

5211526 - 2  
\$ 1,125,000  
Sept 10, 2008

Form 45-106F1  
**Report of Exempt Distribution**

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

**Issuer information**

1. State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Search Capital Inc.

Name of Issuer

Suite 880 - 580 Hornby Street, Vancouver, British Columbia, V6C 3B6

Address

604 639-4528

Telephone Number

2. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in each of the Provinces of British Columbia, Alberta and Ontario.

3. Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

☐ Bio-tech

Financial Services

☐ investment companies and funds

☐ mortgage investment companies

☐ Forestry

☐ Hi-tech

☐ Industrial

Mining

☒ exploration/development

☐ production

☐ Oil and gas

☐ Real estate

☐ Utilities

☐ Other (describe)

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SECURITIES  
COMMISSION

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**Details of distribution**

4. **Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.**

See attached Schedule I.

5. **State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.**

The securities were distributed on September 10, 2008.

6. **For each security distributed:**

- (a) **Describe the type of security**

1,500,000 non flow-through units (the "Non FT Units") and 1,500,000 flow-through units (the "FT Units")

- (b) **State the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date**

The Issuer has distributed 1,500,000 Non FT Units at a price of \$0.35 per Non FT Unit and 1,500,000 FT Units at a price of \$0.40 per FT Share. Each FT Unit is comprised of one flow-through share and one warrant and each Non FT Unit is comprised of one non flow-through share and one warrant. Each warrant is exercisable for one common share of the Issuer for a period of two years from closing at a price equal to the greater of \$0.46 and the 10-day volume weighted average closing price of the Issuer's common shares on the TSX Venture Exchange once the Issuer's shares resume trading.

- (c) **State the exemption(s) relied on**

Sections 2.3 and 2.5 of National Instrument 45-106.

7. **Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.**

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	19	\$0.35	\$374,500.00
British Columbia	11	\$0.40	\$560,000.00
Alberta	1	\$0.40	\$40,000.00
Alberta	2	\$0.35	\$35,000.00
Newfoundland	2	\$0.35	\$70,000.00
Switzerland	2	\$0.35	\$45,500.00
<b>Total number of Purchasers</b>	<b>37</b>		
<b>Total dollar value of distribution in all jurisdictions (Canadian \$)</b>			<b>\$1,125,000.00</b> <b>(\$600,000 + \$525,000)</b>

#### Commissions and finder's fees

8. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
PI Financial Corp. 1900 - 666 Burrard Street Vancouver, British Columbia V6C 3N1	\$46,550.00	133,000 Warrants	Exercisable at \$0.35 per Warrant	Section 2.3 of NI 45-106 September 10, 2008	\$93,100.00

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
National Bank Financial Inc. 666 Burrard Street, Suite 3410, Vancouver British Columbia V6C 2X8	\$2,625.00	7,500 Warrants	Exercisable at \$0.35 per Warrant	Section 2.3 of NI 45-106 September 10, 2008	\$5,250.00

9. If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

**Certificate**

On behalf of the issuer, I certify that the statements made in this report are true.

Date: September 18, 2008

SEARCH CAPITAL LTD.

Name of issuer (please print)

Barry Girling

President, Chief Executive Officer, Chief Financial Officer and Director

604 639-4528

Print name, title and telephone number of person signing

  
Signature

10. State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**