

**Form 45-106F2**  
***Offering Memorandum for Non-Qualifying Issuers***

**Date:** January 29, 2008

**The Issuer**

Name: **ANTRIM BALANCED MORTGAGE FUND LTD.** (the "Company")  
Head office: Address: Suite 101, 20689 Fraser Highway,  
Langley, British Columbia V3A 4G4  
Phone #: 604 530 2301  
E-mail address: info@antriminvestments.com  
Fax #: 604 530 2185

Currently listed or quoted? No. These securities do not trade on any exchange or market  
Reporting issuer? No  
SEDAR filer? No

**The Offering**

Securities offered: 50,000,000 Preferred Shares Without Par Value  
50,000,000 Series B Preferred Shares Without Par Value  
Price per security: \$1.00 per share  
Minimum/Maximum offering: 0 Preferred Shares. You may be the only purchaser.  
Minimum subscription amount: There is no minimum subscription amount an investor must invest.  
Payment terms: The full subscription price will be payable by bank draft or certified cheque on closing.  
Proposed closing date(s): Closing dates will be determined from time to time by the Company as subscriptions are received.  
Income tax consequences: There are important tax consequences to these securities. See item 6.  
Selling agent? No. The Company has not appointed a selling agent for the Offering but reserves the right to retain one or more selling agents during the course of the Offering. See item 7.

**Resale restrictions**

You will be restricted from selling your securities for an indefinite period. See item 10.

**Purchaser's rights**

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right either to sue for damages or to cancel the agreement. See item 11.

**No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.**

## Item 1 Use of Net Proceeds

### 1.1 Net Proceeds

The net proceeds of the offering and the fund that will be available to us after this offering are as follows:

	Assuming Min. Offering	Assuming Max. Offering
A. Amount to be raised by this offering	\$0	\$20,000,000.00
B. Selling Commissions and fees (Est.) deducted from proceeds	\$0	\$0
C. Estimated Offering costs (including Legal, accounting, audit, etc.)	\$15,000.00	\$20,000.00
D. Net Proceeds: $D = A - (B + C)$	(\$15,000.00)	\$19,980,000.00

### 1.2 Use of the Net Proceeds

We will use the available funds as follows:

Description of intended use of available funds listed in order of priority:	Assuming Min. Offering	Assuming Max. Offering
Investments permitted of a Mortgage Investment Corporation by the <i>Income Tax Act</i> (Canada)	\$0	\$19,980,000.00

### 1.3 Reallocation

We intend to use the net proceeds as stated. We will reallocate funds only for sound business reasons.

## Item 2 – Business of Antrim Balanced Mortgage Fund Ltd.

We were incorporated under the *Business Corporations Act* (British Columbia) (the "Act") effective June 6, 2007. Our Registered and Records offices are located at Suite 206, 20434 64<sup>th</sup> Avenue, Langley, British Columbia and our head office is located at Suite 101, 20689 Fraser Highway, Langley, British Columbia V3A 4G4

**This Offering** is not the sole source of capital for the issuer and the amount of funds derived from the Offering will have a direct impact on the profitability of this investment.

## Overview

The Company was incorporated on June 6, 2007. We intend to operate as a mortgage investment corporation (a "MIC") under the Income Tax Act (Canada) (the "Tax Act"), investing in permitted investments and distributing our net income as dividends to our shareholders.

## Investments

We will invest in investments permitted of a MIC under the Tax Act. The Tax Act provides that a MIC may invest its funds as it sees fit, provided that a MIC must not invest in mortgages on real property (land and buildings) situated outside of Canada or any leasehold interest in such property, debts owing by nonresident persons unless secured by real property situated in Canada or shares of corporations not resident in Canada. The Tax Act also provides that at least 50% of the cost amount of a MIC's property must consist of debts secured by mortgages or otherwise on "houses" or property included within a housing project" (as those terms are defined by section 2 of *the National Housing Act* (Canada)) and money on deposit in a bank or credit union. No more than 25% of the cost amount of a MIC's property may be real property, including leasehold interests in real property (except for real property acquired by foreclosure or otherwise after default on a mortgage or other security).

The Corporation has few specific investment policies, other than complying with the rules for a MIC set out in the Tax Act. We intend to invest primarily in first and second mortgages having a principal amount which when added to the principal amount of prior mortgages is not more than 75% of the appraised value of the real property against which they are secured.

We are in the business of investing in mortgages granted as security for loans (the "mortgages"), to builders, developers and owners of commercial, industrial and residential real estate located in the provinces of Canada.

To the extent that our funds are not invested in Mortgages from time to time, they will be held in cash deposited with a Canadian chartered bank or Credit Union or will be invested in short term deposits, savings accounts or government guaranteed income certificates so that we maintain a level of working capital for our ongoing operations considered acceptable by the directors of the Corporation.

Antrim Investments Ltd. (see the Manager page 7) (the "Manager") will be responsible for managing our mortgage investment portfolio. The financial services agreement (the "Financial Services Agreement") between the Manager and us governs this relationship and requires the Manager to comply with and observe all laws that apply to our investments, our securities and us. See "Item 2. Business of Antrim Balanced Mortgage Fund Ltd. - Financial Services" and "Item 2. Business of Antrim Investments Ltd. - The Manager". The Managers will obtain opinions from counsel as it deems necessary in

connection with such compliance. Accordingly, we do not have and do not expect to have any employees and will be managed by the officers of the Corporation listed under Item 3. "Direction, Management, Promoters and Principle Holders".

As a MIC, we will be allowed to deduct dividends that we pay from our income. We intend to pay out all of our net income and net realized capital gains as dividends within the time period specified in the Tax Act and as a result do not anticipate paying any income tax;. See item 6. "Income Tax Consequences".

#### Investment Objective and Strategy

For the purpose of this Offering Memorandum, the term Preferred Shares means both the Preferred Shares and the Series B Preferred Shares unless expressly stated otherwise.

Our principal investment objective is to provide holders of our Preferred Shares with sustainable income while preserving capital for distribution or re-investment. We will seek to achieve this principal investment objective by investing in Mortgages and paying out cash or stock dividends to our Preferred Shareholders. Our income will primarily consist of interest received from the loans secured by the Mortgages, less fees paid to the Manager. See Item 2. "Business of Antrim Balanced Mortgage Fund Ltd. - Financial Services" and "The Manager".

Our Mortgage portfolio may consist of commercial industrial and residential construction financing and land development loans, as well as term Mortgages made for the purpose of acquiring or re-financing income-producing property, all of which will be with arm's length parties. We will also invest in demand loans and term loans that are secured by income-producing real property, all of which will be with arm's length parties. All such investment will be maintained in compliance with the requirement to maintain our status as a MIC.

Our Mortgage portfolio composition will vary over time depending on the assessment of the appropriate strategy given overall market conditions and outlook. We will endeavour to build a Mortgage portfolio that encompasses the following general characteristics:

- (a) Property type and geographical diversification;
- (b) Short Term Loans, Intermediate Term Loans and Long Term Loans;
- (c) Payment schedules primarily of interest only; and
- (d) Loans in Canadian dollars on Canadian based real estate.

See item 2. Business of Antrim Balanced Mortgage Fund Ltd. - "Investment Practices and Restrictions", "Financial Services" and "The Manager".

Investment decisions are made by our Credit Committee consisting of any Three (3) directors of the Corporation, upon the advice of the Manager.

The Tax Act prohibits a MIC from managing or developing real property. Accordingly, we have contracted with the Manager to provide all management services to the Corporation.

The Manager provides the Corporation with office space and clerical support at the Manager's offices located at Suite 101, 20689 Fraser Highway, Langley, British Columbia V3A 4G4. We do not have any direct employees.

Our investment guidelines are consistent with our articles of incorporation, the provisions of the Tax Act and real estate legislation that applies to us. See item 6. "Income Tax Considerations". Our investment activities will be conducted in accordance with the following investment practices and restrictions:

- (a) Our only undertaking will be to invest funds in accordance with the following objectives, strategies and restrictions of our investment guidelines;
- (b) We will invest in commercial, industrial and residential Mortgages;
- (c) All Mortgages will, following funding, be registered on title to the subject property in the Corporation's name;
- (d) All Mortgage investments will be made in established or developing areas in the Province of British Columbia;
- (e) Generally, we will only invest in Mortgages on properties for which we have reviewed and evaluated an independent appraisal and, with respect to environmentally sensitive properties and on commercial loans, we will generally receive an evaluation of the property subject to the Mortgage in the form of a Phase 1 Environmental Audit.
- (f) We will not invest in a Mortgage or loan any funds to be secured by a Mortgage unless at the date the Mortgage is acquired or funds were initially advanced (as the case may be) the indebtedness secured by such Mortgage plus the amount of additional third party indebtedness of the borrower in priority to us, if any, generally does not exceed, on a property by property basis, 75% of the appraised value of the real property securing the Mortgage, provided that the appraised value may be based on stated conditions including, without limitation, completion, rehabilitation or lease-up of improvements located on the real property which activities we will monitor on an ongoing basis;
- (g) If the independent appraisal reports an appraised value for the real property securing the Mortgage other than on an "as is basis", we will advance funds under a loan by way of progress payments upon completion of specified stages of construction or development supported by receipt of reports of professional engineers, architects or quantity surveyors, as applicable, or upon completion of other specified milestones;
- (h) We will not make any investment or allow an investment mix that would result in our failing to qualify as a MIC;

- (i) Subject to subsection (p) below, we will not invest in securities, guaranteed investment certificates or treasury bills unless such securities, guaranteed investment certificates or treasury bills are issued by an arm's length party and are pledged as collateral in connection with Mortgage investments or obtained by realizing on such collateral;
- (j) We will not invest for the purposes of exercising control over management of any issuer,
- (k) We will not act as an underwriter,
- (l) We will not make short sale of securities or maintain a short position in any securities;
- (m) We will not guarantee the securities or obligations of any person;
- (n) We will not loan money to or invest in securities of the Manager, or the Manager's affiliates.
- (o) To the extent that from time to time, our funds are not invested in Mortgages, they will be held in cash deposited with a Canadian chartered bank or Trust Company or Credit Union or will be invested by the Manager on our behalf at a Canadian chartered bank or Trust Company or Credit Union in short term deposits, savings accounts or government guaranteed income certificates or treasury bills so as to maintain a level of working capital for our ongoing operations considered acceptable by the Directors.

If, due to a change in the provisions of the Tax Act or other legislation applicable to us, any of the foregoing restrictions require amendment in order to comply with such change in legislation, the Corporation's directors (the "Directors") will make such change and such change will be binding on the Corporation. In addition, the foregoing restrictions may be changed at any time (so long as such change complies with applicable legislation) if the Directors of the Corporation deem it in the best interest of the Investors. It is anticipated that the Manager will provide us with assistance from time to time on revision of the foregoing restrictions in order to comply with applicable legislation or any shareholder resolution. In the event of any amendment to the foregoing restrictions, the Manager will be required to comply with and observe such change immediately upon such change becoming effective. See also "Investment Objectives and Strategy," "Financial Services" and "The Manager" above.

#### Financial Services

We have entered into the Financial Services Agreement that appoints the Manager. The Manager will make available to us for purchase, in our name Mortgages or interests in Mortgages as and when they become available. The Manager will have the exclusive right to provide us with Mortgage investments that may be located or acquired from or through other sources. Pursuant to the Financial Services Agreement, the Manager must carry out its duties in a conscientious and reasonable manner. See Item 8.

## Material Contracts

The Manager will oversee our day-to-day operations and the administrative services provided by the Manager for the Corporation's operations. The Manager will pay all of its costs, expenses and overhead relating to the provision of its services. All of our costs with respect to our business will be for our own account including, without limitation, legal, audit, shareholder meetings and communication costs.

We will be responsible for paying the costs, including legal fees and disbursements, of collecting or attempting to collect any amounts owing or in arrears on any of our Mortgage investments, including foreclosure or other court proceedings.

The Manager has the right to take such actions as may be necessary or desirable in its discretion to administer the Mortgage loans. In the administration of any Mortgage loan, the Manager may, but shall not be obligated to obtain solicitors counsel and other experts and receivers and advance such funds as it considers reasonable or necessary in order to preserve, protect, defend or improve our interest in any Mortgage loan or any real property. The Manager shall endeavor to collect the amount of all costs incurred or advances made from the borrower. See Item 6. "Risk Factors -Conflicts of Interest".

The Financial Services 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 on our behalf.

The Financial Services Agreement is for an indefinite term. It may be terminated by us 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 its creditors or commits any act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada);
- (c) The Manager assigns the Financial Services Agreement or the rights or obligations there under to any person who is not affiliated with the Manager without the prior written consent of the Directors;
- (d) the Manager commits a breach or default under the Financial Services Agreement not related to the payment of any money to be paid by the Manager to us and the same is not cured within 120 days of the Manager receiving written notice thereof; or
- e) The Manager commits a breach or default under the Financial Services Agreement related to the payment of any money to be paid by the Manager to us and the same is not cured within 30 days of the Manager receiving written notice thereof.

The Manager may terminate the financial Services Agreement in the event that:

- (a) A bankruptcy, receivership or liquidation order is issued against us;
- (b) We make an assignment for the benefit of our creditors or commit any act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada);
- (c) We assign the Financial Services Agreement or its rights or obligations there under to any person without the prior written consent of the Manager
- (d) we commit a breach or default under the Financial Services Agreement not related to the payment of any money to be paid by us to the Manager and same is not cured within 120 days of us receiving written notice thereof;
- (e) We commit a breach or default under the Financial Services Agreement related to the payment of any money to be paid by us to the Manager and same is not cured within 120 days of us receiving written notice thereof.

The Financial Services Agreement may also be terminated by mutual consent in writing.

The Manager must render its services under the Financial Services Agreement honestly and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under the Financial Services Agreement in a conscientious, reasonable and competent manner. We have agreed that we shall not hold the Manager liable for any loss, damages or costs arising out of a failure to collect any amount owing on any particular Mortgage after it has been acquired by us. We have also agreed under the Financial Services Agreement to indemnify and hold harmless the Manager as well as its officers, directors, employees, shareholders and agents from and against all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs and expenses including, without limiting the following reasonable legal fees and expense arising from or in connection with any actions or omissions which the Manager takes or makes as Manager under the Financial Services Agreement, provided that such action is taken or not taken or omission is made or not made in good faith and without gross negligence or is taken or made pursuant to and is in compliance with the Financial Services Agreement. The Manager and its shareholders, directors, officers, agents and employees will have no liability in respect of any act or omission regarding, respecting or relating to the services, duties, and powers performed or to be delivered or performed by them pursuant to the Financial Services Agreement except to the extent such act or omission constitutes gross negligence or willful misconduct. This indemnity survives the removal or resignation of the Manager in connection with any and all of its duties and obligations under the Financial Services Agreement.

#### The Manager

Antrim Investments Ltd. (the "Manager") was incorporated in the Province of British Columbia on November 7, 1973, and became licensed as a mortgage broker in the Province of British Columbia in the month of November 1973. The Manager has engaged Dyer and Company, Chartered Accountants to perform a review of the returns realized by the Manager's investment clients, which files were administered by, and which monies were invested in residential and commercial mortgages referred to the investors by the

Manager. No Review Engagement has been completed at the time of this Offering Memorandum that expresses an opinion regarding the returns realized by the investors the Company. At the time of this Offering Memorandum the Company has engaged in the financial transactions outlined in 2.4 below:

Loan:

The historical average rate of return generated by the Manager may not be indicative of the returns ultimately realized by the performance of the Antrim Balanced Mortgage Fund Ltd. The return on investment generated by the Antrim Balanced Mortgage Fund Ltd. will depend on market conditions and many other factors and may be less than or exceed the historical rate of return attained by the Manager.

Initially, the Manager was established to finance homeowner equity loans, first mortgages and second mortgages. At that time, the principals of the Manager realized the huge opportunities in homeowner equity loans. During the late 1990's, no financial institutions of any size or nature were interested in financing homeowner equity loans without the homeowner having sufficient qualifying income.

With that initial focus on homeowner equity mortgages the Manager then expanded to other areas of mortgage lending and brokering. Over the last 30 years, the Manager has arranged mortgage loans in the residential and commercial sectors of the real estate industry. The Manager manages 3 MIC's in addition to the Company and has been managing MIC's since 1993.

The Manager has arranged high ratio and conventional residential mortgages and has a strong understanding of the guidelines set out by Canada Mortgage and Housing Corporation. In addition, the Manager has managed commercial mortgage financing in the following areas:

- \* Apartment buildings, condominiums,
- \* Commercial strata lots, (office & retail)
- \* Land
- \* Short-term construction loans

Over the years, the Manager has been involved with a number of industry related organizations, is a member of the Mortgage Brokers Association of British Columbia and the Mortgage Investment Association of British Columbia.

Each Mortgage investment opportunity will be reviewed by the Managers management to ensure it meets or exceeds the MIC's investment objectives, practices and restrictions. Every Mortgage opportunity will be evaluated on its own financial and business merits and against current market conditions. Assessments of all Mortgage opportunities will include generally, at a minimum, a review of a recent independent appraisal of the property to be secured by the Mortgage, on commercial and environmentally sensitive

properties and evaluation pursuant to a Phase I Environmental Audit and a general assessment of the 1) project and financial information provided by the borrower 2) security provided 3) current market conditions and 4) overall risk to the MIC.

The Manager and its directors and officers may make direct investments as investors along with the MIC in Mortgages approved by the Manager. See Item 8. "Risk Factors - Conflicts of Interest"

### *2.3 Development of Business*

The MIC's mortgage investments will be mortgages on residential and commercial property in British Columbia. The emphasis will be on urban centres and growth areas where investment opportunities can be maximized. The MIC will not invest in mortgages on property outside of Canada. The MIC intends to follow the criteria and guidelines set forth and required by the Income Tax Act (Canada) for a MIC.

Utilizing the services of the Manager, the MIC intends to develop its mortgage portfolio by originating mortgages through negotiations with mortgage brokers, residential and commercial builders, real estate developers and directly with commercial and investment property owners.

An investment in the MIC is intended to provide investors with an opportunity to participate in a program of residential project equity, construction, interim and land servicing mortgage loans and related investments in quality residential, commercial, office and industrial real estate projects as permitted within the guidelines for the MIC.

In most cases, the MIC's mortgage investments will not meet financing criteria for conventional mortgage lenders. As a result, these investments are expected to earn a higher rate of return than is normally attainable from conventional mortgage investments. In addition, the MIC expects to minimize risk by being thoroughly prudent in both its credit decisions and in assessing the value of the underlying real property offered as security. Also all properties will generally require a satisfactory appraisal report prepared by an accredited appraiser approved by the Manager.

#### **Mortgage Objectives:**

The mortgages the MIC intends to invest in will be shorter term. It is anticipated that these loans will generally be for terms ranging from three (3) to twenty-four (24) months. Furthermore, they will be secured by first and second residential and commercial mortgages on real property.

Interest on loans is normally stipulated as either:

- (a) a floating rate expressed as a margin over the prime lending rate of the MIC's bank often subject to a minimum specified rate; or
- (b) A fixed rate of interest.

The MIC's mortgage investments will typically fall into the following categories:

- \* **Residential Mortgages:** These mortgages will be secured against residential property. Interest on these loans will be payable monthly, unless otherwise agreed by the MIC. In addition, a bonus may be charged on the mortgage and the bonus payment will be secured under the mortgage charge.
- \* **Project Equity Loans:** These loans are advances to bridge the "gap" between the amount of equity that is provided by a developer and the amount available through conventional financing in the construction and development of residential, commercial or industrial property. Interest payments are usually due monthly or quarterly. Project equity loans are generally higher risk therefore the potential returns are significantly higher than conventional mortgage returns. Accordingly, additional compensation is often stipulated for in the form of a bonus payment secured under the mortgage charge.
- \* **Construction Loans:** These loans are advanced to finance the construction and development of residential, commercial, office or industrial properties. Interest payments are usually due monthly or quarterly and may be deducted from progress advances on a work-in-place/cost-to-complete basis. These loans are higher risk than loans on completed buildings and accordingly the return is usually based on a percentage over bank prime with a floor rate. In addition, further remuneration may also be stipulated for in the form of a bonus payment secured under the mortgage charge.
- \* **Interim Loans:** These loans are advanced to finance a complete or substantially completed residential, commercial, office or industrial building with potential for high returns because of renovation, redevelopment, new tenancies or other circumstances. Adding value to properties of this nature usually results in a greater return to the property owner. Interest payments are usually due monthly or quarterly. While the construction risk is substantially eliminated, the success of these projects is subject to market conditions at that time. The rate of return is similar to construction loans.
- \* **Land Servicing Loans:** Loans of this nature are advanced to finance the development of land zoned or approved for development in a condition suitable for construction. The development process generally includes clearing, grading, road construction, installation of sewers and water systems, underground utilities and other improvements such as road curbs and gutters, which may be required by the governing municipality. This will involve, when applicable, the funding of progress advances on a work-in-place/cost-to-complete basis. The initial advance under a land servicing loan may be made before development commences, but generally not before the subject property is zoned or approved by the municipality for the intended use. Interest payments are usually due monthly or quarterly and may be deducted from progress payments. Principal repayment is made as and when individual lots or parcels are sold. Because land servicing is made at the early stage of project development, they tend to be higher risk, and therefore offer a higher return. This often takes the form of an interest rate supplemented by per lot discharge fees and/or other bonus payments.

\* Syndicated Mortgages: The Issuer may participate in part only of any syndicated mortgage investment. The Manager may syndicate the balance of the investment to other mortgage investors. By restricting its participation in large individual investments, the MIC will enjoy the benefit of increased portfolio diversification. It may also enable the Issuer to participate in financing of larger real estate projects and developments that would not otherwise be possible.

The Issuer does not have a fixed plan for allocation of its proceeds amongst the forgoing mortgage investment categories. The allocation of the Issuer's proceeds amongst such investments will vary from time to time depending on market conditions and any other factors considered relevant by the Manager.

*2.4 The net proceeds of the distribution to the date of the Offering Memorandum have been invested in mortgages to date as follows:*

Loan	Amount	Rank	LTV	Rate	Term
No. 1	\$ 50,314.55	2 <sup>nd</sup>	70.06%	11.5%	12
No. 2	\$ 75,319.63	2 <sup>nd</sup>	64.46%	12.0%	12
No. 3	\$115,937.13	2 <sup>nd</sup>	74.99%	11.0%	12
No. 4	\$129,765.59	1 <sup>st</sup>	66.55%	9.5%	12
No. 5	\$ 63,672.45	2 <sup>nd</sup>	73.75%	11.0%	12
No. 6	\$121,123.68	2 <sup>nd</sup>	57.99%	11.0%	12
No. 7	\$ 99,696.82	2 <sup>nd</sup>	70.07%	11.0%	12
No. 8	\$ 91,064.04	2 <sup>nd</sup>	31.98%	11.0%	12
No. 9	\$ 53,191.31	2 <sup>nd</sup>	55.05%	11.0%	12
No.10	\$382,143.32	1 <sup>st</sup>	69.48%	9.5%	12
No.11	\$211,107.87	2 <sup>nd</sup>	40.12%	11.0%	12
No.12	\$ 85,201.05	1 <sup>st</sup>	41.77%	10.0%	12
No.13	\$ 40,095.75	2 <sup>nd</sup>	35.02%	10.5%	12

## *2.5 Long Term Objectives*

Our long-term principal investment objective is to provide holders of Preferred Shares with sustainable income while preserving capital for distribution or re-investment. We will seek to achieve this principal investment objective by:

- \* Maintaining a diversified portfolio of first and second mortgages and other investments permitted by the Tax Act for a MIC;
- \* Providing a consistently superior rate of return for our Preferred Shareholders; and,
- \* Increasing our share of the potential MIC business in Western Canada.

## 2.6. Short Term Objectives

Our business objectives for the next 12 months are:

- \* To sell 3,000,000.00 or more Preferred Shares to investors in British Columbia;
- \* To invest all funds raised from the sale of Preferred Shares in Permitted Investments; and
- \* To try to maintain a rate of return for our Preferred Shareholders of approximately 8% per annum after expenses.

How We Intend to Meet Our 12-Month Objectives:

What We Intend To Do	Target Date	Cost to Complete
Sell up to 3 million preferred Shares divided among at least 20 Investors	June 30, 2008	
Invest funds raised from the Sale of Preferred Shares in Authorized Investments	Ongoing	Manager's Fee (1.5% of aggregate capital) for Preferred Shares and Manager's Fee + .5% trailer fee for Series B Preferred Shares)
Try to maintain a rate of return of 8% per annum after expenses.	Ongoing	Included in Managers Fee (above)

*The proceeds of this offering may not be sufficient to accomplish all of the issuer's proposed objectives. There is no assurance that alternative financing will be available.*

## 2.7 Material Agreements

The following summarizes the material agreements to which we are a party:

The Financial Services Agreement dated for reference June 6, 2007 entered into with the Manager for the provision of financial services relating to the management of our Mortgage investment portfolio and location of appropriate investment opportunities. See "Item 7. Business of Antrim Balanced Mortgage Fund Ltd. - "Financial Services" and "The Manager". Under the terms of the Financial Services Agreement in consideration of the services provided by the Manager, the Issuer shall pay the Manager a fee equal to One and One Half (1.5%) percent per annum of the average monthly principal amount of the mortgage portfolio, paid monthly on the first day of each month. For the purpose of the calculation of the Manager's fee, the average monthly principal amount shall in

addition to the paid up capital of the preferred shares, include any sums advanced under lines of credit and real estate holdings if such are taken following foreclosure. No other remuneration is payable to the Manager. The term of the Financial Services Agreement shall be five (5) years that is automatically renewed for an indefinite number of five (5) year terms unless earlier terminated pursuant to the terms of the Financial Services Agreement. The agreement can be terminated earlier by the Issuer in the event of the bankruptcy receivership or liquidation of the Manager and in the event of a breach or default by the Manager of its obligations under the Financial Services Agreement that are not cured within the time provided for therein. The Manager upon a request in writing by an investor will provide a copy of the Financial Services Agreement.

### **Item 3 – Directors, Management, Promoters and Principal Holders**

#### *3.1 Compensation and Securities Held*

The following table sets out information about each director, officer and promoter of the Issuer and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "Principal Holder").

Name and Municipality of Residence	Office	Compensation Paid by issuer since inception	Number, Type and percentage of securities of the Issuer
Bill Granleese Langley, B.C.	President	\$0	1 Common Share, and 30,800 Preferred Shares

It is the intention of the Company to fully comply with the requirements of the *Income Tax Act* (Canada) and as such it is anticipated that a further 3 directors will be appointed before the end of the first fiscal year.

#### *3.2 Management Experience*

The following table discloses the principal occupations of our directors and senior officers over the past five years.

Name	Principal occupation and related experience
Bill Granleese	is the president of both Antrim Investments Ltd. (the management company) and the Antrim Balanced Mortgage Fund. For over 30 years, Bill has been helping investors participate in the private mortgage market by way of direct placement and MIC's. Mr. Granleese acts as the secretary treasurer and director for three other MICs Antrim Investments manages and has been operating MIC funds since 1993. Bill is a member of both the Mortgage Brokers Association of BC and the Mortgage Investors Association of BC.

### 3.3 Penalties or Sanctions

No penalty or sanction or any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors, appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last ten years against or with regard to any:

- (i) director, senior officer, promoter or control person of the Corporation; or
- (ii) an issuer that a person or company referred to in (i) above was a director, senior officer, promoter or control person of at that time.

## ITEM 4 – Capital Structure

Description of Security	Number Authorized to be issued	Number outstanding at June 6, 2007	Number outstanding after Min. offering	Number outstanding (est) after Max. offering
Common	100	1	1	1
Preferred	100,000,000	0	0	20,000,000

Of the Preferred Shares, 50,000,000 may be issued as Series B Preferred Shares. The Series B Preferred Shares have the same rights, restrictions and dividends as the Preferred Shares however, they will be subject to an additional .5% trailer fee that will be deducted from the dividend payments of the Series B Preferred Shares and used for additional marketing of this Series of shares.

### 4.2 Long Term Debt

We have no long-term debt.

### 4.3 Prior Sales

During the last 12 months, we have issued 1 common share and 1,599,341 preferred shares.

## Item 5 - Description of Securities Offered

### 5.1 Terms

We are offering up to 20,000,000 Preferred Shares for sale at a price of \$1.00 per Preferred Share. For the purpose of this Item 5, Preferred shares shall be deemed to include both Preferred Shares and Series B Preferred Shares unless stated otherwise. The rights and restrictions attached to the Preferred Shares are as follows:

## Voting Rights

The holders of the Preferred Shares shall not be entitled to receive notice of, attend or vote at any general meetings of the members of the Corporation unless hereinafter specifically provided, provided however the Corporation may in its sole discretion invite the holders of the Preferred Shares to attend general meetings of the Corporation which invitation and attendance shall not confer upon the holders of the Preferred Shares any voting rights.

## Dividend Entitlement

As a MIC, the Corporation is entitled to distribute its distributable earnings by way of dividends that are treated, for the purposes of the Tax Act, as income received by the shareholder or interest paid on a bond. The Corporation will declare and pay dividends annually as a final dividend for each Fiscal year for the distributable earnings within 90 days of the fiscal year end.

Investors of Preferred Shares may elect to receive their dividends in cash or in further Preferred Shares and investors of Series B Preferred Shares may elect to receive their dividends in cash or in further Series B Preferred Shares.

Dividend Preferred Shares and Dividend Series B Preferred Shares will be issued at \$1.00 per share.

The holders of the Preferred Shares and Series B Preferred Shares shall be entitled to receive, the Corporation shall pay thereon as, and when declared by the Board of Directors of the Corporation, preferential non-cumulative dividends payable on such terms, including by cash or stock, and in such amounts as shall be determined by the Directors from time to time. Notwithstanding, the declaration of dividends in each fiscal year shall only be in accordance with the following. Firstly, in any fiscal year, no dividend shall be declared on the Common Shares unless and until dividends have been declared on the Preferred Shares. After such Preferred Share dividends shall have been declared, the holders of the Common Shares shall be entitled to receive an equivalent dividend per paid up Common Shares prior to the declaration of any further dividends on the Preferred Shares in the same fiscal year. After the declaration of Common Share dividend; as aforesaid, for the balance of the same fiscal year the Preferred and Common Shares shall participate equally, on a per share basis, with respect to any further dividends, provided that nothing herein shall be construed as requiring the Directors to declare dividends on the Common Shares in a fiscal year after the declaration of a dividend on the Preferred Shares.

## Redemption Rights

The Corporation may, upon giving notice as provided in the Corporation's Articles, and subject to the provisions of the British Columbia Business Corporations Act, redeem at any time or from time to time the whole or any part of any class of shares pursuant to the

Act in such proportions of the class of shares of the Corporation as the Directors may specify, on payment of the redemption price for each share to be redeemed (herein called the "Redemption Price"). The Redemption Price for each Common Share and for each Preferred Share shall be the amount paid up hereon plus any declared but unpaid dividends hereon.

#### Retraction Rights

Subject to the provisions of the Business Corporations Act of British Columbia and applicable securities laws, a holder of Preferred Shares may with respect to any Preferred Shares that have been registered in the name of the holder ("Retractable Shares"), by giving written notice to the Corporation (the "Redemption Notice"), request that the Corporation redeem the whole or any part of the Retractable Shares held by such holder. Upon receipt by the Corporation of the Redemption Notice, the holder of Retractable Shares shall thereafter cease to have any rights with respect to the Retractable Shares tendered for redemption (other than to receive the redemption payment and the right to receive the pro rata share of any distribution thereon which have accrued up to and including the date of redemption (as defined below)). Preferred Shares shall be considered to be tendered for redemption on the date that the Corporation has, to the satisfaction of the Directors, received the Redemption Notice (the "Notice Date").

On the last business day of the calendar month which is two full months following the month in which the Redemption Notice is received by the Corporation (the "Date of Redemption"), the Corporation will be required to redeem the Redeemable Shares specified in the Redemption Notice. The redemption price for each Redeemable Share to be redeemed will be the book value of the Preferred Shares calculated using the unaudited monthly balance sheet for the month during which the Redemption Notice is given plus the pro rata share of any dividend distributions on such redeemed Preferred Shares which have accrued up to and including the Date of Redemption, which price is to be paid within 10 days of the Date of Redemption.

The Corporation will not redeem Preferred Shares for which Redemption Notices are given, if: (i) redemption of the aggregate number of Preferred Shares subject to the Redemption Notices would result in the Corporation having redeemed a number of Preferred Shares during the period of time since the start of the most recent fiscal year which is greater than 35% of the Preferred Shares issued and outstanding (as at the beginning of the fiscal year during which the last of such Redemption Notices are given); or (ii) redemption of the aggregate number of Preferred Shares subject to the Redemption Notices given in a calendar month would result in the Corporation having redeemed a number of Preferred Shares on the corresponding Date of Redemption which is greater than 5% of the Preferred Shares issued and outstanding (as at the beginning of the fiscal year during which such Redemption Notices are given). The Directors may, in their sole discretion, waive either or both of the aforementioned limitations for any Date of Redemption, and failing such waiver, Preferred Shares which are subject to Redemption Notices given in any one calendar month will be redeemed on a basis which is pro rata to the number of Preferred Shares subject to such Redemption Notices.

Notwithstanding the foregoing, the Corporation shall not be required to redeem Shares if to do so would cause the Corporation to cease qualifying as a MIC or jeopardize the ability of the Corporation to maintain reasonable profitability in its portfolio of mortgages. The Act does not permit the Corporation to make any payment to purchase or redeem any Shares issued by it if there are reasonable grounds for believing that the Corporation is, or would after the payment be insolvent.

#### Entitlement on Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the property or assets of the Corporation amongst its members for the purpose of winding up its affairs:

- (i) The holders of the Preferred Shares shall be entitled to receive an amount equal to the aggregate amount paid up on the shares held by them respectively together with any declared and unpaid dividends thereon. After the holders of the Preferred Shares have received such amount, the holders of the Common Shares shall be entitled to receive an amount equal to the aggregate amount paid up on the common shares held by them respectively together with any declared and unpaid dividends thereon.
- (ii) After the Corporation has made the foregoing distributions, the holders of the Preferred Shares shall be entitled to receive the remaining amount available for distribution.
- (iii) Any amounts to be distributed to holders of any class of shares pursuant to the foregoing shall be distributed pro rata amongst the holders of shares of such class according to the number of such shares held by each.

#### Constraints on Transferability

Paragraph 130.1(6)(d) of the Tax Act stipulates that to qualify as a MIC, a corporation must have at least twenty (20) shareholders and no one (1) shareholder may be a Specified Shareholder (defined below) of the Corporation. A Specified Shareholder as, defined in the Tax Act, would include a taxpayer, and any person related to the taxpayer, who owns directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the Corporation (a "Specified Shareholder").

The Tax Act states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four (4) shareholders for purposes of determining the number of shareholders and one (1) shareholder for purposes of determining if a shareholder is a Specified Shareholder.

The Directors intend to refuse registration of any transfer of Shares and to make any share allotment which would result in the Corporation ceasing to meet the qualifications of a MIC.

As the Corporation is not currently a reporting issuer the Preferred Shares are subject to resale restrictions pursuant to applicable securities law. See Item 10. "Resale Restrictions".

## *5.2 Subscription Qualification*

We are offering the Preferred Shares in British Columbia (the "Province").

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

We are offering the Preferred Shares under the "Offering Memorandum" Exemption (the "OM Exemption") and the Family, Friends and Business Associates Exemption (the "FF&BA Exemption") in National Instrument 45 - 106. In order for the Corporation to rely on the OM Exemption you must purchase the Preferred Shares as principal and before purchasing the Preferred Shares, you must be given a copy of this Offering Memorandum and sign the "Risk Acknowledgment Form" which has been provided to you with this Offering Memorandum:

You will be restricted from selling securities for an indefinite period. See Item 10.

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

- (a) An executed subscription agreement in the form provided with this Offering Memorandum;
- (b) A certified cheque or bank draft made payable to Quiring Jellis & Co. In Trust, in the amount of the subscription price for the Preferred Shares or an Irrevocable direction to a financial institution to deliver to the Corporation full payment for the Preferred Shares upon delivery of certificates representing such Preferred Shares to the financial institution or to the Subscriber, and
- (c) If required, an executed Form 45-106F4 provided with this Offering Memorandum.

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

We anticipate that there will be multiple closings. We anticipate completing and closing the offering prior to July 30, 2008. We may close the offering on an earlier or later date as we may determine.

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

At a closing of the offering, we will deliver to you certificates representing fully paid and non-assessable Preferred Shares provided the subscription price has been paid in full. You should carefully review the terms of the Subscription Agreement provided herewith for more detailed information concerning the rights and obligations of you and the Corporation. Execution and delivery of the subscription agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. You should consult with your own professional advisors respecting this instrument See Item 8. "Risk Factors".

## **Item 6            Income Tax Consequences**

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

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

The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. It is not intended to be and should not be interpreted as legal or tax advice to any particular subscriber. You should consult with your own professional advisors to obtain advice on the income tax consequences that apply to you including regarding the income tax consequences of you

of acquiring holding and disposing of the Preferred Shares including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary is based on the assumption that the Corporation meets certain conditions that are imposed by the Tax Act on the Corporation in order for the Corporation to qualify as a MIC here under. These conditions will generally 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 owed to the Corporation by non-residents unless such debts are secured on real property situated in Canada;
- (d) The Corporation did not own shares of non-resident corporations;
- (e) The Corporation did not hold real property located outside of Canada;
- (f) The Corporation did not loan funds where the security for such loans is real 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)), 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 tile 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 10 shareholders on the last day of that year) and no person would have been a Specified Shareholder of the Corporation at any time in the taxation year;
- (j) Holders of Preferred Shares had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the Common Shares to participate *pari passu* with the holders of common shares in any further payment of dividends; and,
- (k) 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, where at any time in the year the cost amount to it of its Qualifying Properties is less than  $\frac{2}{3}$  of the cost amount to it of all of its property, or where throughout the taxation year the cost amount to it of its Qualifying Property equaled or exceeded  $\frac{2}{3}$  of the cost amount of all of its property, the Corporation's liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

It is intended, and this summary assumes, that these requirements will be satisfied so that the Corporation will qualify as a MIC at all relevant times. If the Corporation were not to

qualify as a MIC, the income tax consequences would be materially different from those described below.

### Taxation of the Corporation

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

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

Generally speaking, (other than capital gains dividends which are paid by the Corporation on the Preferred Shares) dividends paid on the Preferred Shares from income earned by the Corporation through interest earned on Mortgages will be included in shareholders' incomes as interest. Capital gains dividends will be stated as realized capital gains of shareholders, and will be subject to the general rules relating to the taxation of capital gains. **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 PREFERRED SHARE, AND SHAREHOLDERS THAT ARE CORPORATIONS WILL NOT BE ENTITLED TO DEDUCT THE AMOUNT OF DIVIDENDS Paid BY THE MIC FROM THEIR TAXABLE INCOME.**

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

A disposition or a deemed disposition of Preferred Shares (other than to the Corporation) will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Preferred Shares exceed (or are exceeded by) the adjusted cost base of the Preferred Shares and the disposition costs. Amounts paid by the Corporation on the

redemption or acquisition by it of a Preferred Share up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Corporation on the redemption or acquisition of a Preferred Share which is in excess of the paid-up capital of such Preferred Share will be deemed to be a dividend and will be included in the income of a holder of Preferred Shares in accordance with the rules described above.

Under the Tax Proposals, fifty percent of any capital gain realized by a Shareholder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the Shareholder's income under the Tax Act as a taxable capital gain. Under the Tax Proposals, subject to certain specific rules in the Tax Act one-half of any capital loss realized in a taxation year may be deducted against my 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 6% on certain investment income, including amounts in respect of interest and taxable capital gains. The 6% 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 \$1.00 for every \$53.00 of dividends paid by the Corporation.

#### Eligibility for Investment by Deferred Income Plans

The Preferred Shares will be qualified instruments for a trust governed by a Registered Retirement Savings Plan ("RRSP"), Registered Educational Savings Plan ("RESP"), Deferred Profit Sharing Plan ("DPSP"), or a Registered Retirement Income Fund ("RRIF") (collectively, a "Defined income Plan") at a particular time if the Corporation qualifies as a MIC under the Tax Act at such particular time and if throughout the calendar year in which the particular time occurs, the 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 by the Corporation.

A Deferred Income Plan is subject to a special tax under Part XI of the Tax Act if the cost amount of its investment in foreign property (as defined in the Tax Act) at the end of a month exceeds a certain percentage of the cost amount of all property then held by it. It is anticipated that Preferred Shares held by a Dividend Income Plan will not be foreign property for these purposes.

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

#### **Item 7            Compensation paid to Sellers and Finders**

The Corporation has appointed no exclusive Selling Agent. The Preferred Shares will be offered in the Province of British Columbia directly to potential investors, or where permitted by applicable law, distributed through agents or other third parties. Commissions paid to Selling Agents whose clients purchase the Preferred Shares may be paid by the MIC from Dividends declared from time to time and will not be deducted from the investor's capital contribution and will not result in a dilution of the investor's capital investment. No commissions are payable to the Manager or to the officers, directors and employees of the Corporation or the Manager. Commissions may be paid over time or in cash immediately upon the Corporation accepting a subscription.

#### **Item 8            Risk Factors**

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

Our Securities are highly speculative

An investment in the Preferred Shares is highly speculative. You should buy them only if you are able to bear the risk of the entire loss of your investment and have no need for immediate liquidity in your investment. An investment in the Preferred Shares should not constitute a major portion of your portfolio.

Because there is no market for our securities, you may not be able to sell your securities

You may never be able to sell your Preferred Shares and recover any part of your investment, unless we are able to complete a subsequent public offering or we are able to sell the Corporation for cash or merge with a public company.

The Preferred Shares are not insured

The Corporation is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured

against loss through the Canada Deposit Insurance Corporation. See Item 2. "Use of Proceeds" and Item 6, "Income Tax Considerations". The Preferred Shares are retractable at the option of the shareholder but only under certain circumstances. See Item 4. "Capital Structure."

There is no guaranteed return on your investment

There is no guarantee that an investment in Preferred Shares will earn any positive return. Past performance cannot be taken as an accurate indicator of future performance. There can be no guarantee that the Corporation will be able to generate sufficient cash flow and income for investors to earn a minimum or any return on their investment in Preferred Shares.

Failure to qualify as a MIC under the Tax Act will have adverse tax consequences.

Under the Corporation's articles, the Company's directors are required to use their best efforts to ensure that the Corporation qualifies and remains qualified as a MIC pursuant to the Tax Act. Additionally, the Manager has agreed, in the Management Services Agreement to perform its duties as the manager of a MIC in compliance with the Tax Act.

There can be no guarantee, however, that the Corporation will be able to meet the qualifications of a MIC under the Tax Act at all times. If at any point in a fiscal year, the Corporation fails to maintain its qualification as a MIC under the Tax Act, dividends paid by the Corporation on the Preferred Shares will cease to be deductible from the Corporation's income and the Preferred Shares, unless listed on a prescribed stock exchange for the purposes of the Tax Act, may cease to be qualified investments for Deferred Income Plans. See Item 6. "Income Tax Considerations".

The normal gross-up and dividend tax credit rules do not apply to dividends paid on securities of the Corporation and corporate holders of the Preferred Shares will not be entitled to deduct the amount of any dividends paid on their Preferred Shares from their taxable income. See Item 6. "Income Tax Considerations".

Our Investments are secured against real property whose value can fluctuate.

The Corporation's investments in Mortgage loans will be secured by real estate. All Real Property investments are subject to elements of risk. Real Property value is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants, competition from other available properties and other factors. While independent appraisals are required before the Corporation may make any Mortgage investments, the appraised values provided therein, 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, rehabilitation or lease-up improvements on the real property providing security for the investment. There can be no

guarantee that these conditions will be satisfied and if, and to the extent they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions be satisfied.

The value of income producing real property may also depend on the credit worthiness and financial stability of the borrowers. The Corporation's income and funds available for distribution to security holders would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Corporation or if the Corporation were unable to invest its funds in residential and commercial Mortgages on economically favourable terms. On default by a borrower, the Corporation may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment.

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

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

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

We may be unable to make investments.

The Corporation may commit to making future Mortgage investments in anticipation of repayment of principal outstanding under existing Mortgage investments. In the event that such repayments of principal are not made in contravention of the borrowers' obligations, the 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.

The Corporation will be competing for Mortgage loans with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek Mortgage loan investments similar to those desired by the Corporation. Many of these investors will have greater financial resources than those of the Corporation, or operate without the

investment or operating restrictions of the Corporation or according to more conditions that are flexible. An increase in the availability of investment funds, and an increase in interest in Mortgage investments, may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on investments.

We may borrow additional funds to make investments that may require us to assign some of our Mortgages, and means that the Preferred Shares will be in subordination to such loans.

The Corporation will be entitled to, and may incur indebtedness secured by the Corporation's assets to purchase Mortgage investments. There can be no assurance that such a strategy will enhance returns, and in fact, such strategy may reduce returns.

In determining the Corporation's cash flow priorities, loan payments will take priority over the payment of dividends, and in the event of the voluntary or involuntary bankruptcy or winding up of the Corporation, the repayment of loans will take priority over the payment of dividends and return of capital to the holders of the Preferred Shares.

The security that the Corporation is required to furnish when incurring indebtedness may include an assignment of its Mortgages to a third party lender. If the Corporation is unable to service its debt to such lender, a loss could result if the lender exercises its rights of foreclosure or sale.

We cannot guarantee the profitability of our Mortgage portfolio.

Although the Corporation will endeavor to maintain a diversified portfolio as disclosed under Item 2 "Business of Antrim Balanced Mortgage Fund Ltd. - Investment Objectives and Strategies", the composition of the Corporation's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Corporation's portfolio being less diversified than anticipated. There is no assurance that the Corporation's Mortgage portfolio will reflect the Manager's Mortgage portfolio and in fact, the composition of the Corporation's Mortgage portfolio may render it less profitable than the Manager's Mortgage portfolio. See "Conflicts of interest" below.

Changes in legislation may adversely affect our profitability

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

Our Performance may be affected by environmental and other regulatory matters.

Although the Corporation generally obtains an evaluation of the property to be subject to the Mortgage, in the form of a Phase 1 Environmental Audit, as disclosed under Item 2. "Business of Antrim Balanced Mortgage Fund Ltd. - Investment Practices and

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

The Corporation follows the environmental program of the Manager, which includes policies and procedures to review and monitor environmental matters associated with its properties. The Manager's environmental policy usually includes a Phase 1 Environmental Audit when warranted, conducted by an independent and experienced environmental consultant, before advancing a loan or acquiring a Mortgage.

We rely on the knowledge and expertise of the Manager

The Corporation will be dependent on the knowledge and expertise of the Manager for investment advisory and portfolio management services under the Financial Services Agreement. Any inability of the Manager to perform competently or on a timely basis will negatively affect the Corporation. There is no certainty that the persons who are currently officers and directors of the Manager will continue to be officers and directors of the Manager for an indefinite period of time. See "Conflicts of Interest below and Item 2."Business of Antrim Investments Ltd. - "the Manager".

#### Absence of Management Rights

The Preferred Shares do not carry voting rights so an investor will have no opportunity to take part in the control or management of the Corporation's business including the election of directors.

#### Conflicts of Interest

Certain of the Corporation's directors and officers are also directors or officers of the Manager and accordingly there may be conflicts of interest if the interest of these companies are inconsistent. See Item 2. - "Business of Antrim Balanced Mortgage Fund Ltd. - The Manager".

The Manager having entered into the Financial Services Agreement with the Corporation is entitled to earn a fee for providing services to the Corporation. Conflicts of interest may arise because of the fact that the directors and officers of the Manager are engaged in a wide range of investing and other business activities may include real property financing in direct competition with the Corporation. The Manager has established, and intends to establish in the future, other investment vehicles that may involve transactions that conflict with the interests of the Corporation.

The services of the Manager, the directors and officers of the Manager and the members of its credit committee are not exclusive to the Corporation. The Manager, its affiliates, members of its credit committee and their affiliates may, at any time, engage in promoting or managing any other corporation or its investments including those that may compete directly or indirectly with the Corporation.

Although none of the directors or officers of the Corporation will devote all of his or her full time to the business and affairs of the Corporation each will devote as much time as is necessary to supervise the management of or to advise on the business and affairs of the Corporation. See Item 8. "Conflicts of Interest, Item 2." "Business of Antrim Balanced Mortgage Fund Ltd. - Material Contracts", Item 3. "Description of the Corporation - Directors, Management, Promoters and Principal Holders" and "Interest of Management of Others".

The historical average rate of return generated by the Manager may not be indicative of the returns ultimately realized by the performance of Antrim Balanced Mortgage Fund Ltd. The return on investment generated by Antrim Balanced Mortgage Fund Ltd. will depend on market conditions and many other factors and may be less than or exceed the historical rate of return attained by the Manager. (see "The Manager" page 7)

## **Item 9 - Reporting Obligations**

Neither the Corporation nor the Manager are reporting issuers and therefore are not subject to most of the continuous reporting obligations imposed on reporting issuers by securities legislation in British Columbia. In accordance with the requirements of the British Columbia Business Corporations Act, the corporation will provide its shareholders with audited annual financial statements unless all shareholders unanimously resolve in writing to waive the appointment of an auditor. All financial statements will be by a qualified chartered accounting firm and will be made available to you annually while interim financial statements will be made available to you on a half yearly basis. The Company's fiscal year end will be set at June 30th of each year.

## **Item 10 - Resale Restrictions**

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

10.2 Unless permitted under applicable securities legislation you cannot trade in securities before the earlier of the date that is 4 months and a day after the Corporation becomes a reporting issuer in any Province or Territory of Canada and at least four months have elapsed from the distribution date.

## **Item 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

1. Two Day Cancellation Right - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

2. Statutory Rights of Action in the Event of a Misrepresentation - if there is a misrepresentation in this Offering Memorandum you have a statutory right to sue:

- a. Antrim Balanced Mortgage Fund Ltd. to cancel your agreement to buy these securities; or,
- b. for damages against Antrim Balanced Mortgage Fund Ltd., its directors and any other person who has signed the Certificate in this Offering Memorandum;

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within the time period provided by the British Columbia Securities Act. You must commence your action for damages within the time provided by the British Columbia Securities Act. In British Columbia, the right of action for rescission or damages will be enforceable by you only if an action is commenced to enforce such right:

- (a) In the case of an action for rescission, within 180 days after the date of the purchase; or
- (b) In the case of all actions for damages, within the earlier of 180 days following the date you had knowledge of the misrepresentation and three years following the date of purchase.

You may have other rights in addition to these described above. For information about your rights, you should consult a lawyer.

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**Risk Acknowledgement**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I will not be able to sell these securities except in very limited circumstances.
- I could lose all the money I invest.

I am investing \$\_\_\_\_\_ [total consideration] in total; this includes any amount I am obliged to pay in future. Antrim Balanced Mortgage Fund Ltd. will pay \$\_\_\_\_\_ [amount of fee or commission ] of this to \_\_\_\_\_ [name of person selling the securities] as a fee or commission.

**I acknowledge that this is a risky investment and that I could lose all the money I invest.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

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**You have 2 business days to cancel your purchase**

To do so, send a notice to Antrim Balanced Mortgage Fund Ltd. stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to Antrim Balanced Mortgage Fund Ltd. at its business address. Keep a copy of the notice for your records.

Issuer Name and Address: Antrim Balanced Mortgage Fund Ltd.  
Suite 101, 20689 Fraser Highway  
Langley, British Columbia V3A 4G4  
Fax: 604.530.2185 E-mail:  
info@antriminvestments.com

**You are buying Exempt Market Securities**

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

**You will receive an offering memorandum** Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

**You will not receive advice**

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or investment dealer. In Alberta, Manitoba, Northwest Territories, Prince Edward Island, Québec and Saskatchewan to qualify as an eligible investor, you may be required to obtain that advice. Contact the Investment Dealers Association of Canada (website at [www.ida.ca](http://www.ida.ca)) for a list of registered investment dealers in your area.

**The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

**The issuer of your securities is a non-reporting issuer**

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority.

B.C. Securities Commission  
P.O. Box 10142 Pacific Centre  
Vancouver, B.C. V7Y 1L2  
Phone (604) 899 – 6500  
Website: [www.bsc.bc.ca](http://www.bsc.bc.ca)

***The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.***