

Offering Memorandum



ANTRIM
BALANCED MORTGAGE FUND

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

Dated: January 20, 2012

The Issuer

Name: ANTRIM BALANCED MORTGAGE FUND LTD. (the "Company")
Head office: Address: 9089 Glover Road, Box 520
Fort Langley, British Columbia V1M 2R8
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. The Company is not a reporting issuer under applicable securities legislation.

SEDAR filer? No. The Company does not make filings with SEDAR.

The Offering

Securities offered: 200,000,000 Class "A", Preferred Shares
200,000,000 Class "B", Series B Preferred Shares
200,000,000 Class "B", Series C Preferred Shares
Price per security: \$1.00 per share
Minimum/Maximum offering: \$5,000 minimum/\$600,000,000 (200,000,000 Class "A" Preferred Shares, 200,000,000 Class "B", Series B Preferred Shares and 200,000,000 Class "B", Series C Preferred Shares) maximum. There will be a maximum of 600,000,000 preferred shares issued under this offering.
Minimum subscription amount: \$5,000.00.
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 two 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:

| | | <i>Assuming Min. Offering</i> | <i>Assuming Max. Offering</i> |
|---|--|-----------------------------------|-----------------------------------|
| A | Amount to be raised by this offering | \$0 | \$600,000,000.00 |
| B | Selling commissions and fees, deducted from proceeds | \$0 | \$0 |
| C | Estimated offering costs (e.g. legal, accounting, audit) | \$15,000.00 | \$600,000.00 |
| D | Available Funds: $D=A-(B+C)$ | (\$15,000.00) | \$599,400,000.00 |
| E | Additional sources of funding required | N/A | N/A |
| F | Working capital deficiency | N/A | N/A |
| G | Total: $G=(D+E)-F$ | (\$15,000.00) | \$599,400,000.00 |

1.2 Use of the Net Proceeds

We will use the available funds as follows:

| <i>Description of intended use of net proceeds listed in order of priority</i> | <i>Assuming Min. Offering</i> | <i>Assuming Max. Offering</i> |
|---|-----------------------------------|-----------------------------------|
| Investments permitted of a Mortgage Investment Corporation under the <i>Income Tax Act</i> (Canada) | \$0 | \$599,400,000.00 |

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.

2.1 Structure

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the “Act”) on June 6, 2007. Our Registered and Records offices are located at 1321 Johnston Rd., White Rock, BC V4B 3Z3 and our head office is located at 9089 Glover Road, Box 520, Fort Langley, British Columbia V1M 2R8.

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.

2.2 *Our Business*

We 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. 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 Company has few specific investment policies, other than complying with the rules for a MIC set out in the Tax Act. We 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 ("mortgages" or "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 are held in cash deposited with a Canadian chartered bank or Credit Union or are 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 Company.

Antrim Investments Ltd. (see the Manager page 7) (the "Manager") is responsible for managing our mortgage investment portfolio. The financial services agreement (the "Financial Services Agreement") between the Manager and Company 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 Manager 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 are managed by the officers of the Company listed under Item 3. "Direction, Management, Promoters and Principle Holders".

As a MIC, we are permitted 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, where used the term "Preferred Shares" means the Class "A" Preferred Shares, Class "B", Series B Preferred Shares and Class "B", Series C 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 consists 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 are with arm's length parties. We also invest in demand loans and term loans that are secured by income-producing real property, all of which are with arm's length parties. All such investment are maintained in compliance with the requirement to maintain our status as a MIC.

Our Mortgage portfolio composition varies over time depending on the assessment of the appropriate strategy given overall market conditions and outlook. We 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 Company, upon the advice of the Manager. The Manager provides the Company with office space and clerical support at the Manager's offices located at 9089 Glover Road, Box 520, Fort Langley, BC V1M 2R8. We do not have any direct employees.

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 Company. 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 are conducted in accordance with the following investment practices and restrictions:

- (a) Our only undertaking is to invest funds in accordance with the following objectives, strategies and restrictions of our investment guidelines;
- (b) We invest in commercial, industrial and residential Mortgages;
- (c) All Mortgages, following funding, are registered on title to the subject property in the Company's name;
- (d) All Mortgage investments are made in established or developing areas in the Province of British Columbia;

- (e) Generally, we 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 do 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 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 do not make any investment or allow an investment mix that would result in our failing to qualify as a MIC;
- (i) Subject to subsection (o) below, we do 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 do not invest for the purposes of exercising control over management of any issuer,
- (k) We do not act as an underwriter,
- (l) We do not make short sale of securities or maintain a short position in any securities;
- (m) We do not guarantee the securities or obligations of any person;
- (n) We do 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 are 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 Company's directors (the "Directors") will make such change and such change will be binding on the Company. 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 Company 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 oversees our day-to-day operations and the administrative services provided by the Manager for the Company's operations. The Manager pays all of its costs, expenses and overhead relating to the provision of its services. All of our costs with respect to our business are for our own account including, without limitation, legal, audit, shareholder meetings and communication costs.

We are 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

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 Malish & Clark, Certified General 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.

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 Company. The return on investment generated by the Company 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 three other mortgage investment corporations 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 Company. 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 is reviewed by the Managers management to ensure it meets or exceeds the MIC's investment objectives, practices and restrictions. Every Mortgage opportunity is 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 Issuer has developed its mortgage investment business steadily since 2008 and expects that demand for private mortgage financing should remain at historic highs as 'traditional' lenders such as Banks, Credit Unions, and Trust Companies continue to find it difficult to raise funds in the credit markets due to the lingering effects of the credit crisis. Reduced supply of funds for the Banks and Trust Companies has caused them to tighten up their lending policies as less money is available to lend. The result of this reduced lending capacity by the Banks has been an increase in the amount and quality of mortgage applications made to the Issuer as many borrowers are forced to seek financing from sources other than traditional lenders.

Increased applications has allowed the Issuer to be very selective with regards to what individuals, and what properties, it lends on. The Issuer continues to restrict the lending area of the MIC only to those locations that exhibit long term price stability/growth and liquidity.

Furthermore, due to the credit crisis and associated volatility in equity markets over the past several years many investors are looking for investments that offer stable returns from year to year with similar yields to traditional equities. The MIC is ideally positioned in this market as it offers an investment secured by real estate and has shown relatively low volatility in returns year over year while yielding returns similar to traditional equity investments. Although the Issuer is not expected to yield more than equities over the long term it is expected to show low volatility with regards to yield year over year.

The combination of increased mortgage applications and increased investor interest and participation has lead to solid growth in terms of new investor deposits and mortgage receivables over the past several years. The Issuer expects tighter conditions in the credit markets to persist for several years into the future and thus expects steady growth in terms of new investor deposits and mortgage receivables for the MIC.

2.4 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 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 consistent and attractive rate of return for our Preferred Shareholders; and
- * Increasing our share of the potential MIC business in British Columbia.

2.5 Short Term Objectives

- (a) Our business objectives for the next 12 months are to:
- (i) Sell a total of 12,000,000 or more Class “A” Preferred Shares, Class “B”, Series B Preferred Shares and Class “B”, Series C Preferred Shares to investors in British Columbia;
 - (ii) Invest all funds raised from the sale of Preferred Shares in Permitted Investments; and
 - (iii) Provide a rate of return to shareholders that is consistent and that exceeds the posted five-year mortgage rates offered by the major banks.

- (b) How We Intend to Meet Our 12-Month Objectives:

| <i>What we must do and how we will do it</i> | <i>Target completion date or, if not known, number of months to complete</i> | <i>Our cost to complete</i> |
|--|--|-----------------------------|
| The Company will continue to raise capital pursuant to this offering and to use the same to fulfil its investment program as described in paragraphs 2.2, 2.3 and 2.4. | Since the Company has an ongoing investment program, there is no target completion date for its business plan. Investments are made as the Company's available funds permit. | N/A |

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.

2.6 Material Agreements

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

A Financial Services Agreement dated for reference June 6, 2007, as amended and restated on August 30, 2011, 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 2. 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. With respect of the Class "B", Series C Preferred Shares only, the Manager will subsequently refund to the Series C shareholders only a fee equal to one-half (0.5%) percent per annum of the Class "B", Series C Preferred shareholder capital calculated on a daily basis. This fee will be refunded to the Series C shareholders on a monthly basis and will have the net effect of a reducing the Management Fee payable to the Manager under the Financial Services Agreement to one (1.00%) per annum of the daily balance of Class "B", Series C Preferred Share capital. The Class "B", Series C Preferred Shares may only be sold through fee based brokerage accounts at the absolute and sole discretion of the directors of the Company. No other remuneration is payable to the Manager. The Financial Services Agreement shall continue indefinitely 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.

For the purposes of this Offering Memorandum, the Manager is considered to be a party related to the Company. The current directors and officers of the Manager who are also directors of the Company are as follows:

| <i>Name</i> | <i>Office held with the Company</i> | <i>Office held with the Manager and Principal Occupation</i> |
|-------------------|-------------------------------------|--|
| William Granleese | President and Director | President and Director |

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 Company (a "Principal Holder").

| <i>Name and municipality of principal residence</i> | <i>Positions Held and the date of obtaining position</i> | <i>Compensation paid by issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year</i> | <i>Number, type and percentage of securities of the issuer held after completion of min. offering</i> | <i>Number, type and percentage of securities of the issuer held after completion of max. offering</i> |
|---|--|--|--|--|
| William Granleese Langley, BC | Director & President June 6, 2007 | \$NIL | 1 Common voting share representing 8.0% of the issued Common shares and 54,938 Class "A" Preferred shares representing 0.135% of the issued Class "A" Preferred shares | 1 Common voting share representing 8.0% of the issued Common shares and 54,938 Class "A" Preferred shares representing 0.135% of the issued Class "A" Preferred shares |
| William R. Granleese Langley, BC | Director August 10, 2007 | \$NIL | 641,925 Class "A" Preferred shares representing 1.5% of the issued Class "A" Preferred shares | 641,925 Class "A" Preferred shares representing 1.5% of the issued Class "A" Preferred shares |
| Robert Granleese Langley, BC | Director August 10, 2007 | \$NIL | 53,188 Class "A" Preferred shares representing 0.13% of the issued Class "A" Preferred shares | 53,188 Class "A" Preferred shares representing 0.13% of the issued Class "A" Preferred shares |
| Victor Dyck Abbotsford, BC | Director August 10, 2007 | \$NIL | 1 Common voting share representing 8.0% of the issued Common shares and 400,000 Class "A" Preferred shares representing 1.0% of the issued Class "A" Preferred shares | 1 Common voting share representing 8.0% of the issued Common shares and 400,000 Class "A" Preferred shares representing 1.0% of the issued Class "A" Preferred shares |

3.2 *Management Experience*

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

| <u>Name</u> | <u>Principal occupation and related experience</u> |
|----------------------|---|
| William Granleese | William (Bill) is the president of both Antrim Investments Ltd. and Antrim Balanced Mortgage Fund Ltd.. For over 35 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. |
| William R. Granleese | Having extensive experience in both lending and financial planning, Will works with new and existing investors explaining the investment and answering any questions they might have about their account. Will has two degrees in Finance and several professional designations through the Canadian Securities Institute. Prior to joining the Company in 2005 Will worked at TD Bank for the previous five years. |
| Robert Granleese | Robert (Bob) Granleese is Antrim's most senior underwriter and responsible for the strategic direction of the Antrim Balanced Mortgage Fund's mortgage portfolio. Robert has over 25 years experience as a senior mortgage underwriter and advises the fund on its strategic lending policy; such as, as what geographic areas the Fund should concentrate its lending on, and what target Loan-to-value (LTV) the Fund should maintain. |
| Victor Dyck | Victor has been actively investing in private mortgages for over 10 years and is the current president of another Antrim MIC. As an experienced private lender, Victor advises the fund on issues directly affecting investors, such as dividend policy and investor communications. |

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 Company; 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

4.1 Share Capital

| <i>Description of Security</i> | <i>Number authorized to be issued</i> | <i>Number outstanding as at December 16, 2011</i> | <i>Number outstanding after min. offering</i> | <i>Number outstanding after max. offering</i> |
|---------------------------------------|---------------------------------------|---|---|---|
| Common | 100 | 4 | N/A | N/A |
| Class “A” Preferred Shares | 200,000,000** | 40,656,731 | N/A | 200,000,000 |
| Class “B”, Series B Preferred Shares | 200,000,000** | 45,055,300 | N/A | 200,000,000 |
| Class “B”, Series C Preferred Shares* | 200,000,000** | 536,271 | N/A | 200,000,000 |

*Created August 30, 2011

**The authorized share capital of the Class “A” Preferred Shares, Class “B”, Series B and Class “B”, Series C Preferred Shares was increased to 200,000,000 each by the filing of a Notice of Alteration with the BC Registrar of Companies on December 20, 2011

4.2 Long Term Debt

The Company has no long-term debt.

4.3 Prior Sales

During the last 12 months we have issued the following securities:

| <i>Date of Issuance</i> | <i>Type of Security Issued</i> | <i>Number of Securities Issued</i> | <i>Price per Security</i> | <i>Total Funds Received</i> |
|--|--------------------------------------|------------------------------------|---------------------------|-----------------------------|
| December 15, 2010 to December 16, 2011 | Class “A” Preferred Shares | 18,533,039 | \$1.00 | \$18,533,039 |
| December 15, 2010 to December 16, 2011 | Class “B”, Series B Preferred Shares | 17,820,360 | \$1.00 | \$17,820,360 |
| December 15, 2010 to December 16, 2011 | Class “B”, Series C Preferred Shares | 536,271 | \$1.00 | \$536,271.00 |

Item 5 - Description of Securities Offered

5.1 Terms

We are offering up to 200,000,000 Class “A” Preferred Shares, 200,000,000 Class “B”, Series B Preferred Shares and 200,000,000 Class “B”, Series C Preferred Shares for sale at a price of \$1.00 per Share. For the purpose of this Item 5, the term "Preferred Shares" shall be deemed to include the Class “A” Preferred Shares, Class “B”, Series B Preferred Shares and Class “B”, Series C

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 Company unless hereinafter specifically provided, provided however the Company may in its sole discretion invite the holders of the Preferred Shares to attend general meetings of the Company which invitation and attendance shall not confer upon the holders of the Preferred Shares any voting rights.

Dividend Entitlement

As a MIC, the Company 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 Company 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 Class "A" Preferred Shares may elect to receive their dividends in cash or in further Class "A" Preferred Shares, investors of Class "B", Series B Preferred Shares may elect to receive their dividends in cash or in further Class "B", Series B Preferred Shares and investors of Class "B", Series C Preferred Shares may elect to receive their dividends in cash or in further Class "B", Series C Preferred Shares.

Preferred Shares are issued at \$1.00 per share. The holders of the Preferred Shares shall be entitled to receive, and the Company shall pay thereon as, and when declared by the Board of Directors of the Company, 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 and as contained in the Company's Articles. Class "B", Series B Preferred Shares have the same rights, restrictions and dividends as the Class "A" Preferred Shares and Class "B", Series C Preferred Shares, however they are subject to an additional 0.5% trailer fee that will be deducted from the dividend payments of the Class "B", Series B Preferred Shares and used for additional marketing of this series of shares.

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 Company may, upon giving notice as provided in the Company's Articles, and subject to the provisions of the *Business Corporations Act* (British Columbia), 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 Company 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 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* (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 Company (the "Redemption Notice"), request that the Company redeem the whole or any part of the Retractable Shares held by such holder. Upon receipt by the Company 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 Company 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 Company (the "Date of Redemption"), the Company 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 Company 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 Company 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 Company 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 Company shall not be required to redeem Shares if to do so would cause the Company to cease qualifying as a MIC or jeopardize the ability of the Company to maintain reasonable profitability in its portfolio of mortgages. The Act does not permit the Company to make any payment to purchase or redeem any Shares issued by it if there are reasonable grounds for believing that the Company 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 Company or other distribution of the property or assets of the Company 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 Company 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 Company. 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 Company (a "Specified Shareholder").

The Tax Act states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four (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 Company ceasing to meet the qualifications of a MIC.

As the Company 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 Procedure

We are offering the Preferred Shares in the Province of 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 Company from provisions under such statutes requiring the Company 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 certain prospectus and registration exemptions contained in National Instrument 45-106, National Instrument 31-103 and BC Instrument 32-517, as applicable. For the Company to rely on these exemptions you must purchase the Preferred

Shares as principal and before purchasing the Preferred Shares, you must be provided with a copy of this Offering Memorandum and sign the "Subscription Agreement" and "Risk Acknowledgment Form" which have 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 Cleveland Doan LLP, 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 Company 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 and BCI 32-517 Risk Acknowledgement 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 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 Company. 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 & RRSP Eligibility

The following is a summary of the principal Canadian federal income consequences of acquiring, holding and disposing of the Preferred Shares (for the purpose of this Item 6, the term "Preferred Shares" shall be deemed to include both Class "A" Preferred Shares and Class "B", Series B Preferred Shares unless stated otherwise) by a subscriber who at all relevant times, is a resident of Canada, deals with the Company 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 tax 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 Company meets certain conditions that are imposed by the Tax Act on the Company in order for the Company to qualify as a MIC here under. These conditions will generally be satisfied if, throughout a taxation year of the Company:

- (a) The Company was a Canadian corporation as defined in the Tax Act;
- (b) The Company's only undertaking was the investing of funds and it did not manage or develop any real property;
- (c) No debts were owed to the Company by non-residents unless such debts are secured on real property situated in Canada;
- (d) The Company did not own shares of non-resident corporations;
- (e) The Company did not hold real property located outside of Canada;
- (f) The Company did not loan funds where the security for such loans is real property located outside of Canada;
- (g) The cost amount of the Company's property represented by Mortgages on houses or on property included within a housing project (as those terms are defined in the National Housing Act), together with cash on hand and deposits with a bank or any other 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 Company) owned by the Company did not exceed 25% of the cost amount to it of all of its property;
- (i) The Company had at least 20 shareholders (in its first taxation year the Company must have at least 10 shareholders on the last day of that year) and no person would have been a Specified Shareholder of the Company at any time in the taxation year,
- (j) Holders of Preferred Shares had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the Common Shares to participate *pari passu* with the holders of common shares in any further payment of dividends; and,
- (k) The Company's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, where at any time in the year the cost amount to it of its Qualifying 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 2/3 of the cost amount of all of its property, the Company's liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

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

Taxation of the Company

The Company will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the corporation in computing its income for the preceding year. As a MIC is deemed to be a public corporation, the Company 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 Company's deduction for capital gains dividends and the shareholders' deemed capital gain will allow the Company to flow capital gains through to a shareholder on a tax efficient basis. As a public corporation, the Company will be subject to tax at the highest corporate rates. However, the Company 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 Company on the Preferred Shares) dividends paid on the Preferred Shares from income earned by the Company 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 DIVDENDS 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 Company) 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 Company on the redemption or acquisition by it of a Preferred Share up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Company on the redemption or acquisition of a Preferred Share which is in

excess of the paid-up capital of such Preferred Share will be deemed to be a dividend and will be included in the income of a holder of Preferred Shares in accordance with the rules described above.

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 Company.

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 Company qualifies as a MIC under the Tax Act at such particular time and if throughout the calendar year in which the particular time occurs, the Company does not hold as part of its property any indebtedness, whether by way of Mortgage or otherwise of a person who is an annuitant, a beneficiary, an employer or a subscriber, as the case may be, under the relevant Deferred income 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 Company.

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 Company fails to qualify as a MIC at any time throughout a taxation year, shares of the Company 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 Company has appointed no exclusive Selling Agent. The Preferred Shares are 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 Company or the Manager. Commissions may be paid over time or in cash immediately upon the Company 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 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 Company for cash or merge with a public company.

The Preferred Shares are not insured

The Company is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation. 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 Company 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 Company's articles, the Company's directors are required to use their best efforts to ensure that the Company qualifies and remains qualified as a MIC pursuant to the Tax Act. Additionally, the Manager has agreed, in the Financial 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 Company 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 Company fails to maintain its qualification as a MIC under the Tax Act, dividends paid by the Company on the Preferred Shares will cease to be deductible from the Company's income and the Preferred Shares, unless listed on a prescribed stock exchange for the purposes of the Tax Act, may cease to be qualified investments for Deferred Income Plans. 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 Company and corporate holders of the Preferred Shares will not be entitled to deduct the amount of any dividends paid on their Preferred Shares from their taxable income. See Item 6. "Income Tax Considerations".

Our Investments are secured against real property whose value can fluctuate

The Company's investments in Mortgage loans will be secured by real estate. All Real Property investments are subject to elements of risk. Real Property value is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants, competition from other available properties and other factors. While independent appraisals are required before the Company 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 Company'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 Company or if the Company were unable to invest its funds in residential and commercial Mortgages on economically favourable terms. On default by a borrower, the Company 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 Company may be required to incur such expenditures to protect its investment, even if the borrower is not making debt service required of it under the Mortgage.

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

The Company will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by the properties of the Company will not be able to be

refinanced or that the terms of re-financing will not be as favourable as the terms of existing indebtedness.

We may be unable to make investments

The Company 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 Company 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 Company 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 Company. Many of these investors will have greater financial resources than those of the Company, or operate without the investment or operating restrictions of the Company or according to more 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 Company will be entitled to, and may incur indebtedness secured by the Company'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 Company'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 Company, 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 Company is required to furnish when incurring indebtedness may include an assignment of its Mortgages to a third party lender. If the Company 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 Company 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 Company's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Company's portfolio being less diversified than anticipated. There is no assurance that the Company's Mortgage portfolio will reflect the Manager's Mortgage portfolio and in fact, the composition of the Company'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 Company or distributions received by its security holders.

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

Although the Company 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 Company 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 Company 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 Company is 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 Company. 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 Company's business including the election of directors.

Conflicts of Interest

Certain of the Company'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 Company is entitled to earn a fee for providing services to the Company. 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

Company. 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 Company.

The services of the Manager, the directors and officers of the Manager and the members of its credit committee are not exclusive to the Company. 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 Company.

Although none of the directors or officers of the Company will devote all of his or her full time to the business and affairs of the Company each will devote as much time as is necessary to supervise the management of or to advise on the business and affairs of the Company. See Item 8. "Conflicts of Interest, Item 2." "Business of Antrim Balanced Mortgage Fund Ltd. - Material Contracts", Item 3. "Description of the Company - 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 Company 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 Company 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 are prepared 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 is set at June 30th of each year.

Item 10 - Resale Restrictions

10.1 The Preferred Shares are 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 four (4) months and a day after the Company 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) the Company to cancel your agreement to buy these securities; or,
 - (b) for damages the Company, 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.

Item 12 – Financial Statements

Attached to this Offering Memorandum immediately following this Item are the audited financial statements for the Company for the years ended June 30, 2010 and June 30, 2011

ANTRIM BALANCED MORTGAGE FUND LTD.
Financial Statements
Year Ended June 30, 2011

ANTRIM BALANCED MORTGAGE FUND LTD.
Index to Financial Statements
Year Ended June 30, 2011

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Malish Clark

CERTIFIED GENERAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Antrim Balanced Mortgage Fund Ltd.

We have audited the accompanying financial statements of Antrim Balanced Mortgage Fund Ltd. which comprise the balance sheet as at June 30, 2011 and the statements of income and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Malish & Clark
Certified General Accountants

Langley, BC
August 22, 2011

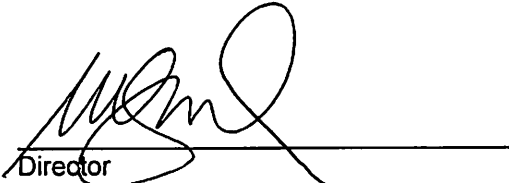
Management's Responsibility for Financial Reporting

The financial statements of Antrim Balanced Mortgage Fund Ltd. have been prepared in accordance with Canadian generally accepted accounting principles. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts were established on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Antrim Balanced Mortgage Fund Ltd.'s reporting systems are achieved through the use of formal policies and procedures and a reasonable division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is comprised of four individuals, three of which are employed by the management company. The Board meets periodically with the shareholders' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board issues its approval of the financial statements.

The financial statements have been audited on behalf of the shareholders by Malish and Clark CGA's, in accordance with generally accepted auditing standards.



Director

August 29th 2011.

Date

Fort Langley, BC

ANTRIM BALANCED MORTGAGE FUND LTD.

Balance Sheet

June 30, 2011

| | 2011 | 2010 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 224,700 | \$ - |
| Interest receivable | 572,926 | 432,842 |
| Prepaid expenses | - | 500 |
| Mortgages receivable (Note 5) | 70,993,065 | 36,850,902 |
| Due from Tralee Investments Ltd. | - | 125,950 |
| | <u>71,790,691</u> | <u>37,410,194</u> |
| LONG TERM MORTGAGES RECEIVABLE (Note 5) | 997,642 | 129,792 |
| SOFTWARE (Note 6) | 745 | 1,490 |
| | <u>\$ 72,789,078</u> | <u>\$ 37,541,476</u> |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | |
| CURRENT | | |
| Bank indebtedness (Note 7) | \$ - | \$ 242,056 |
| Accounts payable | 133,714 | 71,535 |
| Due to Cavehill Investments Ltd. (Note 8) | 500 | - |
| Dividends payable | 906,167 | 200,001 |
| Deferred income | 875 | 875 |
| | <u>1,041,256</u> | <u>514,467</u> |
| PREFERRED SHARES - Class A (Note 9) | 32,842,453 | 18,841,895 |
| PREFERRED SHARES - Class B Series B (Note 9) | 38,906,146 | 18,185,891 |
| | <u>72,789,855</u> | <u>37,542,253</u> |
| SHAREHOLDERS' DEFICIENCY | | |
| Share capital (Note 10) | 4 | 4 |
| Deficit | (781) | (781) |
| | <u>(777)</u> | <u>(777)</u> |
| | <u>\$ 72,789,078</u> | <u>\$ 37,541,476</u> |

ON BEHALF OF THE BOARD



Director



Director

The attached notes form an integral part of these financial statements.

ANTRIM BALANCED MORTGAGE FUND LTD.**Statement of Income and Deficit****Year Ended June 30, 2011**

| | 2011 | 2010 |
|-------------------------------------|--------------------|--------------------|
| REVENUE | | |
| Interest income | \$ 5,201,264 | \$ 2,020,766 |
| Fees | 12,650 | 8,700 |
| Mortgage discounts earned | 3,000 | 2,125 |
| Other interest | 2,291 | - |
| Rental income | 2,000 | - |
| | <u>5,221,205</u> | <u>2,031,591</u> |
| EXPENSES | | |
| Management fees (Note 11) | 947,466 | 346,331 |
| Trailer fees (Note 9) | 142,971 | 45,421 |
| Professional fees (Note 12) | 42,916 | 29,023 |
| Interest and bank charges | 33,091 | 12,690 |
| Loss on sale of property | 21,997 | - |
| Office | 3,042 | 2,929 |
| Rental expenses | 1,071 | - |
| Amortization | 745 | 745 |
| Licenses and dues | 500 | 500 |
| Interest paid to related parties | - | 1,344 |
| | <u>1,193,799</u> | <u>438,983</u> |
| NET INCOME | 4,027,406 | 1,592,608 |
| DEFICIT - BEGINNING OF YEAR | (781) | (781) |
| | <u>4,026,625</u> | <u>1,591,827</u> |
| DIVIDENDS DECLARED (Note 13) | (4,027,406) | (1,592,608) |
| DEFICIT - END OF YEAR | \$ (781) | \$ (781) |

ECONOMIC DEPENDENCE (Note 14)

RATE OF RETURN (Note 15)

DIRECTORS' OWNERSHIP (Note 16)

ANTRIM BALANCED MORTGAGE FUND LTD.**Statement of Cash Flows****Year Ended June 30, 2011**

| | 2011 | 2010 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 4,027,406 | \$ 1,592,608 |
| Item not affecting cash: | | |
| Amortization | 745 | 745 |
| | <u>4,028,151</u> | <u>1,593,353</u> |
| Changes in non-cash working capital: | | |
| Accounts payable | 62,180 | 42,479 |
| Prepaid expenses | 500 | (500) |
| Deferred income | - | 875 |
| | <u>62,680</u> | <u>42,854</u> |
| Cash flow from operating activities | <u>4,090,831</u> | <u>1,636,207</u> |
| INVESTING ACTIVITIES | | |
| New mortgages funded | (58,563,296) | (36,988,528) |
| Mortgages repaid | 23,967,685 | 9,978,373 |
| Loss on sale of property | 21,997 | - |
| | <u>(34,573,614)</u> | <u>(27,010,155)</u> |
| FINANCING ACTIVITIES | | |
| Series A preferred shares issued | 14,000,558 | 13,370,554 |
| Series B preferred shares issued | 20,720,255 | 14,469,467 |
| Less stock dividends | (2,018,342) | (1,131,488) |
| Dividends paid in cash | (1,879,382) | (844,757) |
| Advances from (to) Tralee Investments Ltd. | 125,950 | (125,950) |
| Advances from Cavehill Investments Ltd. | 500 | - |
| | <u>30,949,539</u> | <u>25,737,826</u> |
| Cash flow from financing activities | <u>30,949,539</u> | <u>25,737,826</u> |
| INCREASE IN CASH FLOW | 466,756 | 363,878 |
| Deficiency - beginning of year | <u>(242,056)</u> | <u>(605,934)</u> |
| CASH (DEFICIENCY) - END OF YEAR | \$ 224,700 | \$ (242,056) |
| CASH (DEFICIENCY) CONSISTS OF: | | |
| Cash | \$ 224,700 | \$ - |
| Bank indebtedness | - | (242,056) |
| | <u>\$ 224,700</u> | <u>\$ (242,056)</u> |

The attached notes form an integral part of these financial statements.

ANTRIM BALANCED MORTGAGE FUND LTD.

Notes to Financial Statements

Year Ended June 30, 2011

1. DESCRIPTION OF BUSINESS

Antrim Balanced Mortgage Fund Ltd. is a mortgage investment corporation pursuant to Section 130.1 of the Income Tax Act. It was incorporated under the British Columbia Business Corporations Act on June 6, 2007. The primary mandate of the Company is to invest its pooled funds into residential first, second and third mortgages that will provide an above average rate of return to its shareholders.

2. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

3. FUTURE ACCOUNTING CHANGES

The Canadian Accounting Standards Board has confirmed that effective January 1, 2011, International Financial Reporting Standards (IFRS) will replace Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises, except for certain entities, including mortgage investment corporations, which can defer the adoption of IFRS until January 1, 2013.

Based on our preliminary evaluation of the differences between Canadian GAAP and IFRS, we do not expect that net assets attributable to securityholders or shareholders will be impacted by the changeover to IFRS. Currently we expect that the impact of IFRS on the financial statements may result in additional disclosures and a potentially different presentation of securityholder interests and certain other items.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unamortized discounts

All discounts on mortgages are capitalized at the time of acquisition. The discounts are amortized on a monthly basis until the earlier of the maturity date or pay out date.

Income taxes

No provision for income taxes has been made in these financial statements as the Company is a Mortgage Investment Corporation in accordance with Section 130.1 of the Income Tax Act. No tax is payable providing all income earned is paid out as dividends within 90 days of the fiscal year end. The dividends paid by the Company are deemed, under the Income Tax Act, to be interest income when received by the shareholders.

Dividends

Dividends on new shares and redemptions are calculated on a pro-rated daily basis. As of July 1, 2009 the Company commenced making a quarterly distribution to its shareholders equal to 7% of invested capital on September 30, December 31, March 31 and June 30. The remainder of the annual distribution is paid out upon completion of the year end financial statements.

(continues)

ANTRIM BALANCED MORTGAGE FUND LTD.

Notes to Financial Statements

Year Ended June 30, 2011

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

Foreclosure and other costs

The Company capitalizes all maintenance and foreclosure costs with the intention of recovering these costs upon subsequent payout of the mortgage providing that sufficient equity is estimated to exist in the underlying security.

Interest recognition

In foreclosure situations, the Company continues to accrue interest and if it is determined that insufficient equity exists a loan impairment provision is recorded in the accounts.

Allowance for impaired loans

Specific allowances are established for individual mortgages identified as impaired, whereby the Company reduces the carrying value of these mortgages to their estimated net realizable value. Mortgages classified as impaired include mortgages for which interest and principal payments are 90 days in arrears and the underlying security is considered inadequate to recover all costs. Estimated realizable amounts are determined by the estimated fair market value of the security underlying the mortgages after deducting estimated costs of realization.

Financial instruments

In September 2009, the Canadian Accounting Standards Board (AcSB) amended CICA Handbook Section 3862, Financial Instruments - Disclosures, to require enhanced disclosures about the relative reliability of the data that an entity uses in measuring the fair values of its financial instruments and to reinforce existing principles of disclosures about risk. The Company adopted these amendments during the 2010 fiscal year. These amendments require entities to establish a three-tier hierarchy to classify and disclose fair value based on inputs used to value the Company's investments. The hierarchy of inputs is summarized below:

Level 1 - quoted prices in active markets for identical investments

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - inputs for the investments that are not based on observable market data

The fair value hierarchy for financial instruments measured at fair value is Level 1 for cash and Level 3 for mortgages receivable.

(continues)

ANTRIM BALANCED MORTGAGE FUND LTD.

Notes to Financial Statements

Year Ended June 30, 2011

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

Financial risks

Liquidity risk refers to the Company's ability to meet its own financial obligations such as funding mortgage commitments, operational expenses, dividend payments and shareholder redemptions. In this regard management monitors its cash regularly to ensure they can meet their obligations; however, the Directors do have the right to postpone shareholder redemptions if they feel that the Company's financial position will become impaired.

Market risk includes both interest rate risk and foreign currency risk. The interest rate risk relates to the Company's ability to adjust to changing interest rates to their line of credit. To offset this risk they generally lend their funds with one-year terms which allows them to adjust rates on renewals annually. There is no foreign exchange risk as the Company is limited to investing in mortgages situated in Canada by virtue of the Income Tax Act.

Credit risks can occur when the value of the underlying security decreases due to adverse changes in the real estate market or from changes in the borrower's personal circumstances. The Company considers itself to be an equity lender and as such will not lend in excess of 75% of the appraised value. Investors should be aware that, in the event of default, losses might still occur if there are substantial foreclosure costs such as legal fees, insurance, tax arrears, repairs and debt servicing of priority mortgages. They should also be aware that equity lending places a higher emphasis on the property value than on the credit worthiness of the borrower, which allows the Company to lend at higher than normal rates. This, in turn, adds a greater degree of credit risk.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of mortgages and provisions for impaired loans. Actual results could differ from those reported.

Amortization

The Company is amortizing the cost of its software at 20% per year on a straight-line basis.

ANTRIM BALANCED MORTGAGE FUND LTD.

Notes to Financial Statements

Year Ended June 30, 2011

5. MORTGAGES RECEIVABLE

| | No. | % | 2011 Total | No. | % | 2010 Total |
|---|------------|-----------------|-------------------|------------|----------------|-------------------|
| First mortgages | 77 | 67.74 % | \$ 48,763,517 | 64 | 67.79 % | \$ 25,065,525 |
| Second mortgages | 86 | 31.73 | 22,845,928 | 70 | 32.21 | 11,915,169 |
| Third mortgages | 1 | 0.53 | 381,262 | - | - | - |
| | 164 | 100.00 % | 71,990,707 | 134 | 100.00% | 36,980,694 |
| Less: current portion due within one year | | - | 70,993,065 | - | - | 36,850,902 |
| Long term portion | | | \$ 997,642 | | | \$ 129,792 |

| | 2011 | 2010 |
|---------------------------------------|------------|------------|
| The average mortgage balance is | \$ 438,968 | \$ 279,206 |
| The weighted average interest rate is | 9.26 % | 9.62 % |

At June 30, 2011 there were seven mortgages in foreclosure totaling \$2,224,228 and 2 mortgages that were delinquent (2010 - none in foreclosure and three delinquent). Management estimates that there is sufficient equity in all of the non-performing loans, therefore no loan impairment provision has been recorded for the current year.

6. SOFTWARE

| | Cost | Accumulated amortization | 2011 Net book value | 2010 Net book value |
|-------------------|----------|-----------------------------|---------------------------|---------------------------|
| Computer software | \$ 3,726 | \$ 2,981 | \$ 745 | \$ 1,490 |

7. BANK INDEBTEDNESS

The Company has a line of credit with TD Canada Trust to the lesser of \$8,000,000 or 75% of eligible mortgages. Interest is charged at the bank's prime lending rate plus 0.75% per annum and is secured against certain eligible mortgages as determined by the bank.

8. DUE TO CAVEHILL INVESTMENTS LTD.

The balance due to Cavehill Investments Ltd. represents expenses paid on behalf of the Company. This amount will be resolved within the next fiscal year.

ANTRIM BALANCED MORTGAGE FUND LTD.

Notes to Financial Statements

Year Ended June 30, 2011

9. PREFERRED SHARES

| | | | |
|------------------------|--|----------------------|----------------------|
| Authorized: | | | |
| 50,000,000 | Class A non-voting, redeemable preferred shares without par value | | |
| 50,000,000 | Class B "Series A" non-voting, redeemable preferred shares without par value | | |
| 50,000,000 | Class B "Series B" non-voting, redeemable preferred shares without par value | | |
| | | <u>2011</u> | <u>2010</u> |
| Issued and fully paid: | | | |
| 32,842,453 | Class A preferred shares | \$ 32,842,453 | \$ 18,841,895 |
| 38,906,146 | Class B preferred shares - Series B | <u>38,906,146</u> | <u>18,185,891</u> |
| | | <u>\$ 71,748,599</u> | <u>\$ 37,027,786</u> |

Investors who purchase the Class B "Series B" shares will pay a trailer fee of one half of one percent per annum on their invested capital. The rate of return will differ between the two series of shares although both series of preferred shares have the same rights and restrictions.

10. SHARE CAPITAL

| | | | |
|------------------------|--|-------------|-------------|
| Authorized: | | | |
| 100 | Common voting shares without par value | | |
| | | <u>2011</u> | <u>2010</u> |
| Issued and fully paid: | | | |
| 4 | Common shares | <u>\$ 4</u> | <u>\$ 4</u> |

11. MANAGEMENT FEES AND RELATED PARTY TRANSACTIONS

The Company has contracted with Antrim Investments Ltd. to manage the mortgage portfolio for a fee which is calculated at one twelfth of 1.5% of the mortgage portfolio per month plus HST.

Antrim Investments Ltd. is wholly owned by Mr. William Granleese. Mr. Granleese is also the president and one of four directors of the Antrim Balanced Mortgage Fund Ltd. The other Directors are Will Granleese, Robert Granleese, and Victor Dyck.

12. PROFESSIONAL FEES

| | | |
|--|------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Legal fees - Cleveland Doan | \$ 26,620 | \$ 12,765 |
| Accounting and audit fees - Malish & Clark | <u>16,296</u> | <u>16,258</u> |
| | <u>\$ 42,916</u> | <u>\$ 29,023</u> |

ANTRIM BALANCED MORTGAGE FUND LTD.

Notes to Financial Statements

Year Ended June 30, 2011

13. DIVIDENDS

The 2010 dividends were paid as follows:

| | |
|-----------------|---------------------|
| Cash dividends | \$ 661,899 |
| Stock dividends | <u>930,709</u> |
| | <u>\$ 1,592,608</u> |

14. ECONOMIC DEPENDENCE

The Company is economically dependent on Antrim Investments Ltd. for both management of the portfolio as well as a source for their potential mortgage investments.

15. RATE OF RETURN

The effective annualized cash rate of return earned on the Class A preferred shares is 7.86% (2010 - 8.45%) and on the Class B "Series B" preferred shares is 7.37% (2010 - 7.94%).

16. DIRECTORS' OWNERSHIP

At June 30, 2011, the Directors each owned one voting common share and an aggregate total of 1.84% of the non-voting Class A preferred shares.

17. INSURANCE CLAIM

The Company has an insurance claim in process at the time of the audit for an alleged titleholder forgery on a mortgage. The insurance company has confirmed the mortgage is covered under title guarantee insurance for up to 125% of the original principal amount of the loan, to repay both mortgage principal and accrued interest. However, the insurance company is attempting to enforce the mortgage against the title. The Company expects to recover the mortgage balance either through the insurance claim or through foreclosure proceedings.

Item 13 – Date and Certificate

DATED as of January 20, 2012

This Offering Memorandum does not contain a misrepresentation.

ANTRIM BALANCED MORTGAGE FUND LTD.

by its authorized signatories:

“William Granleese”

WILLIAM GRANLEESE - PRESIDENT

“William R. Granleese”

WILLIAM R. GRANLEESE - DIRECTOR

“Robert Granleese”

ROBERT GRANLEESE - DIRECTOR

“Victor Dyck”

VICTOR DYCK - DIRECTOR