

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT is dated the _____ day of _____, 20_____.

BETWEEN:

ANTRIM BALANCED MORTGAGE FUND LTD., a mortgage investment corporation having an office at 9089 Glover Road Box 520 Fort Langley BC V1M 2R8

(hereinafter called the "Issuer")

OF THE FIRST PART

AND:

The person whose name and address appears on the last page hereof as the Purchaser

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS:

A. The Issuer is incorporated under the *Business Corporations Act* (British Columbia) and carries on its business so as to qualify as a Mortgage Investment Corporation as defined in the *Income Tax Act* (Canada) (the "Tax Act").

B. The Issuer offers to the public through available securities exemptions referenced in this Agreement the opportunity to purchase three different classes of redeemable preferred shares without par value in the capital of the Issuer (the "Preferred Shares"), being Class A Preferred Shares ("Class A Preferred"), Class B, Series B Preferred Shares ("Series B Preferred") and Class B, Series C Preferred Shares ("Series C"); and

C. The Purchaser wishes to subscribe for a class of Preferred Shares in the capital of the Issuer and the Issuer has agreed to accept such subscription on the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the Issuer agreeing to allot and issue a class of Preferred Shares to the Purchaser and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Purchaser), the parties hereby covenant and agree as follows:

1. The undersigned Purchaser hereby subscribes for _____ Class A Preferred / Series B Preferred / Series C Preferred Shares (**please circle one**) at an issue price of \$1.00 each and tenders herewith payment of \$_____ made payable to the Issuer's solicitors (the "Monies") in **one** of the following ways:

- (a) cash, certified cheque or bank draft in the amount of \$ _____;
- (b) purchase through RRSP in the amount of \$_____ or TFSA in the amount of \$_____ RRIF in the amount of \$_____ to the Issuer;

2. The Purchaser acknowledges and consents to the Issuer using the Monies prior to the allotment and issuance of the Preferred Shares to the Purchaser, provided the Issuer has accepted this Subscription and fulfilled any conditions the Issuer must fulfill pursuant to the Company's most recent Offering Memorandum dated August 31, 2011 (the "Offering Memorandum"). If the Issuer cannot issue and allot the Preferred Shares to the Purchaser then the Monies paid by the Purchaser to the Issuer as aforesaid shall be deemed to be a loan from the Purchaser to the Issuer, with interest equal to the Bank of Montreal daily interest savings account commencing seven (7) days after receipt of the cheque for the subscription amount.

3. The Purchaser acknowledges and agrees that:

- (a) the terms and conditions set forth herein constitute an agreement between the Purchaser and the Issuer;
- (b) The principal objective of the Issuer is to generate income from mortgage investments and through income tax exemptions which result from the earning of income as a mortgage investment corporation, which income is not taxable until it is distributed to the Purchaser;
- (c) Subject to the Management Agreement between the Issuer and Antrim Investments Ltd. dated for reference June 7, 2007, and the Offering Memorandum, both as amended from time to time, dividends in respect of all net income of the Issuer shall, after providing for such reserves as may be necessary in the discretion of the directors, be declared at such times as the directors see fit, and shall be distributed to holders of record on the last day of each quarter of each fiscal year of the Issuer. Such dividends shall be payable as follows:
 - (i) Cash _____
 - (ii) Preferred Shares _____

(please initial your choice above).

Please note that holders of Preferred Shares are only entitled to receive as dividends shares of the same class of Preferred Shares that they already own. For greater certainty, an investor holding Series B Preferred Shares may only receive as a dividend cash or additional Series B Preferred Shares; they are not entitled to receive a different class of Preferred Shares as a dividend unless they also own shares of a different class on the date the dividend is declared.

The Purchaser may give to the Issuer thirty (30) days written notice of a change in the method of payment of dividends. If the Purchaser fails to choose one of the methods of payment of dividends as set forth in this paragraph 3(c), such dividends may be payable in cash or in additional Preferred Shares or part in cash and part in additional Preferred Shares, at the sole discretion of the Issuer.

- (a) The Purchaser has received a copy of the Offering Memorandum.
- (b) The Purchaser, upon becoming a shareholder of the Issuer, will not sell, transfer or otherwise dispose of the shares acquired by him pursuant to this Subscription Agreement in any way which would result in the Issuer no longer qualifying as a mortgage investment corporation for the purposes of the Tax Act and

affirms his knowledge of the provisions of the Tax Act governing the restrictions imposed upon mortgage investment corporations and their shareholders;

- (c) If any additional Preferred Shares are issued to the Purchaser by way of dividend which would result in a fractional share being issued to the Purchaser, such fractional share shall not be issued, but an equivalent amount of cash shall be paid to the Purchaser or held in his account, at the sole discretion of the Issuer.
- (d) The Purchaser may by giving six (6) months prior written notice to the Issuer, request that the Issuer redeem the Purchaser's Preferred Shares. The Issuer is obligated to redeem no more than ten (10%) percent of the issued share capital in any fiscal year. The redemption price for each share will be the amount paid up thereon plus any declared but unpaid dividends to which the holder is entitled. The redemption shall be made in the order in which the Issuer receives the notice of redemption from the Preferred Shareholders.
- (e) The Purchaser shall execute and deliver a Form 45-106F4 and BCI 32-517 Risk Acknowledgement as required by the Rules and Regulations to the Securities Act, both as attached hereto as Appendix I, and the acknowledgments and undertakings contained therein are incorporated hereby by reference. The Purchaser hereby authorizes the Issuer to complete the Purchaser's Form 45-106F4 and BCI 32-517 on the Purchaser's behalf, or to make such changes thereto as to form only as may be required in order to identify correctly the relationship between the Issuer and the Purchaser.

4. The Purchaser does irrevocably appoint the President of the Issuer, or failing him the Secretary of the Issuer, in office from time to time as the Purchaser's attorney in fact and do hereby authorize him as such to make and sign on the Purchaser's behalf and to deliver:

- (a) any and all waivers of the Purchaser's right to receive a pro rata offer with respect to any future allotment of shares in the capital of the Issuer which such attorney in his discretion sees fit to give pursuant to the *Business Corporations Act* (British Columbia), amended from time to time, the Articles of the Issuer or otherwise;

5. The appointment of attorney set out in section 4 herein shall remain effective until such time as the Issuer becomes a reporting issuer under the *Securities Act* (British Columbia) and a public company under the *Business Corporations Act* (British Columbia)

6. The Investor represents warrants and acknowledges that:

- (a) The Investor is acquiring the Preferred Shares pursuant to certain exemptions from the registration and prospectus requirements of applicable Canadian securities legislation (the "Legislation") and, consequently, the Investor will not be entitled to rely on and use the civil remedies available under the Legislation and will not receive information that the Issuer would otherwise be required to provide to the Investor in accordance with the Legislation.
- (b) The Investor has been provided with a copy of the Issuer's Offering Memorandum and an opportunity to review all material information about the Issuer and its business affairs relevant to the Investor's decision to invest in the Issuer and the Investor has been advised and given the opportunity to seek independent legal and

professional advise with respect to the nature and legal effect of the terms of this Agreement;

- (c) The Investor's decision to subscribe for Preferred Shares has not been induced by any representation or warranties by the Issuer with respect to the present or future value of the Issuer's shares or the rate of return on such shares.
- (d) is a resident of British Columbia, Canada.
- (e) The Investor is aware that the Preferred Shares are subject to hold periods and other restrictions on resale pursuant to the provisions of the Legislation and the Issuer has name no representation with respect to such hold periods or resale restrictions.
- (f) The Investor has not received any advice in respect of this subscription from any person purporting to be a director, officer, employee or agent of the Issuer or any affiliate of the Issuer.
- (g) The Investor is purchasing as principal for its own account and will be the sole beneficial owner of the Preferred Shares upon acceptance of this subscription offered by the Issuer.
- (h) The Investor is aware of the characteristics of the Preferred Shares and is aware of and has considered the risks inherent in its investment in the Issuer.

All notices, demands and payments required or permitted to be given hereunder shall be in writing and may be delivered personally, sent by telegram or telex or may be forwarded by prepaid courier to the addresses set forth below:

- (a) if to the Issuer, at the address set forth on page 1,
- (b) if to the Purchaser, at the address set forth on the last page hereof.

7. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and Canada, which shall be deemed to be the proper law hereof.

8. This Agreement shall not be assignable by either party without the prior written consent of the other and any attempt to assign the rights, duties or obligations hereunder without such consent shall be of no effect.

9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns, as applicable.

10. Each of the parties hereto hereby covenants and agrees to execute such further and other documents and instruments and to do such further and other things as may be necessary to implement and carry out the intent of this Agreement.

11. Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder which shall continue in force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the parties hereto that this Agreement would have been executed without reference to any portion which may, for any reason, be hereafter declared or held invalid.

12. All references to any part to this Agreement shall be read with such changes in number and gender as the context hereof or reference to the parties hereto may require.

The parties have executed this Agreement as of the date first above written.

ANTRIM BALANCED MORTGAGE FUND LTD.

by its authorized signatory(ies)

_____)
_____)
_____)
_____)
_____)

SIGNED, SEALED AND DELIVERED
by the PURCHASER
in the presence of:

Name

Address

_____)
Occupation

Purchaser:

(Signature)

(Print Name)

(Residential Address)

_____)
(City) (Province) (Postal Code)

Telephone Number(s) incl. Area Codes:

(Home)

(Office)

(Fax Number)

Email: _____

Social Insurance Number:

