



Terrapin Mortgage Investment Corp.

since 1978

TO: TERRAPIN MORTGAGE INVESTMENT CORP. (THE "COMPANY")
AND TO: THE DIRECTORS THEREOF

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for:

_____ (_____)
Preferred shares (the "**Shares**") in the capital of the Company to be purchased at the price of \$ _____ per share for the aggregate subscription price of \$ _____ (the "**Subscription Amount**"), on the terms and conditions described in this Subscription Agreement (Schedule "C").

REQUIRED DOCUMENTATION

1. Complete and sign this Subscription Agreement, including **paragraph 3(a) on page 2** and: (A) if you are an "accredited investor", **Schedule "A"** and (B) if you are a resident of British Columbia, the risk acknowledgement form attached as **Schedule "B"** and (C) **Form 45-106F4** the risk acknowledgement form for all residents of Canada;
2. Take a copy for your records and send the completed, signed original Subscription Agreement to the Company at the following address, together with a cheque or bank draft in the aggregate Subscription Amount payable to "**Terrapin Mortgage Investment Corp.**":

Terrapin Mortgage Investment Corp.
PO Box 49213, Four Bentall Centre
2298 – 1055 Dunsmuir Street
Vancouver, BC V7X 1K8
Attention: Subscription Administration

EXECUTION BY SUBSCRIBER

EXECUTED by the Subscriber as of this _____ day of _____, _____.

NAME AND ADDRESS OF SUBSCRIBER:	SIGNATURE OF SUBSCRIBER:
Name of Subscriber (please print)	X _____ Signature of authorized signatory
Address of Subscriber (residence - street)	_____ Name of authorized signatory
City Province Postal Code	<input type="checkbox"/> Class A – Annual Dividend (Min \$25,000) <input type="checkbox"/> Class B – Quarterly Dividend less 0.30% to cover additional costs of administration and cost of capital. (Minimum \$250,000 investment)
Email	_____ BN for T5 purposes
Phone Type of Account (if through a Trust Company) i.e. RRSP, RRIF, TFSA, Cash	

ACCEPTANCE BY THE COMPANY

ACCEPTED by the Company as of this _____ day of _____, 20__.

TERRAPIN MORTGAGE INVESTMENT CORP.
by: _____ <i>Authorized Signatory</i>

1. Acceptance and Delivery. This Subscription will be deemed to have been accepted and completed upon the acceptance of this Subscription by the Company.
2. Information and Documents. The Subscriber will promptly upon request by the Company provide the Company with such information and execute and deliver to the Company such other undertakings, questionnaires and other documents as the Company may request in connection with the issue and sale of the Shares, all of which will form part of and will be incorporated into this Subscription with the same effect as if each constituted a representation and warranty of the Subscriber set forth herein. The Subscriber consents to the filing of such undertakings, questionnaires and other documents with any securities regulatory authority in connection with the transactions contemplated hereby.
3. Subscriber's Representations and Warranties. In giving this Subscription, the Subscriber represents and warrants to the Company that the Subscriber:
 - (a) meets one of the following Exemptions under National Instrument 45-106 – Prospectus and Registration Exemptions [**CHECK ALL APPLICABLE BOX(ES)**]:

\$150,000 Minimum Investment (for residents of any province or territory of Canada)

- The Subscriber is purchasing securities having an acquisition cost of not less than \$150,000 paid in cash and was not created or used solely to purchase securities in reliance on the exemption from the dealer registration requirements or prospectus requirements available under section 2.10 of National Instrument 45-106 Prospectus and Registration Exemptions.

Close Personal Friend (for residents of any province, excepting Ontario, or territory of Canada) (d)

- the Subscriber is a close personal friend¹ of a director, executive officer, founder or control person of the Company, namely:
- Kevin K. Mahon
 - Jeff Wolrige
 - Jeff Morgan
 - Randolph Pratt
 - Dave Posnikoff
 - Geoffrey Taillefer
 - Melanie Zeegers

Close Business Associate (for residents of any province, excepting Ontario, or territory of Canada) (e)

- the Subscriber is a close business associate² of a director, executive officer, founder or control person of the Company, namely:
- Kevin K. Mahon
 - Jeff Wolrige
 - Jeff Morgan
 - Randolph Pratt
 - Dave Posnikoff
 - Geoffrey Taillefer
 - Melanie Zeegers

¹ A “close personal friend” of a director, executive officer, founder or control person of the Company is an individual who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. The term “close personal friend” can include a family member who is not already specifically identified in the Exemptions if the family member satisfies the criteria described above. The relationship between the individual and the director, executive officer, founder or control person must be direct. For example the exemption is not available to a close personal friend of a close personal friend of a director of the issuer. An individual is not a close personal friend solely because the individual is: (a) a relative, (b) a member of the same organization, association or religious group, or (c) a client, customer, former client or former customer.

² A “close business associate” is an individual who has had sufficient prior business dealings with a director, executive officer, founder or control person of the Company to be in a position to assess their capabilities and trustworthiness. An individual is not a close business associate solely because the individual is a client, customer, former client or former customer of the issuer. The relationship between the individual and the director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director of the Company.

Accredited Investor (for residents of any province or territory of Canada)

- the Subscriber is a person who meets the definition of “accredited investor” under National Instrument 45-106 – Prospectus and Registration Exemptions (such accredited investors must complete the Certificate of Accredited Investor set out as Schedule “A” hereto), and the Subscriber has not been formed, created, established or incorporated for the purpose of permitting the purchase of the Shares as an “accredited investor”

- (b) is purchasing the Shares as principal for its own account, and not for the benefit of any other person, for investment only and not with the intention of selling or redistributing the Shares to others;
- (c) is a resident of the jurisdiction of its address, as set out on the cover page hereof and all acts, directly or indirectly, in connection with this Subscription have occurred only in that jurisdiction;
- (d) understands that the Shares have not been and will not be registered or qualified under a prospectus and are being sold in reliance on Exemptions from the requirement for the Company to, among other things, prepare and file and deliver to the Subscriber a prospectus or other offering document and that, as a result: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Shares; (ii) the Subscriber will not receive a prospectus and the Company is not required to provide the Subscriber with the information that would otherwise be required to be provided to the Subscriber under the Securities Laws in a prospectus or other offering document; (iii) the Subscriber is not entitled to certain civil remedies that would otherwise be available under the Securities Laws were the Shares to be sold under a prospectus or other offering document, for example, a right of action against the Company for a misrepresentation or withdrawal; and (iv) the Subscriber will not receive the benefits associated with a purchase of Securities distributed under a prospectus;
- (e) believes that it is able to evaluate the merits and risks of an investment in the Shares and all other matters in connection with this Subscription and that the Subscriber has sought such advice as the Subscriber considers necessary from the Subscriber’s registered securities adviser, broker or financial or other advisers, or the Subscriber believes that it has such knowledge and experience in financial or business affairs as to be capable of doing so;
- (f) has had the opportunity to ask and have answered any and all questions which the Subscriber wished with respect to the Shares, including the rights and restrictions attached thereto, and the Subscription hereby made;
- (g) is not purchasing the Shares as a result of any verbal or written representations as to fact or otherwise made by or on behalf of the Company or any other person;
- (h) acknowledges that the purchase of the Shares involves risk, that there is no government guarantee or insurance covering the Shares and that the Subscriber may lose its entire investment;
- (i) understands that there is no market for the Shares and that no market may ever develop, that the Shares are subject to resale restrictions under the Securities Laws and agrees that it is the Subscriber’s responsibility to investigate and to comply with those resale restrictions;
- (j) acknowledges that the purchase of the Shares has not been made through or as a result of any advertising;
- (k) acknowledges that the Shares may bear a notice or legend reciting the resale restrictions in order to comply with applicable Securities Laws;
- (l) represents that it is not a: (a) “non-Canadian” within the meaning of the Investment Canada Act (Canada) or a “non-resident” within the meaning of the Income Tax Act (Canada); (b) a “tax shelter”, “tax shelter investment”, or any entity an investment in which would be a “tax shelter investment”, a person acquiring their interest in the Shares as a “tax shelter investment”; within the meaning of the Income Tax Act (Canada); or (c) a “financial institution” within the meaning of section 142.2 of the Income Tax Act (Canada); or (d) a partnership which does not contain a prohibition against investment by persons referred to in paragraphs (a), (b) and (c); and, in the event that Subscriber becomes a “non-Canadian” or a “non-resident” of Canada or a tax shelter, tax shelter investment, or any entity an investment in which would be a tax shelter investment or a “financial institution”, or a partnership with any of the foregoing as member or the Subscriber’s interest in the Shares subsequently becomes a “tax shelter investment”, subsequent to the date of this Subscription, the Subscriber hereby undertakes to immediately notify the Company in writing of such change in status; and
- (m) acknowledges that neither the Company nor any director, officer, employee, agent or other representative of the Company have advised, recommended or otherwise represented to the Subscriber that the Shares are suitable to it, having regard to the Subscriber’s investment needs and objectives, financial circumstances or risk tolerance.

4. **Representations, Warranties and Covenants Survive.** The representations and warranties set forth herein above are made by the Subscriber with the intent that they be relied upon by the Company in determining, in part, the availability to the Company of Exemptions. The Subscriber agrees that such representations and warranties survive the acceptance of this Subscription by the Company and the purchase and sale of the Shares and continue in full force and effect. If any representation, warranty, statement or certification becomes untrue or inaccurate, the Subscriber shall give the Company immediate written notice thereof.

5. **Consequences of Misrepresentation or Breach by Subscriber.** The Subscriber agrees that in the event any of its representations or warranties herein or in any agreement or other document provided by it in connection with this Subscription is untrue in any material respect or the Subscriber breaches or fails to comply with any agreement made herein, that the Subscriber will indemnify the Company,

and its respective directors, officers, agents and advisers from any loss, liability, claim, damage and expense whatsoever arising out of such misrepresentation or breach.

6. No Withdrawal. The Subscriber agrees that this offer and Subscription is given for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber at any time after midnight on the second business day after the Subscriber executes this Subscription. In the event that the Subscriber does not exercise its right to cancel the Subscription, it agrees that, after midnight on the second business day after the Subscriber signs the Subscription, and upon the issue of the Shares and delivery of the share certificate as directed, the Company may in its sole discretion keep and use the Subscription Amount as set out in the Offering Memorandum.

7. Collection of Personal Information. The Subscriber acknowledges and consents to the fact that the Company is collecting the Subscriber's personal information for the purposes of completing the transactions contemplated hereby, including registering the Subscriber as a holder of Shares and communicating with the Subscriber in that capacity. The Subscriber further acknowledges and consents to the fact that the Company may be required to provide securities regulatory authorities or other regulatory agencies pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) with any such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents and warrants that the funds representing the Subscription Amount which will be advanced by the Subscriber to the Company hereunder will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) Act (Canada) (the "PCMLA") and the Subscriber acknowledges that the Company may in the future be required by law to disclose the Subscriber's name and other information relation to this Subscription and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge, none of the subscription funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber.

8. Governing Law. This Subscription will be governed by and construed in accordance with the laws of the Province of British Columbia.

9. Entire Agreement. This Subscription contains the entire agreement between the Company and the Subscriber relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated herein.

10. Assignment. Neither this Subscription nor any interest herein or any of the rights arising hereunder may be assigned or transferred by the Subscriber in any manner without the prior express written consent of the Company.

11. Modification. Neither this Subscription nor any provision hereof may be modified, changed, discharged or terminated except in writing signed by the party against whom any waiver, change, discharge or termination is sought.

12. Enurement. This Subscription will enure to the benefit of and be binding upon the Company and the Subscriber and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

13. Independent Advice. The Subscriber acknowledges that it has been advised by the Company to seek such independent legal, financial or other advice as the Subscriber may require and have been given an adequate opportunity to do so prior to the Subscriber signing this Subscription, and that the Subscriber has either obtained such advice or have declined to do so.

14. Definitions and Interpretation.

In this Subscription, certain capitalized words have been used as defined below:

"**Exemptions**" means exemptions under all applicable Securities Laws, rules and regulations which may be relied upon in order to permit the offer, sale or transfer of the Shares to the Subscriber without the necessity of the Company taking any affirmative action to prepare, file or deliver a prospectus, offering memorandum or similar document;

"**Securities Laws**" means, collectively, the applicable securities laws of the jurisdiction in which any of the Subscribers reside and the respective regulations and rules made and forms prescribed thereunder together with all applicable published policy statements and blanket orders and rulings of the securities commissions; and

"**Subscription**" means the offer made by the Subscriber to purchase, take up and pay for the Shares and the agreement made between the Company and the Subscriber upon this Subscription being accepted by the Company.

[To be Completed by Accredited Investors Only]

SCHEDULE "A"
CERTIFICATE OF ACCREDITED INVESTOR

TO: TERRAPIN MORTGAGE INVESTMENT CORP. (the "Company")
AND TO: THE DIRECTORS THEREOF

In connection with the purchase by the undersigned (the "**Subscriber**") of Preferred shares (the "**Shares**") in the capital of the Company, the Subscriber certifies for the benefit of the Company that:

1. The Subscriber, a resident of, or otherwise subject to the securities laws of the Province of British Columbia hereby represents, warrants and certifies, as an integral part of the attached Subscription, that he, she or it is, and at the closing of the purchase of the Shares will be, correctly and in all respects described by the category or categories set forth directly next to which the Subscriber has marked below.

Definitions of Accredited Investor

[MARK BELOW THE CATEGORY OR CATEGORIES WHICH DESCRIBES YOU]

- (1) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000. (j)
- (2) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year. (k)
- (3) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000. (l)
- (4) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements. (m)
- (5) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors. (t)

Note: A summary of the meanings of some of the terms used in this Accredited Investor Status Certificate follows the signature block below.

The person signing on behalf of the Subscriber is the chief financial officer or other authorized signing officer of the Subscriber.

Dated: _____

Print name of Subscriber

Signature

Name (please print)

Title

Definitions

For the purposes of this Certificate of Accredited Investor, the following definitions are included for convenience:

- (a) “entity” means a company, syndicate, partnership, trust or unincorporated organization;
- (b) “financial assets” means cash, securities, or any contract of insurance or deposit or evidence thereof that is not a security for the purposes of the securities legislation;
- (c) “person” includes
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (d) “related liabilities” means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets or liabilities that are secured by financial assets; and
- (e) “spouse” means an individual who:
 - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada) from the other individual, or
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender.

SCHEDULE "B"

RISK ACKNOWLEDGEMENT FORM – BCI 32-517
(to be completed by residents of British Columbia)

Name of Issuer: Terrapin Mortgage Investment Corp.
Name of Seller: _____

I ACKNOWLEDGE THAT:

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all of my money; and
- I am investing entirely at my own risk.

Date

Signature of Purchaser

Name of salesperson acting on behalf of
the seller

Print name of Purchaser

Sign two copies of this document. Keep one for your records.

National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form. See Schedule "A" attached to this Subscription.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

SCHEDULE "C"
TERRAPIN MORTGAGE INVESTMENT CORP.
PREFERRED SHARE PURCHASE PRICE SCHEDULE

March 1 – 31	\$1.0000 per share
April 1 – 30	\$1.0068 per share
May 1 – 31	\$1.0136 per share
June 1 – 30	\$1.0204 per share
July 1 – 31	\$1.0272 per share
August 1 – 31	\$1.0340 per share
September 1 – 30	\$1.0408 per share
October 1 – 31	\$1.0476 per share
November 1 – 30	\$1.0544 per share
December 1 – 31	\$1.0612 per share
January 1 – 31	\$1.0680 per share
February 1 – 28	\$1.0750 per share

Form 45-106F4

Risk Acknowledgement

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

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future. Terrapin Mortgage Investment Corp will not distribute any portion of these funds as a fee or commission on this transaction.

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

Date

Signature of Purchaser

Print name of Purchaser

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

**W
A
R
N
I
N
G**

You have 2 business days to cancel your purchase.

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

Issuer Name and Address:

Terrapin Mortgage Investment Corp.
PO Box 49213, Four Bentall Centre
Suite 2298 - 1055 Dunsmuir Street
Vancouver, BC V7X 1K8

Tel: (604) 684-8394

Fax: (604) 684-8232

Email: info@tmic.ca