impacted.

Insurance

The Corporation's Mortgage Investments will not be insured in whole or in part. As well, there are certain inherent risks in the real estate industry, some of which the Corporation may not be able to insure against or which the Corporation may elect not to insure due to the cost of such insurance. The effect of these factors cannot be accurately predicted.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Corporation could therefore be forced to exercise its rights as mortgagee. The recovery of all or a portion of the Corporation's investment in any given Mortgage Investment may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Corporation's rights as mortgagee. There is no assurance legal fees and expenses and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower will be recoverable from the borrower. In the event that these expenses are not recoverable they will be borne by the Corporation. As a consequence this can negatively affect the Corporation’s interest income stream and capital.

Furthermore, where the Corporation becomes the owner of real property through foreclosure proceedings, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments on priority Mortgages, insurance costs, administration costs and related charges must be made through the period of ownership regardless of whether the property is producing income. The Corporation may therefore be required to incur such expenditures to protect its investment, which can also negatively affect the Corporation in the same manner as described above.

Change in Legislation

There can be no assurance that certain laws applicable to the Corporation, including Canadian federal and provincial tax laws, tax proposals, Securities Policies, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect the fund or fundamentally alter the tax consequences to shareholders acquiring, holding or disposing of Class B Shares.

Environmental Matters

The Corporation may in the future take possession, through enforcement proceedings, of properties that secured defaulted Mortgage Investments to recover its investment in such Mortgage Investments. Prior to taking possession of properties which secure a Mortgage Investment, the Manager will assess the potential environmental liability associated with such investment and determine whether it is significant, having regard to the value of the property. If the Manager subsequently determines to take possession of the property, the

Corporation could be subject to environmental liabilities in connection with such real property, which could exceed the value of the property. As part of the due diligence performed in respect of the Corporation's proposed Mortgage Investments, the Manager may obtain a Phase I Environmental Audit on the underlying real property provided as security for a mortgage, when it has determined that a Phase I Environmental Audit is appropriate. However, there can be no assurance that any such Phase I Environmental Audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate the Corporation from this potential liability. If hazardous substances are discovered on a property of which the Corporation has taken possession, the Corporation may be required to remove such substances and clean up the property. The Corporation may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such clean-up.

9. REPORTING OBLIGATIONS

The Corporation is not a "reporting issuer" under the securities laws of any jurisdiction in Canada in which the Corporation is active. Accordingly, the Corporation is not subject to the continuous disclosure obligations of reporting issuers. However, pursuant to recently amended Securities Policies, in Alberta, Saskatchewan and Ontario the Corporation is obligated to file, within 120 days after the end of each of its financial years, annual audited financial statements with the securities regulatory authorities, along with a notice disclosing in reasonable detail the use of the aggregate gross proceeds raised by the Corporation pursuant to this Offering, and make them reasonably available to Investors. Investors will receive copies of the annual audited financial statements and the notice in regards to the use of proceeds in their annual reporting package. In addition to the foregoing, in Ontario, the Corporation must make reasonably available to each Investor a notice of a discontinuation of the Corporation's business, a change in the Corporation's industry or a change of control of the Corporation should any such event occur.

Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.

10. RESALE RESTRICTIONS

The Class B Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if at all, an Investor may not be able to trade the Class B Shares unless he can rely on an exemption from the prospectus and registration requirements under Securities Policies. Class B Shares issued by the Corporation will bear the following, or similar, legend:

"Unless permitted under securities legislation, an Investor cannot trade the Class B Shares before the date that is four (4) months and a day after the date AWM Diversified Mortgage Investment Corporation becomes a reporting issuer in any province or territory."

The Corporation has no current intention of becoming a reporting issuer in any jurisdiction and therefore the foregoing restriction on trading will continue indefinitely (subject to the availability of certain limited exemptions which may not apply in the circumstances).

Securities legislation provides an exemption for redemption of Class B Shares. Notwithstanding this exemption, the right of redemption is limited and subject to various restrictions. As such it may not be available. See Item 5 - "Securities Offered – Retraction Rights".

10.1 Manitoba Resale Restrictions

Unless permitted under securities legislation, the Investor must not trade the Class B Shares without the prior written consent of the regulator in Manitoba unless:

(a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the Class B Shares purchased by the Investor and the regulator in Manitoba has issued a receipt for that prospectus; or

(b) the Investor has held the Class B Shares for at least twelve (12) months.

The regulator in Manitoba will consent to the trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

11. PURCHASER'S 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.

11.1 Two Day Cancellation Right

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

11.2 Statutory Rights of Action in the Event of a Misrepresentation for Residents of Alberta and British Columbia

If there is a misrepresentation in this Offering Memorandum and you are resident in Alberta or British Columbia, you have a statutory right to sue:

(a) the Corporation to cancel your agreement to buy these securities; or

(b) for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person or company who signed 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 the 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 (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of:

(a) 180 days after you first had knowledge of the facts giving rise to the cause of action; or

(b) three years after the date of the transaction that gave rise to the cause of action.

11.3 Statutory Rights of Action in the Event of a Misrepresentation for Residents of Saskatchewan

If there is a misrepresentation in this Offering Memorandum or any advertising or sales literature used in connection with this Offering Memorandum and you are resident in Saskatchewan, you have a statutory right to sue:

(a) the Corporation to cancel your agreement to buy these securities; or

(b) for damages against the Corporation, every director and promoter of the Corporation, every person or company whose consent has been filed with this Offering Memorandum (but only with respect to statements made by them), every person who signed this Offering Memorandum and every person who or company that sells securities on behalf of the Corporation.

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 Corporation and to the other parties you might have the right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. Also, the amount recoverable will not exceed the price at which the securities were offered under this Offering Memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

In addition, you have a statutory right to sue any person or company who made verbal representations relating to the Corporation or the securities that contained a misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of:

(a) one year after you first have knowledge of the facts given rise to the cause of action; or

(b) six years after the date of the transaction that gave rise to the cause of the action.

11.4 Statutory Rights of Action in the Event of a Misrepresentation for Residents of Manitoba

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

(a) the Corporation to cancel your agreement to buy these securities, or

(b) for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person or company who signed 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 the 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 (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of:

(a) 180 days after you first had knowledge of the facts giving rise to the cause of action; or

(b) two years after the date of the transaction that gave rise to the cause of action.

11.5 Statutory Rights of Action in the Event of a Misrepresentation for Residents of Ontario

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

(a) the Corporation to cancel your agreement to buy the Class B Shares; or

(b) for damages against the Corporation and a selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Class B Shares as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Class B Shares were offered. There are various defenses available to the persons or companies that you have a right to sue. For example, they have a defense if they prove that you knew of the misrepresentation when you purchased the Class B Shares.

In Ontario, the defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

(a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Ontario, the above defense does not relieve a person of liability respecting forward-looking information in a financial statement.

In Ontario, you must commence your action to cancel the agreement to purchase the Class B Shares within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation; or (ii) three years after the transaction.

12. FINANCIAL STATEMENTS

Attached to this Offering Memorandum are the Audited Annual Financial Statements for the year ended March 31, 2016 and Audited Annual Financial Statements for the year ended March 31, 2017.

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AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Financial Statements

Year Ended March 31, 2016

CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

STEVE L. CZECHOWSKY *
LOUIS A. GRAHAM *
DIANA HANEVELT*
* DENOTES PROFESSIONAL CORPORATION

400, 1121 CENTRE STREET NORTH
CALGARY, ALBERTA T2E 7K6

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AWM Diversified Mortgage Investment Corporation

I have audited the accompanying financial statements of AWM Diversified Mortgage Investment Corporation, which comprise the balance sheet as at March 31, 2016 and the statements of loss and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants, International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

Independent Auditor's Report to the Shareholders of AWM Diversified Mortgage Investment Corporation *(continued)*

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of AWM Diversified Mortgage Investment Corporation as at March 31, 2016, and its financial performance and its cash flow for the years ended March 31, 2016 in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants, International Financial Reporting Standards.

Calgary, Alberta
June 10, 2016

"signed by Louis Graham"
CHARTERED ACCOUNTANT

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Balance Sheet

March 31, 2016

	March 31 **2016**	*March 31* 2015	*April 1* 2014
ASSETS			
CURRENT			
Cash and cash equivalents	**$ 1,103,346**	$ 132,895	$ 53,603
Prepaid expenses *(Note 4)*	**160,735**	46,815	53,840
Mortgages receivable *(Note 5)*	**21,706,217**	20,764,899	7,378,876
Interest receivable	**200,263**	255,394	98,570
	$ 23,170,561	$ 21,200,003	$ 7,584,889
LIABILITIES			
CURRENT			
Accounts payable	**$ 62,696**	$ 34,040	$ 15,611
Due to related parties *(Note 6)*	**62,992**	6,004,851	325,807
Promissory note payable *(Note 7)*	**5,485,000**	1,000,000	1,250,000
	5,610,688	7,038,891	1,591,418
PREFERRED SHARES *(Note 9)*	**17,512,632**	14,043,338	6,056,128
SHARE ISSUANCE COSTS *(Note 9)*	**(93,146)**	(105,677)	(87,379)
	23,030,174	20,976,552	7,560,167
SHAREHOLDERS' EQUITY			
SHARE CAPITAL *(Note 9)*	**326**	326	326
RETAINED EARNINGS	**140,061**	223,125	24,296
	140,387	223,451	24,622
	$ 23,170,561	$ 21,200,003	$ 7,584,789

ON BEHALF OF THE BOARD

_____________________ *Director*

_____________________ *Director*

See notes to financial statements

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Statement of Loss and Comprehensive Income

For the Year Ended March 31, 2016

	2016	2015
INCOME		
Interest income	**$ 2,857,402**	$ 2,018,706
Interest income on delinquent mortgages	**52,964**	49,227
Lender Fees *(Note 6)*	**221,026**	-
	3,131,392	2,067,933
EXPENSES		
Advertising and promotion *(Note 6)*	**13,398**	5,920
Bad debts	**14,567**	-
Interest and bank charges *(Note 6)*	**469,255**	356,527
Management fees *(Note 6)*	**337,360**	207,156
Office *(Note 6)*	**14,717**	19,813
Loan losses *(Note 5)*	**750,050**	317,876
Losses on delinquent interest	**52,964**	49,227
Finance Charges *(Note 9)*	**1,445,290**	857,295
Professional fees	**116,855**	55,290
	3,214,456	1,869,104
NET INCOME (LOSS)	**(83,064)**	198,829
COMPREHENSIVE INCOME FOR THE YEAR	**$ (83,064)**	$ 198,829
EARNINGS (LOSS) PER SHARE *(Note 12)*	**$ (254.02)**	$ 608.04

See notes to financial statements

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Statement of Changes in Equity

Year Ended March 31, 2016

	Share capital	Retained earnings	**Total equity**
As at April 1, 2014 *(Note 9)*	$ 326	$ 24,296	**$ 24,622**
Net Income for the year	-	198,829	**198,829**
Shares issued	-	-	**-**
Shares issued at a discount	-	-	**-**
Shares redeemed	-	-	**-**
As at March 31, 2015	$ 326	$ 223,125	**$ 223,451**
As at April 1, 2015	$ 326	$ 223,125	**$ 223,451**
Net Loss for the year	-	(83,064)	**(83,064)**
As at March 31, 2016	$ 326	$ 140,061	**$ 140,387**

See notes to financial statements

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Net income (loss)	$ (83,064)	$ 198,829
Items not affecting cash:		
Loan losses	750,050	317,876
Share issuance costs associated with redeemed shares	12,531	3,274
Financing on preferred shares reinvested	1,051,778	618,327
	1,731,295	1,138,306
Changes in non-cash working capital:		
Prepaid expenses	(113,920)	7,025
Interest receivable	55,131	(156,824)
Accounts payable	28,655	18,430
	(30,134)	(131,369)
Cash flow from operating activities	1,701,161	1,006,937
INVESTING ACTIVITY		
Mortgages receivable	(1,691,368)	(11,469,041)
Cash flow used by investing activity	(1,691,368)	(11,469,041)
FINANCING ACTIVITIES		
Advances from related parties	(5,941,859)	5,678,944
Class "B" common shares issued for cash	4,134,416	5,434,191
Class "B" common shares redeemed for cash	(1,716,899)	(182,003)
Promissory note payable	4,485,000	(250,000)
Cash paid on promissory note payout	-	(118,164)
Share issuance costs paid	-	(21,572)
Cash flow from financing activities	960,658	10,541,396
INCREASE IN CASH FLOW	970,451	79,292
Cash - beginning of year	132,895	53,603
CASH - END OF YEAR	1,103,346	132,895
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	$ 469,256	$ 356,526
Dividends paid on preferred shares classified as financing charges	$ 689,923	$ 238,698

See notes to financial statements

1. DESCRIPTION OF BUSINESS

The business is incorporated under the Alberta Business Corporations Act. The Company invests in mortgages in Canada and is a Mortgage Investment Corporation as defined by Section 130.1 of the Income Tax Act (Canada).

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

These financial statements are prepared in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants.

Basis of measurement

The financial statements have been prepared on a going concern basis. The Company's financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Highly liquid investments with maturities of 90 days or less at date of purchase are considered to be cash equivalents.

Financial instruments policy

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally on the date of purchase.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings. Non-derivative financial instruments are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Trade and other receivables

Trade and other receivables, including accrued interest receivable are recognized and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortized cost. Allowance is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

(b) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents and operating loan at fair value.

(c) Other

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less any appropriate allowance for doubtful receivables. They are included in current assets when they will be realized within 12 months of the reporting date, otherwise they are classified as non-current. This item includes due from related parties.

Other liabilities are initially recognized at fair value less transaction costs. Subsequent to initial measurement, these other liabilities are measured at amortized cost. They are classified as current liabilities when they are payable within 12 months of the reporting date, otherwise they are classified as non-current. This item includes accounts payable and accrued liabilities, and due to related parties.

(d) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred shares are classified as liabilities. They are initially recognized at fair value adjusted for transaction costs. Subsequently the preferred shares are measured at amortized cost.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mortgages receivable

Mortgages receivable are carried net of the allowance for mortgage losses. All mortgages have been measured at amortized cost, using the effective interest rate method.

A mortgage is recognized as being impaired when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. As a matter of practice, a mortgage is deemed to be impaired at the earlier of the date on which management in its discretion declares it is impaired and the date on which it has been in arrears for a continuous period of 90 days.

When mortgages are considered to be impaired, and the collection of principal and interest is no longer reasonably assured, the fair value of the mortgage is reduced to reflect the estimated fair value from the collateral securing the mortgage loan.

Gains or losses on disposal or repayment transactions are recorded as realized gains or losses at the time of disposal or repayment, respectively.

An impaired mortgage cannot return to an accrual status unless all principal and interest payments are up to date and management is reasonable assured as to the recoverability of the mortgage.

Assets taken as settlement of debt

Assets taken as settlement of debt are recorded at the lower of cost and net realizable value. Cost is determined as the value of the loan outstanding at the time the asset was taken in settlement.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset 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 original effective interest rate. All impairment losses are recognized in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the income statement.

Revenue recognition

Interest income on loans is recorded by the accrual method except when a loan is identified as impaired. When a loan is identified as impaired, interest revenue continues to be recorded and a loss on the loan, including interest, is provided for in the financial statements.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segmented reporting

The Company operates in a single reportable operating segment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, if any.

Segmented reporting

Provisions comprise liabilities of uncertain timing or amount that arise from restructuring plans, environmental, litigation and other risks. Provisions are recognized when a legal or constructive obligation stemming from a past event exists and when the future cash outflows can be reliably estimated. The expense relating to any provision is presented in the income statement net of any reimbursement.

Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

(a) The most significant estimates that the company is required to make relate to the fair value and impairment of their financial instruments. 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.

(b) The allowance for doubtful receivables represents Management's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on the ageing of customer balances, specific credit circumstances and the company's historical bad debt experience.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Tax interpretations, regulations and legislation are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Changes in accounting policies - International Financial Reporting Standards

The Company has adopted the following new and revised standards, along with any consequential amendments, effective April 1, 2015 These changes were made in accordance with the applicable transitional provisions.

The adoption of these new and revised standards did not have any affect on the financial statements of the Company.

Adoption of new and revised standards:

The company has early adopted IFRS 9 "Financial Instruments". The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

New standards not yet adopted:

a) IAS 7 "Statement of Cash Flows". The amendments to the existing standard will allow an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising form financing activities, including both changes arising from cash flows and non-cash changes. The effective date is for annual periods beginning on or after January 1, 2017.

b) IFRS 11, "Joint Arrangements" has been amended to clarify treatment of the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted.

c) IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets" have been amended to provide clarification on the acceptable methods of depreciation and amortization. These amendments are effective for annual periods beginning on or after January 1, 2016.

d) IFRS 10, "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" has been amended to address the inconsistencies between the requirements in these sections when dealing with a sale or contribution of assets between an investor and its associate or joint venture. The amendments are effective for annual periods beginning on or after January 1, 2016.

e) IFRS 15, "Revenue from Contracts with Customers" is a comprehensive new standard on revenue recognition that replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The standard specifies how and when to recognize revenue as well as requiring entities to provide more informative and relevant disclosure. The new standard is effective for years beginning on or after January 1, 2018, with earlier adoption permitted.

4. PREPAID EXPENSES

Prepaid expenses consists of foreclosure costs expected to be recovered upon the sale of the underlying property.

5. MORTGAGES RECEIVABLE

	2016	2015
Mortgages receivable		
Mortgages receivable	**$ 22,663,904**	$ 21,090,617
Provision for loan losses	**(957,687)**	(325,718)
	$ 21,706,217	$ 20,764,899
Impaired loans		
Impaired mortgages receivable	**$ 517,669**	$ 971,136
Loan losses reconciliation		
Provision for loan losses	**$ 787,478**	$ 307,290
Losses realized during the year	**118,081**	16,718
Recoveries realized during the year	**(155,509)**	(6,132)
	$ 750,050	$ 317,876

6. RELATED PARTIES

The following is a summary of the Company's related party transactions:

Pursuant to the management contract dated June 1, 2015 between AWM Diversified Investment Corporation and Alta West Mortgage Capital Corporation (the Manager) the administration fee payable to the Manager will be calculated as follows:

The Manager will receive a fee from the Company equal to 2.0% per annum of the outstanding share capital of the Preferred Shares of the Company, calculated and paid at the end of each fiscal quarter, plus applicable taxes to be disbursed to the Manager on a monthly basis.

The Manager may charge broker's fees, lender fees, commitment fees, extension fees, renewal fees, NSF fees, administration fees and similar fees to borrowers with respect to any mortgage loan, all of which fees are the sole property of the Manager.

The Manager is also entitled to receive a foreclosure administration fee for each foreclosure proceeding initiated against a property for which a mortgage has been granted.

(continues)

6. RELATED PARTIES *(continued)*

		2016		2015
Related party transactions				
Alta West Mortgage Capital Corporation *(controlled by director)*				
Management fees	$	**337,360**	$	207,156
Lender fees (income)		**(221,026)**		-
Allocation of advertising costs		**13,398**		5,092
Allocation of securities fees included in office		**4,336**		7,085
	$	**134,068**	$	219,333
AWM Balanced Mortgage Investment Corporation *(common share management)*				
Interest expense	$	**277,781**	$	24,302

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to related parties				
Alta West Mortgage Capital Corporation	$	**35,996**	$	23,066
Covenant Asset Product LP (common share management)		**11,346**		-
AWM Balanced Mortgage Investment Corporation		**15,650**		5,979,479
Alta West Trust (common share management)		**-**		2,306
	$	**62,992**	$	6,004,851

The Company may utilize leverage from time to time at the discretion of the Manager through the loan agreement dated March 1, 2011 (the "Balanced Loan") made with AWM Balanced Mortgage Investment Corporation, a non-arm's length party related to the Corporation. The Company may borrow up to a maximum amount of $7,000,000. The Balanced Loan will bear interest at a rate not to exceed 7.5% per annum. Interest on any outstanding principal amount will be calculated monthly and will be payable monthly on the third business day following the end of the preceding month.

Advances from all other related parties are non-interest bearing and have no set repayment terms.

7. PROMISSORY NOTE PAYABLE

The promissory note payable bears interest at 7.5% per annum, payable monthly, and is due on demand. The unpaid balance is limited to a maximum of 50% of the shareholder capital.

8. INCOME TAXES

The Corporation is a "Mortgage Investment Corporation" as defined in Section 130.1 of the Income Tax Act (Canada). Pursuant to Section 130.1 the Corporation is entitled to deduct the full amount of all taxable dividends it pays during the year or within 90 days after the end of the year. The Corporation intends to declare dividends each year in sufficient amount to reduce its taxable income to $nil. If the Corporation fails to declare such dividends, it will be subject to tax at the highest corporate rates.

9. SHARE CAPITAL

Authorized:
Unlimited Class "A" Voting shares
Unlimited Class "B" Non-voting shares

	2016	2015
Issued:		
Shares presented under equity		
88,000 Class A common shares	**$ 326**	$ 326
Shares presented under liabilities		
175,126 Preferred Shares	**$ 17,512,632**	$ 14,043,338
- Share Issuance Costs	**(93,146)**	(105,677)
	$ 17,419,486	$ 13,937,661

	2016		2015	
	Shares	**Amount**	Shares	Amount
Class A				
Shares outstanding at the beginning of the year	**88,000.0**	**$ 326**	88,000.0	$ 326
Shares outstanding at the end of the year	**88,000**	**$ 326**	88,000	$ 326

(continues)

9. SHARE CAPITAL *(continued)*

	2016		2015	
	Shares	**Amount**	Shares	Amount
Class B				
Shares outstanding at the beginning of the year	**140,433**	**$ 14,043,338**	60,561	$ 6,056,128
Issued for cash	**41,344**	**4,134,415**	47,925	4,792,452
Issued upon asset purchase	**-**	**-**	27,584	2,758,433
Share dividends	**10,518**	**1,051,778**	6,183	618,328
Redeemed	**(17,169)**	**(1,716,899)**	(1,820)	(182,003)
Shares outstanding at the end of the year	**175,126**	**$ 17,512,632**	140,433	$ 14,043,338

Upon adoption of IFRS, Class B shares are classified as a liability under IAS 21. This classification has been changed for 2016 and 2015. As part of the reclassification, all dividends paid are treated as financing charges.

During 2015, shares issued upon asset purchase consists of $2,234,858 converted from a promissory note payable and $523,575 received in cash.

10. DETERMINATION OF FAIR VALUES

The carrying value of cash and cash equivalents, accrued interest receivable, due from related parties, due to related parties and accounts payable included in the balance sheet approximate fair value due to the short term nature of these instruments. These assets and liabilities with the exception of cash and cash equivalents and operating loan are not included in the following tables.

The fair value of the operating loan approximate its carrying value as the terms and interest rates are similar to those offered to the company for similar instruments.

The following tables provide fair value measurement information for financial assets and liabilities as of March 31, 2016:

	Carrying Amount	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Information (Level 3)
March 31, 2016					
Financial Assets					
Cash and cash equivalents	$ 1,103,346	$ 1,103,346	$ 1,103,346	$ -	$ -
Mortgages receivable	21,706,217	21,706,217	-	-	21,706,217
Financial liabilities					
Promissory Note Payable	5,485,000	5,485,000	-	-	5,485,000
March 31, 2015					
Financial Assets					
Cash and cash equivalents	$ 132,895	$ 132,895	$ 132,895	$ -	$ -
Mortgages receivable	20,764,899	20,764,899	-	-	20,764,899
Financial liabilities					
Promissory Note Payable	1,000,000	1,000,000	-	-	1,000,000

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are based on unobservable information.

11. DETERMINATION OF FAIR VALUES

The following table shows the movement in Level 3 financial instruments in the fair value hierarchy for the year ended March 31, 2016 and 2015. The Company classifies financial instruments as Level 3 when there is reliance on at least one significant unobservable input in the valuation models. There have been no transfers between categories during the years ended March 31, 2016 and 2015.

	2016	2015
Mortgages Receivable		
Opening Balance	$ 20,764,899	$ 7,378,876
Investments	20,343,231	18,758,137
Payment & Amortization	(19,401,913)	(5,372,114)
	$ 21,706,217	$ 20,764,899
Promissory Note Payable		
Opening balance	$ 1,000,000	$ 1,250,000
Funds advanced	4,485,000	1,250,000
Principal payments	-	(1,500,000)
	$ 5,485,000	$ 1,000,000

12. EARNINGS (LOSS) PER SHARE

	2016	2015
Net income (loss)	$ (83,064)	$ 198,829
Weighted average common shares outstanding	327.0	327.0
Basic and diluted earnings (loss) per share	$ (254.02)	$ 608.04

13. CAPITAL MANAGEMENT

The company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, deploy capital to provide an appropriate investment return to its shareholders, and to maintain a strong capital base to support the development of the company's activities. The company defines its capital as follows:

- equity
- cash and cash equivalents

The Company has externally imposed capital requirements through a covenant with its financial institution. The Company's debt to tangible net worth ratio is not to exceed 0.5:1. As of March 31, 2016, the Company is in compliance with the capital requirements.

14. FINANCIAL RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of March 31, 2016.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk on the mortgages receivable it has extended to its clients. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its clients and a review of their credit limits. In all cases, the Company has secured their position with a mortgage against real property of the client. The Company regularly reviews its mortgage portfolio for contingent credit losses. They have determined there were contingent credit losses of $957,687 (2015 - $325,718) as disclosed in note 5.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk under normal operating activities by ensuring sufficient cash flow from fees and interest is generated to cover expenses and distributions. Generally the mortgage portfolio has a relatively short maturity.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities. Interest rate risk on the mortgage portfolio arises from the possibility that at the end of a mortgage's term it will be re priced to a prevailing interest rate lower than the original one.

As at March 31, 2016, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, earnings would have increased by approximately $226,639. Similarly, had prevailing interest rates decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, earnings would have increased by $226,639.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Financial Statements

Year Ended March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AWM Diversified Mortgage Investment Corporation

I have audited the accompanying financial statements of AWM Diversified Mortgage Investment Corporation, which comprise the balance sheet as at March 31, 2017 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52 107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants, International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

Independent Auditor's Report to the Shareholders of AWM Diversified Mortgage Investment Corporation *(continued)*

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of AWM Diversified Mortgage Investment Corporation as at March 31, 2017, and the results of its operations and its cash flow for the years ended March 31, 2017 in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52 107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants, International Financial Reporting Standards.

Calgary, Alberta
June 2, 2017

LOUIS GRAHAM PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Balance Sheet

March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 283,413**	$ 1,103,346
Mortgages receivable *(Note 4)*	**27,990,337**	21,866,952
Interest receivable	**157,750**	200,263
Due from related parties *(Note 5)*	**66,419**	-
	$ 28,497,919	$ 23,170,561
LIABILITIES		
CURRENT		
Accounts payable	**$ 72,492**	$ 62,696
Due to related parties *(Note 5)*	**4,273**	62,992
Promissory note payable *(Note 6)*	**7,710,000**	5,485,000
	7,786,765	5,610,688
PREFERRED SHARES *(Note 9)*	**20,641,281**	17,512,632
SHARE ISSUANCE COSTS *(Note 9)*	**(106,535)**	(93,146)
	28,321,511	23,030,174
SHAREHOLDERS' EQUITY		
SHARE CAPITAL *(Note 9)*	**326**	326
RETAINED EARNINGS	**176,082**	140,061
	176,408	140,387
	$ 28,497,919	$ 23,170,561

Approved by the Directors

_______________ *Director* _______________ *Director*

_______________ *Director*

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Statement of Income and Comprehensive Income

Year Ended March 31, 2017

	2017	2016
INCOME		
Interest income	**$ 1,836,806**	$ 2,857,402
Interest income (losses) on delinquent mortgages	**(58,100)**	52,964
Lender fees *(Note 5)*	**1,059,905**	221,026
	2,838,611	3,131,392
EXPENSES		
Advertising and promotion *(Note 5)*	**-**	13,398
Foreclosure expenses (recoveries)	**(9,872)**	14,567
Interest and bank charges *(Note 5)*	**472,971**	469,255
Management fees *(Note 5)*	**383,430**	337,360
Office (recoveries) *(Note 5)*	**(1,268)**	14,717
Loan losses *(Note 4)*	**262,927**	750,050
Losses (recoveries) on delinquent interest	**(58,100)**	52,964
Financing charge on preferred shares *(Note 9)*	**1,664,800**	1,445,290
Professional fees	**87,702**	116,855
	2,802,590	3,214,456
NET INCOME (LOSS)	**36,021**	(83,064)
COMPREHENSIVE INCOME FOR THE YEAR	**$ 36,021**	$ (83,064)
EARNINGS PER SHARE *(Note 8)*	**$ 110.16**	$ (254.02)

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Statement of Changes in Equity

Year Ended March 31, 2017

	Share capital	Retained earnings	Total equity
As at April 1, 2015	$ 326	$ 223,125	**$ 223,451**
Net Loss for the year	-	(83,064)	**(83,064)**
As at March 31, 2016	$ 326	$ 140,061	**$ 140,387**
As at April 1, 2016	$ 326	$ 140,061	**$ 140,387**
Net Income for the year	-	36,021	**36,021**
As at March 31, 2017	$ 326	$ 176,082	**$ 176,408**

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	$ 36,021	$ (83,064)
Items not affecting cash:		
Loan losses	262,927	750,050
Share issuance costs associated with redeemed shares	16,176	12,531
Financing on preferred shares reinvested	1,200,763	1,051,778
	1,515,887	1,731,295
Changes in non-cash working capital:		
Interest receivable	42,513	55,131
Accounts payable	9,797	28,655
	52,310	83,786
Cash flow from operating activities	1,568,197	1,815,081
INVESTING ACTIVITY		
Mortgages receivable	(6,386,312)	(1,805,288)
Cash flow used by investing activity	(6,386,312)	(1,805,288)
FINANCING ACTIVITIES		
Advances from related parties	(125,138)	(5,941,859)
Class "B" common shares issued for cash	3,885,869	4,134,416
Class "B" common shares redeemed for cash	(1,957,984)	(1,716,899)
Share issuance costs	(29,565)	-
Promissory note payable	2,225,000	4,485,000
Cash flow from financing activities	3,998,182	960,658
INCREASE (DECREASE) IN CASH FLOW	(819,933)	970,451
Cash - beginning of year	1,103,346	132,895
CASH - END OF YEAR	283,413	1,103,346
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	$ 472,972	$ 469,256
Dividends paid on preferred shares classified as financing charges	$ 464,037	$ 689,923

1. DESCRIPTION OF BUSINESS

AWM Diversified Mortgage Investment Corporation (the "Company") is incorporated provincially under the Business Corporations Act of Alberta. The Company invests in mortgages in Canada and is a Mortgage Investment Corporation as defined by Section 130.1 of the Income Tax Act (Canada).

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

These financial statements are prepared in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants.

Basis of measurement

The financial statements have been prepared on a going concern basis. The Company's financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Highly liquid investments with maturities of 90 days or less at date of purchase are considered to be cash equivalents.

Financial instruments policy

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally on the date of purchase.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings. Non-derivative financial instruments are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Trade and other receivables

Trade and other receivables, including accrued interest receivable are recognized and carried at the lower of their original value and recoverable amount. Where the time value of money is material, receivables are carried at amortized cost. Allowance is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

(b) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents and operating loan at fair value.

(c) Other

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less any appropriate allowance for doubtful receivables. They are included in current assets when they will be realized within 12 months of the reporting date, otherwise they are classified as non-current. This item includes due from related parties.

Other liabilities are initially recognized at fair value less transaction costs. Subsequent to initial measurement, these other liabilities are measured at amortized cost. They are classified as current liabilities when they are payable within 12 months of the reporting date, otherwise they are classified as non-current. This item includes accounts payable and accrued liabilities, and due to related parties.

(d) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred shares are classified as liabilities. They are initially recognized at fair value adjusted for transaction costs. Subsequently the preferred shares are measured at amortized cost.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mortgages receivable

Mortgages receivable are carried net of the allowance for mortgage losses plus any foreclosure costs and other costs incurred to recover the mortgage. All mortgages have been measured at amortized cost, using the effective interest rate method. Foreclosure and other costs are measured at original cost and no interest is charged on such amounts.

A mortgage is recognized as being impaired when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. As a matter of practice, a mortgage is deemed to be impaired at the earlier of the date on which management in its discretion declares it is impaired and the date on which it has been in arrears for a continuous period of 90 days.

When mortgages are considered to be impaired, and the collection of principal and interest is no longer reasonably assured, the fair value of the mortgage is reduced to reflect the estimated fair value from the collateral securing the mortgage loan.

Gains or losses on disposal or repayment transactions are recorded as realized gains or losses at the time of disposal or repayment, respectively.

An impaired mortgage cannot return to an accrual status unless all principal and interest payments are up to date and management is reasonable assured as to the recoverability of the mortgage.

Revenue recognition

Interest income on loans is recorded by the accrual method except when a loan is identified as impaired. When a loan is identified as impaired, interest revenue continues to be recorded and a loss on the loan, including interest, is provided for in the financial statements.

Segmented reporting

The Company operates in a single reportable operating segment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, if any.

Provisions

Provisions comprise liabilities of uncertain timing or amount that arise from restructuring plans, environmental, litigation and other risks. Provisions are recognized when a legal or constructive obligation stemming from a past event exists and when the future cash outflows can be reliably estimated. The expense relating to any provision is presented in the income statement net of any reimbursement.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

(a) The most significant estimates that the company is required to make relate to the fair value and impairment of their financial instruments. 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.

(b) The allowance for doubtful receivables represents Management's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on the ageing of customer balances, specific credit circumstances and the company's historical bad debt experience.

(c) Tax interpretations, regulations and legislation are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset 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 original effective interest rate. All impairment losses are recognized in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the income statement.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Changes in accounting policies - International Financial Reporting Standards

There were no new or revised standards in the past year that would have had any affect on the financial statements of the Company.

New standards not yet adopted:

a) IFRS 9 "Financial Instruments". The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The effective date is for annual periods beginning on or after January 1, 2018.

b) IAS 7 "Statement of Cash Flows". The amendments to the existing standard will allow an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising form financing activities, including both changes arising from cash flows and non cash changes. The effective date is for annual periods beginning on or after January 1, 2017.

4. MORTGAGES RECEIVABLE

	2017	2016
Mortgages receivable		
Mortgages receivable	**$ 29,093,645**	$ 22,824,639
Provision for loan losses	**(1,103,308)**	(957,687)
	$ 27,990,337	$ 21,866,952
Impaired loans		
Impaired mortgages receivable	**$ 1,222,074**	$ 517,669
Loan losses reconciliation		
Provision for loan losses	**$ 145,621**	$ 787,478
Losses realized during the year	**117,306**	118,081
Recoveries realized during the year	**-**	(155,509)
	$ 262,927	$ 750,050

5. RELATED PARTIES

The following is a summary of the Company's related party transactions:

Pursuant to the management contract dated June 1, 2015 between AWM Diversified Investment Corporation and Alta West Mortgage Capital Corporation (the Manager) the administration fee payable to the Manager will be calculated as follows:

The Manager will receive a fee from the Company equal to 2.0% per annum of the outstanding share capital of the Preferred Shares of the Company, calculated and paid at the end of each fiscal quarter, plus applicable taxes to be disbursed to the Manager on a monthly basis.

The Manager may charge broker's fees, lender fees, commitment fees, extension fees, renewal fees, NSF fees, administration fees and similar fees to borrowers with respect to any mortgage loan, all of which fees are the sole property of the Manager.

The Manager is also entitled to receive a foreclosure administration fee for each foreclosure proceeding initiated against a property for which a mortgage has been granted.

	2017	2016
Related party transactions		
Alta West Mortgage Capital Corporation *(controlled by the directors)*		
Management fees	**$ 383,430**	$ 337,060
Lender fees (income)	**(1,059,905)**	(221,026)
Allocation of advertising costs	**-**	13,398
Allocation of securities fees included in office	**1,539**	4,336
	$ (674,936)	$ 133,768
AWM Balanced Mortgage Investment Corporation *(common management)*		
Interest expense	**$ 289**	$ 277,781

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2017	2016
Due from (to) related parties		
Alta West Mortgage Capital Corporation	**$ 66,419**	$ (35,996)
Covenant Asset Product LP (common management)	**-**	(11,346)
AWM Balanced Mortgage Investment Corporation	**-**	(15,650)
First Place Mortgage Investment Corporation (common management)	**(4,273)**	-
	$ 62,146	$ (62,992)

(continues)

5. RELATED PARTIES *(continued)*

Prior to fiscal 2017, the Company utilized leverage from time to time at the discretion of the Manager through the loan agreement dated March 1, 2011 (the "Balanced Loan") made with AWM Balanced Mortgage Investment Corporation, a non arm's length party related to the Corporation. The Company borrowed up to a maximum amount of $7,000,000. The Balanced Loan bears interest at a rate not to exceed 7.5% per annum. Interest on any outstanding principal amount was calculated monthly and was payable monthly on the third business day following the end of the preceding month. The Company has not and will not be borrowing funds from AWM Balanced Mortgage Investment Corporation any longer.

Advances from all other related parties are non interest bearing and have no set repayment terms.

6. PROMISSORY NOTE PAYABLE

The promissory note payable bears interest at 7.5% per annum, payable monthly, and is due six months after demand. The unpaid balance is limited to a maximum of 50% of the shareholder capital.

7. INCOME TAXES

The Corporation is a "Mortgage Investment Corporation" as defined in Section 130.1 of the Income Tax Act (Canada). Pursuant to Section 130.1 the Corporation is entitled to deduct the full amount of all taxable dividends it pays during the year or within 90 days after the end of the year. The Corporation intends to declare dividends each year in sufficient amount to reduce its taxable income to $nil. If the Corporation fails to declare such dividends, it will be subject to tax at the highest corporate rates.

8. EARNINGS (LOSS) PER SHARE

	2017	2016
Net income (loss)	$ 36,021	$ (83,064)
Weighted average common shares outstanding	327.0	327.0
Basic and diluted earnings (loss) per share	$ 110.16	$ (254.02)

9. SHARE CAPITAL

Authorized:

Unlimited Class "A" Voting shares
Unlimited Class "B" Non voting shares

	2017	2016
Issued:		
Shares presented under equity		
88,000 Class A common shares	**$ 326**	$ 326
Shares presented under liabilities		
206,413 Preferred Shares	**$ 20,641,281**	$ 17,512,632
- Share Issuance Costs	**(106,535)**	(93,146)
	$ 20,534,746	$ 17,419,486

	2017		2016	
	Shares	**Amount**	Shares	Amount
Class A				
Shares outstanding at the beginning of the year	**88,000**	**$ 326**	88,000	$ 326
Shares outstanding at the end of the year	**88,000**	**$ 326**	88,000	$ 326

	2017		2016	
	Shares	**Amount**	Shares	Amount
Class B				
Shares outstanding at the beginning of the year	**175,126**	**$ 17,512,632**	140,433	$ 14,043,338
Issued for cash	**38,859**	**3,885,869**	41,344	4,134,415
Share dividends	**12,008**	**1,200,763**	10,518	1,051,778
Redeemed for cash	**(19,581)**	**(1,957,984)**	(17,169)	(1,716,899)
Shares outstanding at the end of the year	**206,412**	**$ 20,641,280**	175,126	$ 17,512,632

Financing charges on preferred shares consisted of dividends of $1,664,800 (2016 - $1,445,290).

10. DETERMINATION OF FAIR VALUES

The carrying value of cash and cash equivalents, accrued interest receivable, due from related parties, due to related parties and accounts payable included in the balance sheet approximate fair value due to the short term nature of these instruments. These assets and liabilities with the exception of cash and cash equivalents and operating loan are not included in the following tables.

The following tables provide fair value measurement information for financial assets and liabilities as of March 31, 2017:

	Carrying Amount	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Information (Level 3)
March 31, 2017					
Financial Assets					
Cash and cash equivalents	$ 283,413	$ 283,413	$ 283,413	$ -	$ -
Mortgages receivable	27,990,337	27,990,337	-	-	27,990,337
Financial liabilities					
Promissory Note Payable	7,710,000	7,710,000	-	-	7,710,000
March 31, 2015					
Financial Assets					
Cash and cash equivalents	$ 1,103,346	$ 1,103,346	$ 1,103,346	$ -	$ -
Mortgages receivable	21,866,952	21,866,952	-	-	21,866,952
Financial liabilities					
Promissory Note Payable	5,485,000	5,485,000	-	-	5,485,000

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are based on unobservable information.

10. DETERMINATION OF FAIR VALUES *(continued)*

The following table shows the movement in Level 3 financial instruments in the fair value hierarchy for the year ended March 31, 2017 and 2016. The Company classifies financial instruments as Level 3 when there is reliance on at least one significant unobservable input in the valuation models. There have been no transfers between categories during the years ended March 31, 2017 and 2016.

	2017	2016
Mortgages Receivable		
Opening Balance	**$ 21,866,952**	$ 20,811,714
Investments	**29,115,341**	20,457,151
Payment & Amortization	**(22,991,956)**	(19,401,913)
	$ 27,990,337	$ 21,866,952
Promissory Note Payable		
Opening balance	**$ 5,485,000**	$ 1,000,000
Funds advanced	**2,695,000**	4,485,000
Principal payments	**(470,000)**	-
	$ 7,710,000	$ 5,485,000

11. CAPITAL MANAGEMENT

The company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, deploy capital to provide an appropriate investment return to its shareholders, and to maintain a strong capital base to support the development of the company's activities. The company defines its capital as follows:

- equity
- cash and cash equivalents

The Company has externally imposed capital requirements through a covenant with its lender. The Company's debt to tangible net worth ratio is not to exceed 0.5:1. As of March 31, 2017, the Company is in compliance with the capital requirements.

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of March 31, 2017.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk on the mortgages receivable it has extended to its clients. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its clients and a review of their credit limits. In all cases, the Company has secured their position with a mortgage against real property of the client. The Company regularly reviews its mortgage portfolio for contingent credit losses. They have determined there were contingent credit losses of $1,103,308 (2016 - $957,687) as disclosed in note 4.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk under normal operating activities by ensuring sufficient cash flow from fees and interest is generated to cover expenses and distributions. Generally the mortgage portfolio has a relatively short maturity.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities. Interest rate risk on the mortgage portfolio arises from the possibility that at the end of a mortgage's term it will be re priced to a prevailing interest rate lower than the original one.

As at March 31, 2017, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, earnings would have increased by approximately $290,094. Similarly, had prevailing interest rates decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, earnings would have decreased by $290,094.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

13. CERTIFICATE

Dated this 30th day of June, 2017.

This Offering Memorandum does not contain a misrepresentation.

AWM DIVERSIFIED MORTGAGE INVESTMENT CORPORATION

Per: "George Botros"
George Botros
President and Director

Per: "Charles Mckitrick"
Charles McKitrick
Vice President and Director

On behalf of the Board of Directors

Per: "Jared Morrison"
Jared Morrison
Director

By Its Promoter

ALTA WEST MORTGAGE CAPITAL CORPORATION

Per: "Charles McKitrick"
Charles McKitrick