BUILDERS

CAPITAL

MORTGAGE

CORP.

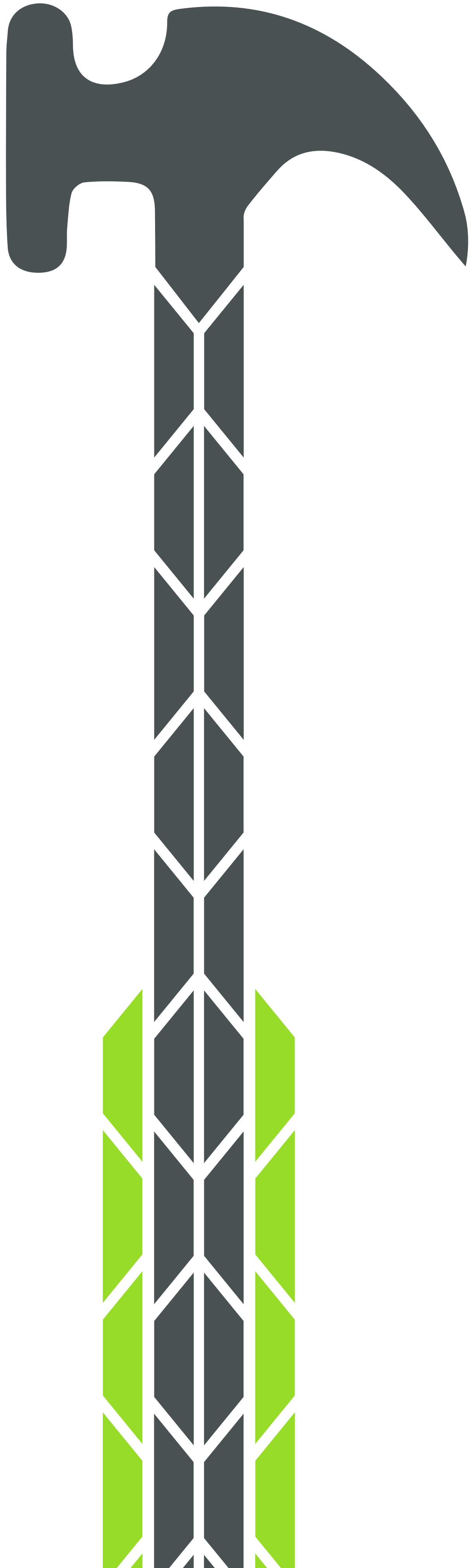
Q2 2014 REPORT

FOR THE THREE AND

SIX MONTHS ENDED

JUNE 30, 2014

BUILDER'S CAPITAL



Builders Capital Mortgage Corp. is a mortgage investment corporation (MIC) providing short-term course of construction financing to builders of residential, wood-frame properties in Western Canada. Based in Calgary, Alberta, Builders Capital was formed on March 28, 2013 but did not commence active operations until December 12, 2013, on the closing of our initial public offering, following which we acquired a portfolio of mortgages from two predecessor companies.

INVESTMENT OBJECTIVE

To generate attractive returns, relative to risk, in order to provide stable and steady distributions to shareholders while remaining focused on capital preservation and staying within the criteria mandated for MICs under the Income Tax Act.

INVESTMENT STRATEGY

In order to deliver above average risk weighted returns, our strategy is to invest primarily in short-term construction mortgages that are secured by development stage residential real property.

Future investments in our portfolio will be strategically concentrated in:

- First or subordinate mortgages on real estate up to a maximum of 75% of value;
- Mortgages on residential wood frame construction projects; and
- Mortgages on properties in typically more liquid and less volatile urban markets and their surrounding areas, with a focus on Western Canada.

TO OUR SHAREHOLDERS

We continue to be pleased with our early performance as a public entity. During the three months ended June 30, 2014 – our second full quarter as a publicly traded mortgage investment corporation (MIC) – our financial condition remained strong. Virtually all of our funds were invested in mortgages to our targeted borrowers, with no loans in default. Cash flows and net income were sufficient to fully meet our planned distributions.

Second Quarter Results

Mortgage revenue for the period was $882,831, representing annualized gross revenue of 15% of gross share capital. This revenue consisted of $826,181 in interest and $56,650 in lender fees charged to borrowers. Consistent with our expectations, second quarter lender fees were more than double those earned in the first three months of the year, equating to 97% of management fees.

Also consistent with expectations, our second quarter operating expenses, excluding the provision for mortgage losses, were $110,435, or 12.5% of revenues. This was somewhat higher than in the first quarter of the year, due primarily to higher interest expense as a result of increased use of our operating line of credit to fund mortgage draws during the busy spring construction season.

We estimated a provision for loan losses of $66,138 for the second quarter. This amount was based on an analysis of historical bad debts by Builders Capital Management Corp., which manages our mortgage portfolio, as well as our current analysis of the construction finance marketplace. This is a collective provision and does not relate to any individual mortgage.

Total comprehensive income for the second quarter was $706,258, or $0.30 per share, based on the weighted average number of shares outstanding for the period. This translates into earnings of $0.51 per Class A Non-Voting Share. Given the dividend priority granted to Class A Non-Voting Shares held by the public, the effective Class A Non-Voting Share dividend cover ratio for the quarter was 2.6 times.

Mortgage Portfolio

At June 30, 2014, our mortgage portfolio consisted of 34 mortgage loans with an aggregate value of $24.5 million. Of the 30 mortgages we acquired at our start-up, nine with values totaling $7.2 million at December 31, 2013 were paid out during the quarter. To date, mortgages representing one-third of the total value of our original portfolio have now been turned over. In addition, four mortgages that were advanced in the first quarter of this year with values totaling $3.1 million were paid out in the second quarter.

We replaced these paid-out mortgages with 16 new mortgages and progress draws on a number of existing mortgages by borrowers with ongoing projects. All of the transactions were consistent with our tight focus on financing short-term, wood-frame residential construction in strong urban markets.

Distributions

On June 20, 2014, our Board of Directors declared a second quarter dividend of $0.1975 per Class A Non-Voting share to shareholders of record on June 30, 2014, payable on July 31, 2014. The dividend amount was calculated to provide an 8% return on the $10.00 initial Class A Non-Voting share price, prorated for the 91 days in the quarter. On an annual basis, this level of distribution is equivalent to $0.80 per Class A Non-Voting share.

Subsequent to quarter-end, on July 31, 2014, based on Q2 income, the Board declared a dividend of $0.3864 per share to Class B Non-Voting Shareholders of record on July 28, 2014, also payable on July 31, 2014.

Outlook

With a well-defined business focus, an established, full-service asset management platform and a strong team of experienced professionals who are proven performers, we are well-positioned to generate above average risk weighted returns in our existing markets, as well as in new markets.

We expect that continued steady housing starts and strong employment growth in southern Alberta, currently our primary market, will drive robust demand for construction financing for at least the next several years. In addition to strengthening our position in Alberta, we intend to extend lending to other western Canadian markets in the future while keeping a sharp eye on capital preservation. In particular, we believe that healthy employment growth, a strengthening economy and high levels of net migration will make Saskatchewan a good market for expansion.

The prevailing low interest rates are a double-edged sword for Builders Capital, having contributed to a strong housing market while also increasing borrowers' sensitivity to price. However, since our inception, we have had sufficient quality lending opportunities to easily keep our capital fully utilized and we expect this to continue to be the case in the near term. Should increased competition or changing market conditions inhibit our ability to source new lending opportunities and continue to grow, we will reduce our rates, expand our marketing and hasten our entry to new geographic markets. We believe that these strategies will enable us to keep the company competitive, profitable and growing in the future.

On behalf of management and the board, we offer our appreciation to our shareholders for your confidence in Builders Capital and your support of our business. We look forward to reporting back to you again at the end of the third quarter.

Sincerely,

Sandy L. Loutitt
President and CEO, Chair of the Board of Directors
Builders Capital Mortgage Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarter Ended June 30, 2014

This management's discussion and analysis (MD&A) has been prepared by Builders Capital Mortgage Corp. (Builders Capital or the company) as of August 19, 2014. It should be read in conjunction with the company's audited financial statements and accompanying notes for the period ended December 31, 2013 and our unaudited interim condensed financial statements for the three months ended June 30, 2014, which represents the second quarter of our 2014 fiscal year. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and all financial information is presented in Canadian dollars.

NOTICE REGARDING FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities legislation, including statements with respect to management's beliefs, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, among other things, risks associated with mortgage lending, competition for mortgage lending, real estate values, interest rate fluctuations, environmental matters and the general economic environment. We caution that the foregoing list is not exhaustive, as other factors could adversely affect our results, performance or achievements. Readers are cautioned against undue reliance on any forward-looking statements. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

BACKGROUND AND OVERVIEW

Builders Capital is a mortgage lender providing short-term course of construction financing, primarily to residential builders. The company was formed on March 28, 2013 but did not commence active operations until December 12, 2013, on the closing of our initial public offering. Shortly thereafter, Builders Capital was listed on the TSX Venture Exchange under the symbol BCF. The company is a mortgage investment corporation (MIC) within the meaning of Section 130.2(6) of the Income Tax Act (Canada) and is governed by the laws of the Province of Alberta.

As a MIC, Builders Capital is not subject to income tax provided that we distribute all of our taxable income as dividends to shareholders within 90 days of our December 31st year-end. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same tax position as if their proportionate share of mortgage investments made by the company had been made directly by the shareholder.

The company is structured with two classes of shares, Class A Non-Voting Shares and Class B Non-Voting Shares. This two-tier share structure grants dividend priority to the Class A Non-Voting shares, providing additional security of both principal and dividends to the Class A Non-Voting shareholders, as detailed under the section entitled Distributions later in this MD&A.

In addition to the Non-Voting Shares, Builders Capital has a limited number of Voting Shares, which are held by the company's principal shareholders.

INITIAL PUBLIC OFFERING (IPO)

Builders Capital began marketing shares to the public after the filing of our final prospectus on October 25, 2013. The company's IPO raised $13.8 million through the sale of Class A Non-Voting Shares and was immediately followed by a private placement of Class B Non-Voting Shares, which raised an additional $9.7 million.

With the funds raised, we acquired a portfolio of 30 mortgages, which formed the basis for our operations. These mortgages were purchased from two predecessor companies that were under common management, Builders Capital Mortgage Investment Corp. and Builder's Capital Inc. An independent accounting firm was engaged to provide a fairness opinion on this transaction. Detailed information about the transaction can be found in our final prospectus and the Initial Portfolio Acquisition Agreement (IPAA), both available at www.sedar.com. The mortgages purchased from Builders Capital Mortgage Investment Corp. and Builder's Capital Inc. respectively totaled $9.6 million and $12.6 million.

OPERATIONS

The company provides short-term, course of construction financing to builders of residential, wood-frame properties. Management believes that staying focused on this niche market reduces overall risk and increases the potential return on the portfolio.

Our portfolio of mortgages is managed by Builders Capital Management Corp. (the manager). The manager sources and services mortgage loans and directs the company's business operations. Extensive experience in all aspects of residential construction and in-depth, up-to-date residential real estate industry knowledge ensure that the manager is able to make prudent mortgage underwriting decisions and efficiently manage potential mortgage defaults. The manager has the ability to complete any unfinished development projects that Builders Capital may acquire through enforcement proceedings or otherwise in a timely and cost-effective manner.

All investments are subject to a rigorous underwriting review. When sourcing investment opportunities, the manager will conduct an initial review to confirm that a mortgage prospect satisfies our lending criteria and Asset Allocation Model (AAM). The AAM dictates the allocation of the aggregate funded and committed assets, based on geographical, economic sector, term, borrower and loan-to-appraised value criteria.

The manager is then required to perform comprehensive due diligence of the underlying assets. The due diligence process revolves around the manager's system of underwriting loans and evaluating projects and borrowers. This process includes a detailed re-costing of each project based on the assumption that we are going to build it ourselves and an analysis or appraisal of what the completed project will be worth. This assessment gives us the information we need to ascertain the value proposition inherent in the project. We only loan on projects that we believe are economically sound and for which we have the capability to complete and sell if necessary.

All of our loans are secured by mortgages and none are written for terms longer than one year. While we sometimes continue to hold mortgages over completed properties, our goal is to keep the terms short and to have borrowers repay loans on completion of construction, either through the sale of the property or by refinancing with another institution.

Our investment objective is to maintain a portfolio of mortgages that generates attractive returns, relative to risk, in order to permit Builders Capital to pay distributions to our shareholders. We aim to achieve this objective while assuring capital preservation and staying within the criteria mandated for MICs.

INVESTMENT STRATEGY

In order to deliver above average risk weighted returns, our strategy is to invest primarily in short-term construction mortgages that are secured by development stage residential real property. Lending on development property will be limited, with mortgages generally provided only in circumstances where a borrower intends to complete the development and build on the land.

Future investments in our portfolio will be strategically concentrated on:

- First or subordinate mortgages on real estate up to a maximum of 75% of value;
- Mortgages on residential wood frame construction projects; and
- Mortgages on properties located in typically more liquid and less volatile urban markets and their surrounding areas, with a focus on Western Canada.

INVESTMENT RESTRICTIONS

Our share terms provide for a number of investment restrictions that can only be changed by a vote of all of the shareholders:

- Builders Capital will not make any investment or conduct any activity that would result in the company failing to qualify as a "mortgage investment corporation" within the meaning of the Tax Act.
- We will not invest in asset-backed commercial paper or in securitized pools of mortgage loans, including securitized pools of sub-prime mortgages.
- We will not invest in securities other than first and subordinate mortgages secured by real property and, on a temporary basis only, interim investments consisting of cash and cash equivalents, Government of Canada treasury bills and Government of Canada bonds with a term to maturity of three years or less (although the company shall not be precluded from owning securities of our subsidiaries or affiliates).
- Builders Capital will not engage in securities lending.
- The company will not engage in derivative transactions for speculative purposes and will only take part in derivative transactions in order to hedge interest rate or exchange.

INVESTMENT PORTFOLIO

The following tables illustrate the composition of the company's portfolio of mortgages as at June 30, 2014.

Total Portfolio by Property Types

Property Type	Mortgage Portfolio #	June 30, 2014 Outstanding Principal $	Total Committed Mortgage Principal $	%	AAM Allocation %
Residential					
Single family – Detached	25	18,581,000	31,185,000	76%	100%
Single family – Attached	9	5,943,000	14,495,000	24%	100%
Total:	34	24,524,000	45,680,000	100%	N/A

Total Portfolio by Geographic Location

Geographic Location of Property	Mortgage Portfolio #	June 30, 2014 Outstanding Principal $	Total Committed Mortgage Principal $	%	AAM Allocation %
Calgary and Area	25	18,996,000	35,835,000	77%	100%
Edmonton and Area	2	1,262,000	2,500,000	5%	100%
Other Alberta	7	4,266,000	7,345,000	18%	100%
Total	34	24,524,000	45,680,000	100%	N/A

Total Portfolio by Contractual Interest Rates

Interest Rate (excluding fees earned by the entities)	Mortgage Portfolio #	June 30, 2014 Outstanding Principal $	Total Committed Mortgage Principal $	%
13%-13.99%	16	12,436,000	25,520,000	42%
14%-14.99%	17	11,859,000	19,930,000	57%
Greater than or equal to 15%	1	229,000	230,000	1%
Total:	34	24,524,000	45,680,000	100%

OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2014

Our financial condition during the quarter was strong, with the bulk of our funds invested in mortgages to our target borrowers throughout the three months.

Of the 30 mortgages we acquired at our start-up, nine with values totaling $7.2 million at December 31, 2013 were paid out during the quarter. To date, mortgages representing one-third of the total value of our original portfolio have now been turned over. In addition, four mortgages that were advanced in the first quarter of this year with values totaling $3.1 million were paid out in the second quarter.

These paid out mortgages were replaced by 16 new mortgages and progress draws by borrowers with ongoing projects on a number of existing mortgages. All of the transactions were consistent with our preference for short-term loans with reasonably quick turn-over and generated cash flows appropriate to our operation.

In total, mortgage advances during the quarter were $9.2 million, and mortgage repayments were $9.3 million. We experienced no difficulties with borrowers and none of our loans were in default during the quarter. Cash flows and net income were sufficient to comfortably meet our targeted distributions.

Revenue

Mortgage revenue for the quarter ended March 31, 2014 was $882,831, which represents annualized gross revenue of 14.6% of gross share capital. This revenue consisted of $826,181 in interest and $56,650 in lender fees charged to borrowers. An additional $61,164 in lender fees were charged during the quarter but were not reported as revenue as the fees relate to future periods.

Lender fees are tied to the negotiation of new mortgages and are generally charged for an annual term to borrowers when new loans are made, or when existing loans are renewed. As the initial basis of the company's operations was an acquired portfolio of existing mortgages, lender fees will be lower in the first few quarters of operation than expected over the longer term. Lender fees are generally charged at 1% of approved loan amounts and are expected to approximately equal, or to exceed, the management fees charged by the company's manager. Consistent with expectations, lender fees earned in the second quarter were more than double those earned in the first three months of the year and equated to 96.6% of management fees.

Expenses

Excluding a provision for loan losses, second quarter operating expenses were $110,435, or 12.5% of revenue. These expenses were within expectations and consistent with our forecast for the period, coming in somewhat higher than the previous quarter, due mainly to increased interest expense, as discussed below.

The provision for loan losses of $66,138 was estimated by management, based on an analysis of the manager's historical bad debts and current analysis of the construction finance marketplace. This is a collective provision and does not relate to any individual mortgage.

Management fees for the quarter were $58,626, calculated on the total gross amount of Class A and Class B Non-Voting Shares outstanding during the quarter and prorated for the 91-day time period.

Interest expense of $23,000 in Q2 was substantially higher than the $4,000 incurred in the first quarter of the year. This increase was due to increased use of our operating line of credit to fund mortgage draws. The second and third quarters of each year tend to see an upsurge in construction activity and thus tend to be somewhat busier for us as a construction lender.

Our general and administrative expenses were $4,000 higher in the second quarter of the year than in the first but, at 3.29% of revenues, were consistent with the second quarter's 3.23% of revenues.

Comprehensive Income

Total comprehensive income for the second quarter was $706,258, or $0.30 per share, based on the weighted average number of shares outstanding for the period. This translates into earnings per Class A Non-Voting Share of $0.51 per share. Given the dividend priority granted to Class A Non-Voting Shares and the intended 8% dividend, the effective Class A Non-Voting Share dividend cover ratio is 2.6 times. We believe that this gives very good support to our quarterly dividends.

IPO Financing Costs

Financing costs associated with the IPO and private placement totaled $1.6 million, including professional fees for preparation of the prospectus; offering, agent and brokerage fees and commissions; and other marketing and offering costs. In accordance with IFRS, the costs of the offering are not treated as expenses in the financial statements, but instead are shown as a reduction in the value of the equity of the company. These costs are, however, deductible for tax purposes over a five-year amortization period.

Our intent is to restrict the distributions to less than 100% of net income in order to utilize the tax deductibility of these expenditures. This distribution policy will, over time, have the result of retaining income equal to the offering costs within Builders Capital, which will increase the net asset value of the company while ensuring that no corporate taxes are paid. Because of the two-tier share structure, and the priority on distributions that the Class A Non-Voting Shares hold over the Class B Non-Voting Shares, we expect the restriction in distributions to come entirely from the portion of income otherwise available for distribution to the Class B Non-Voting Shareholders.

Balance Sheet

At June 30, 2014, total assets were $24.4 million, of which 99.9% was invested in mortgages.

Liabilities of $2.0 million consisted of a $1.5 million line of credit balance, Class A dividends declared and trade payables.

Quarterly Financial Information

	Quarter ended June 30, 2014	Quarter ended March 31, 2014	12 days ended December 31, 2013
	$	$	
Revenues	882,831	786,410	101,028
Earnings and total comprehensive earnings	706,258	637,965	61,834
Total assets	24,404,039	24,542,111	22,306,706
Shareholders' equity	22,451,890	22,356,772	21,990,962
Basic and fully diluted earnings per share	0.30	0.27	0.45
Cash dividends declared	611,138	272,155	36,278
Cash dividends declared per Class A Non-Voting share	0.1995	0.1973	0.0263

FINANCIAL FORECAST

Included in the company's final prospectus is a Financial Forecast of our financial position and results of operations for fiscal periods subsequent to the closing of the IPO. The forecast was prepared on the assumption that the IPO and subsequent private placement would raise net share capital of $40.7 million. In fact, net capital of $22.0 million was raised, which, while within the range contemplated in the prospectus, represented approximately 54% of the amount on which the forecast was based. In addition, the forecast was prepared on the assumption that the IPO would close on September 30, 2013. Since the IPO closed approximately three months later, the quarter ended June 30, 2014, which is the second full quarter after the closing, is compared to the forecasted period of January 1, 2014 to March 31, 2014 (the comparable period).

Revenues for the quarter ended June 30, 2014 were slightly higher than forecasted for the comparable period, equating to 62.0% of the projected $1.4 million. Revenues were expected to represent 3.5% of capital raised in the quarter but actually equated to 3.75% of the capital raised.

Operating costs, including management fees and the provision for loan losses for the comparable period, were forecasted to equal 19.7% of revenues, or $281,104. In fact, they represented 20.0% of revenues earned in the quarter.

Actual comprehensive income for the quarter of $706,258 represented 61.8% of the forecasted amount and 3.0% of the total capital raised versus the forecasted 2.8% of capital raised.

Overall, when adjusted for the actual amount of capital raised in the IPO, the forecast agrees quite closely to the actual results. We believe that the assumptions used in the forecast remain valid, and that the material differences between actual and forecasted results will relate primarily to the amount of capital raised in the IPO and any additional capital raised during the forecast period.

DISTRIBUTIONS

Class A Non-Voting Shareholders are entitled to receive annual dividends of 8% in preference to all other shareholder distributions. Once these dividends have been paid, Class B Non-Voting Shareholders are entitled to receive total annual dividends of up to 16%. Any remaining income available for distribution at our fiscal year-end will be allocated pro-rata between the classes of shares, including the Voting Shares.

On June 20, 2014, based on income for the second quarter, the company's Board of Directors declared a dividend of $0.1995 per Class A Non-Voting share to shareholders of record on June 30, 2014. This distribution was paid on July 31, 2014 and is recorded as payable in the accompanying financial statements. The dividend amount was calculated to provide an 8% return on the $10.00 initial Class A Non-Voting share price, prorated for the 91 days in the quarter. On an annual basis, this level of distribution is equivalent to $0.80 per Class A Non-Voting share. In total, dividends of $275,189 were declared on the 1,379,395 Class A Non-Voting shares.

Earlier in the quarter, on April 30, 2014, based on the income for the 12-day period ended December 31, 2013 and the first quarter of 2014, the Board declared a dividend of $0.3456 per share to Class B Non-Voting Shareholders of record on April 28, 2014. This distribution was paid on April 30, 2014. In total, dividends of $335,949 were declared on the 972,076 Class B Non-Voting shares.

Subsequent to the quarter-end, on July 31, 2014, based on the income for the second quarter of the fiscal year, the Board declared a dividend of $0.3864 per share to Class B Non-Voting Shareholders of record on July 28, 2014. This distribution was paid on July 31, 2014. In total, dividends of $375,610 were declared on the 972,076 Class B Non-Voting shares.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow and liquidity were good during the quarter and are monitored daily as this aspect of the business is critical to success. Liquidity risk for the company comes primarily from the prospect of committing to a mortgage for which sufficient funds are not available to make draws as requested by the borrower. We have a number of tools to manage liquidity and to ensure that commitments can be met. These include our $2.5 million line of credit, detailed cash-flow planning procedures, and Builders Capital's well-established network of affiliates and mortgage industry contacts through which mortgages can be sold or syndicated as required for cash flow purposes. In addition, our mortgage documents include language whereby a borrower cannot compel the company to advance funds. Our primary goal is to minimize unused cash balances, while ensuring that borrower needs and other commitments can always be met.

During the first quarter, mortgage draws of $9.2 million were advanced on a timely basis and $9.3 million was received as pay-downs on loans. As the company's mortgages are predominantly short-term in nature, the continual repayment by borrowers of existing mortgage investments creates liquidity for ongoing mortgage investments and funding commitments.

Builders Capital has no plans or commitments for capital expenditures. The company is financed and will continue to be financed, primarily by the issuance of common shares and intends to issue additional common shares in the future to finance growth in the mortgage portfolio.

RELATED PARTY TRANSACTIONS

Our manager is a company controlled by certain Builders Capital directors. The manager receives a management fee calculated as 1% per annum of the book value of the share capital of the company. For the period ended June 30, 2014, this amount was $58,626. In addition to this fee, the manger charges lender fees directly to borrowers with 28.6% of these fees being paid to the company and the remaining 71.4%

going to the manager. Over time, we expect that the company's share of these lender fees will offset the 1% management fee payable to the manager. At the quarter-end, an amount of $28,296 was due to the manager and is included in accounts payable on our financial statements. This amount relates to management and lender fees.

FINANCIAL INSTRUMENTS

The company's significant financial instruments are our mortgages receivable. The risks associated with the mortgages are fairly typical for any lender and primarily revolve around the possibility of default on the part of the borrowers. The mortgages receivable are all written with fixed interest rates and no gains or losses are associated with these instruments. Virtually all of the company's revenue is derived from our mortgages, either as interest or as lender fees charged to borrowers at the inception and renewal of their loans.

CRITICAL ACCOUNTING ESTIMATES

The determination of an impairment provision for the mortgage portfolio is a critical accounting estimate. Builders Capital considers evidence of impairment for mortgages receivable at both a specific and collective level. All individually significant mortgages are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but is not yet identifiable at an individual mortgage level. Mortgages that are not individually significant are grouped according to risk characteristics and each group is collectively assessed for impairment.

In assessing collective impairment, we review historical trends of probability of default, the timing of recoveries and the amount of loss incurred. This information is weighed against management's judgments as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a specific mortgage receivable is calculated as the difference between its carrying amount, including accrued interest, and the present value of the estimated future cash flows, discounted at the mortgage's original effective interest rate. Losses are recognized in the statement of comprehensive income and reflected in an allowance account against the mortgages receivable. When a subsequent event causes the amount of an impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable. In addition, our Audit Committee and Board of Directors provide an oversight role with respect to our public and financial disclosures. Both have reviewed and approved this MD&A and the accompanying financial statements for the quarter ended June 30, 2014.

CONTROLS AND PROCEDURES

Internal control over financial reporting encompasses controls and processes designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As the management of Builders Capital, we are responsible for establishing and maintaining these controls. Under the supervision of and with the participation of the CEO and the CFO, management carries out, on an ongoing basis, an assessment of the design of these internal controls. This assessment includes a risk evaluation of internal controls and documentation and testing of the key processes and controls. Due to the inherent limitations in any control system, an evaluation can only provide reasonable assurance over the effectiveness of the controls and internal controls are not expected to prevent and detect all misstatements due to error or fraud. Based on our ongoing assessment, the CEO and the CFO have concluded that Builders Capital's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as at August 20, 2014.

OUTSTANDING SHARE DATA

The company's authorized share capital as at August 20, 2014 consists of 1,000 Voting Shares, of which 100 were outstanding at period end; an unlimited number of Class A Non-Voting Shares, of which 1,379,395 were outstanding at period end; and an unlimited number of Class B Non-Voting Shares, of which 972,076 were outstanding at period end.

In addition, as part of the compensation for closing the IPO, the company granted 82,764 options to agents. Each of these options entitles the agent to purchase one Class A Non-Voting share at the IPO price of $10.00 at any time prior to their expiry on December 12, 2016.

MARKET OUTLOOK

The following discussion is qualified in its entirety by the Notice Regarding Forward-Looking Information at the beginning of this MD&A and by the section entitled Risks and Uncertainties that follows this Outlook section.

The last six months of 2013 saw steady housing starts in Alberta, stabilizing at rates similar to those of the last few years and contributing to a strong marketplace for construction financing. Southern Alberta has been the company's primary market, and management expects that market to remain strong for at least the next several years. According to the Canada Mortgage and Housing Corporation, Alberta will continue to be among the economic growth leaders in Canada, with forecasted employment growth of 2.8% in 2014 and 2.2% in 2015. This growth rate will continue to encourage net migration to the province and will support housing demand. Management expects the level of single family housing starts in 2014 and 2015 to be similar to 2013. RBC's Housing Affordability Index continues to rate Alberta housing among the most affordable in Canada, based largely on Alberta's higher than average incomes.

In the past, management has focused primarily on the Alberta marketplace, but we intend to expand lending to other western Canadian markets in the future. Like Alberta, Saskatchewan is expected to continue to exceed average GDP growth in Canada, with employment growth forecasted by CMHC to be 1.8% in 2014 and 1.7% in 2015. Management believes that employment growth, a strengthening economy and high levels of net migration will make Saskatchewan a good market for expansion.

Despite the contribution of low interest rates to a strong housing market, the prevailing rates have increased borrower's sensitivity to price. While rates charged to borrowers on mortgages purchased as part of the Initial Portfolio Acquisition were generally 14%, subsequent new mortgage agreements have generally specified somewhat lower rates.

Since inception we have had a sufficient number of quality lending opportunities to easily keep our capital fully utilized and we expect this to continue to be the case in the near term. Should increased competition or changing market conditions inhibit our ability to source new lending opportunities or continue to grow, Builders Capital will reduce rates, step up our plans to expand our geographic target market and, through our manager, increase our marketing efforts. Management believes that these strategies will enable us to keep the company competitive, profitable and growing in the future.

RISK AND UNCERTAINTIES

There are two primary areas of risk for us as a lender. The first is the risk that borrowers will fail to meet their obligations and repay mortgages as they come due. Secondly, there is a risk is that sufficient quality investment opportunities will not be available to keep our capital fully deployed. As our primary goal is the preservation of our investors' capital, even at the expense of potential returns, we consider the risk of borrower default to be our primary concern.

A robust new-home construction market greatly reduces both of these risks, as it provides a strong marketplace into which builders can sell their completed projects, it maintains or increases the value of the security for our loans, and it provides an ongoing source of new projects and borrowers. A downturn in the market that substantially decreases security values would have a significant negative effect on our business. We cannot predict the performance of the housing market in the future with certainty.

In order to mitigate these risks, we restrict our loan amounts to 75% of what we consider the fair market value of the security to be. The 25% equity component is a requirement for our borrowers and we believe it provides us with a sufficient margin for error in the event of a drop in property values. The short-term nature of our loans also gives us the flexibility to convert our entire portfolio of mortgages to cash within a 12-month period, if economic conditions warrant. We also maintain sufficient construction expertise to allow us to economically complete any project on which we've loaned funds.

Our share terms provide that the Class A Non-Voting shareholders have a priority over other shareholders with respect to both the payment of dividends at an 8% rate, and any potential return of capital. This creates a significant reduction in the risk profile of the Class A Non-Voting shares, as an impairment in the value of the mortgage portfolio, or a lack of funds available for distributions, will always be absorbed, to the full extent of their investment, by the Class B Non-Voting shares before the Class A shareholders' rights are affected. We believe that this structure substantially reduces risk for the Class A shareholder.

Other risks and uncertainties exist for our business that are typical for business in general and for lenders in particular. These include changes in interest rates, potential environmental issues associated with the mortgage security, borrower solvency, any significant changes in competition, changes in tax legislation and other factors as described under the Notice Regarding Forward-Looking Information at the beginning of this MD&A.

ADDITIONAL INFORMATION

Additional information about Builders Capital is available on SEDAR at www.sedar.com and on our website at www.builderscapital.com.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed financial statements as at, and for the three months ended, June 30, 2014.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(unaudited)

As at		June 30, 2014	December 31, 2013
	Note	$	$
ASSETS			
Mortgages receivable	4	24,396,980	21,889,257
Cash		302	256,949
Amounts held in trust		-	160,500
Prepaid expenses		6,757	-
TOTAL ASSETS		24,404,039	22,306,706
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank indebtedness	5	1,513,626	-
Accounts payable and accrued liabilities		163,333	202,504
Due to related parties	8	-	76,962
Dividends payable	7	275,189	36,278
TOTAL LIABILITIES		1,952,148	315,744
SHAREHOLDERS' EQUITY			
Share Capital		21,965,405	21,965,405
Retained earnings		486,486	25,557
		22,451,891	21,990,962
Total Liabilities and Shareholders' Equity		24,404,039	22,306,706

Approved on behalf of the Board

Sandy L. Loutitt, Director

John Strangway, Director

The accompanying notes are an integral part of these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(unaudited) For the	Note	3 months ended June 30, 2014 $	3 months ended June 30, 2013 $	6 months ended June 30, 2014 $	6 months ended June 30, 2013 $
Revenue					
Interest		882,831	-	1,669,241	-
Expenses					
General and administrative		29,011	15	54,425	15
Interest		22,798	-	27,086	-
Management fees	8	58,626	-	116,607	-
Provision for loan losses	4	66,138	-	126,901	-
		176,573	15	325,019	15
Total comprehensive income (loss)		706,258	(15)	1,344,222	(15)
Earnings per share					
Basic and diluted	6	0.30	(0.15)	0.57	(0.15)

The accompanying notes are an integral part of these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)		Share Capital			6 months ended	6 months ended
		Number	Amount	Retained Earnings	June 30, 2014	June 30, 2013
	Note		$	$	$	$
Balance, beginning of period		2,351,571	21,965,405	25,557	21,990,962	1,000
Dividends declared	7	-	-	(883,293)	(883,293)	-
Total comprehensive income for the period		-	-	1,344,222	1,344,222	(15)
Balance, end of period		2,351,571	21,965,405	486,486	22,451,891	985

The accompanying notes are an integral part of these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(unaudited) For the	Note	6 months ended June 30,2014 $	6 months ended June 30,2013 $
Cash flows related to the following activities:			
Operating activities			
Total comprehensive income (loss)		1,344,222	(15)
Items not affecting cash:			
Provision for loan losses	4	126,901	-
Changes in working capital:			
Prepaid expenses		(6,757)	-
Due to related parties		(76,962)	-
Accounts payable and accrued liabilities		(39,171)	-
Net cash flows generated from (used in) operating activities		1,348,233	(15)
Investing activities			
Mortgage advances during the period		(21,187,981)	-
Mortgage repayments during the period		18,553,357	-
Net cash flows generated from (used in) investing activities		(2,634,624)	-
Financing activities			
Issuance of common shares		-	1,000
Payment of dividends		(644,382)	-
Net cash flows generated from (used in) financing activities		(644,382)	1,000
Net Increase (decrease) in cash		(1,930,773)	(985)
Cash (bank indebtedness), beginning of period		417,449	-
Cash (bank indebtedness), end of period		(1,513,324)	(985)
Cash flows from operating activities include:			
Interest paid		27,086	-

The accompanying notes are an integral part of these condensed interim financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. INCORPORATION AND OPERATIONS

Builders Capital Mortgage Corp. (the "Company") was incorporated under the laws of the province of Alberta on March 28, 2013. The principal business of the Company is to acquire, originate and maintain a portfolio consisting primarily of construction mortgages that are secured by development stage residential real property. The Company operates as a Canadian mortgage investment corporation ("MIC") as defined in the Income Tax Act. The Company is managed by Builders Capital Management Corp. (the "manager").

The Company became a reporting issuer on October 25, 2013 and the shares of the Company are publicly listed on the TSX Venture Exchange under the symbol "BCF". The address of the registered office is 405–1210 8th St. SW, Calgary, Alberta T2R 1L3.

2. BASIS OF PREPARATION

Statement of compliance
These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34-Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board "IASB". These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2013. In particular, it should be noted that the Company's significant accounting policies as presented in Note 3 of the financial statements for the period ended December 31, 2013, have been consistently applied in the preparation of these condensed interim financial statements.

These condensed interim financial statements were approved by the Board of Directors on July 28, 2014.

Basis of measurement
These condensed interim financial statements were prepared on a going concern basis, under the historical cost convention, except for financial instruments classified as fair value through profit or loss, which are measured at fair value.

Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas where judgements and estimates are significant to the financial statements are disclosed in Note 3.

Functional and presentation currency
These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates, assumptions and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Specific allowance for mortgage losses
The Company is required to make estimates and assumptions that relate to the specific allowances for mortgage losses. These estimates may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, and other factors affecting the mortgages and underlying security of the mortgages. These assumptions are limited by the availability of reliable comparable data, economic uncertainty and the uncertainty of predictions concerning future events. Estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could vary a material amount.

Collective allowance for mortgage losses
The Company estimates collective allowance for mortgage losses based on an assessment of the recoverability of mortgages receivable. Allowances are applied to mortgages receivable where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts based on industry experience and current economic trends when making a judgment to evaluate the adequacy of the allowance for mortgage losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

4. MORTGAGES RECEIVABLE

Mortgages receivable are shown at amortized cost, net of a collective allowance for mortgage losses of $126,901 and consist of the following:

		June 30, 2014	December 31, 2013
Conventional first mortgages	69 %	$ 16,946,365	$ 15,380,325
Conventional non-first mortgages	31 %	7,577,516	6,508,932
	100%	24,523,881	21,889,257
Provision for mortgage losses		(126,901)	-
		$ 24,396,980	$ 21,889,257

Mortgages receivable consist of conventional mortgages, which are secured by a mortgage charge with aggregate loan to values not exceeding 75%.

All mortgages are located in Alberta and are residential in nature.

The mortgages comprising the portfolio bear interest at the weighted average rate of 13.45% per annum and mature between July 1, 2014 and June 30, 2015.

Principal repayments based on contractual maturity dates are as follows:

2014	$ 18,323,746
2015	6,200,135
	$ 24,523,881

At June 30, 2014, the Company, based on an estimate of the recoverability of mortgages and an assessment of historical loan losses, accrued an unrealized loss on its mortgages receivable totaling $126,901 (December 31, 2013 - $NIL). No mortgages were in default at the period end.

5. CREDIT FACILITY

The Company has access to a due on demand operating credit facility with a limit of $2,500,000 of which $1,513,626 (December 31, 2013 – $NIL), had been drawn at June 30, 2014. The purpose of the facility is to finance the day-to-day operations of the Company, specifically, financing the placement of mortgages. The loan bears interest while outstanding before and after maturity and default at a rate of 2.50% per annum above the bank's prime lending rate. All interest is payable without demand on the dates specified by the bank and is calculated daily and compounded monthly. The demand facility is secured by all present and after acquired property of the Company. The credit agreement contains certain financial covenants that must be maintained. At June 30, 2014 the Company was in compliance with all financial covenants.

6. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to common shares by the weighted average number of common shares outstanding during the three and six month period ended June 30, 2014:

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30,2013
Numerator for basic earnings per share:				
Total comprehensive income (loss)	$ 706,258	$ (15)	$ 1,344,222	$ (15)
Denominator for basic earnings per share:				
Weighted average number of shares	2,351,571	100	2,351,571	100
Basic and diluted earnings per share	$ 0.30	$ (0.15)	$ 0.57	$ (0.15)

7. DIVIDENDS

The Company's policy is to declare quarterly cash distributions by way of dividends on the last business day of each quarter, payable at the end of the following month. Due to the Company's income tax status as a MIC, these distributions are taxed as bond interest in the hands of the recipients.

The Class A Non-Voting Common Shares rank first, the Class B Non-Voting Common Shares rank second and the Voting Common Shares rank third with respect to an initial non-cumulative dividend at a rate up to, but not exceeding, 8% per annum on each class of Common Shares. In each financial year, if the maximum amount of this initial dividend has been paid on all classes of Common Shares, then the Class B Non-Voting Common Shareholders, at the discretion of the Board of Directors, are entitled to an additional non-cumulative dividend at a rate of up to, but not exceeding 8% per annum. In each financial year, if the maximum amount of both the initial dividend and the additional dividend are paid, then all further dividends declared in such year shall be declared and paid in equal amounts per common share on all the classes of Common Shares.

For the period ended June 30, 2014, the Company declared dividends payable of $0.1995 per share for a total of $275,189 to its Class A Non-Voting Common Shareholders to be paid on July 31, 2014. These dividends are shown as payable in these financial statements.

During the three months ended June 30, 2014, the Company paid $272,155 to its Class A Non-Voting Common shareholders and $335,949 to its Class B Non-Voting Common shareholders.

8. RELATED-PARTY TRANSACTIONS

The Company's manager (a company controlled by some of the Company's directors) receives a management fee, calculated at 1.0% per annum of the book value of the share capital of the Company, calculated daily, aggregated and paid monthly in arrears plus applicable taxes. For the three months ended June 30, 2014, this amount was $58,626. Included in accounts payable and accrued liabilities at June 30, 2014 are amounts payable to the Company's manager of $28,296 (December 31, 2013 - $63,512) related to management fees and to lender fees collected directly from borrowers by the Company on behalf of the manager.

Due to related parties are comprised of the following:

	June 30, 2014	December 31, 2013
Builders Capital Mortgage Investment Corp.	$ -	$ 24,350
Builders Capital Inc.	-	52,612
	$ -	$ 76,962

The total directors' fees paid for the period were $7,000. Directors' fees are set at $1,000 annually together with $500 for each meeting attended. The key management personnel are also directors of the Company. The directors held 100 Voting Common Shares, 550 Class A Non-Voting Common Shares and 401,810 Class B Non-Voting Common Shares in the Company as at June 30, 2014 (and at December 31, 2013).

Key management compensation:
None of the Company's key management personnel received compensation, other than Director's fees, from the Company for the period ended June 30, 2014. The manager directs the affairs and manages the Company's business and administers or arranges for the administration of the Company's operations and is responsible for paying its own expenses including compensation of management personnel. The Company has no employment agreement with members of management and the Company does not pay any cash compensation to any individual for serving as an officer of the Company. In consideration for services provided to the Company by the manager, it is paid a management fee, as discussed above and charges lender fees to the Company's borrowers.

9. CAPITAL DISCLOSURES

The Company's capital consists of shareholders' equity and its credit facility. The Company's objectives when managing capital are, with a focus on capital preservation, to acquire, originate and maintain a portfolio consisting primarily of construction mortgages that generates attractive returns relative to risk in order to permit the Company to pay quarterly distributions to its shareholders.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any internally imposed capital requirements at period end and is subject to externally imposed capital requirements relating to covenants on the credit facility (see Note 5).

10. FINANCIAL INSTRUMENTS

The Company, as part of its operations, carries financial instruments consisting of cash, mortgages receivable, bank indebtedness, accounts payable and accrued liabilities and dividends payable. It is management's opinion that the Company is not exposed to significant credit, interest, currency and liquidity risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

		June 30, 2014		December 31, 2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
FVTPL					
Cash	(Level 1)	$302	$302	$256,949	$256,949
Loans and receivables					
Mortgages receivable	(Level 3)	$24,396,980	$24,396,980	$21,889,257	$21,889,257
Amounts held in trust	(Level 3)	-	-	$160,500	$160,500
Financial liabilities					
Bank indebtedness	(Level 1)	$1,513,626	$1,513,626	-	-
Other financial liabilities					
Accounts payable and accrued liabilities	(Level 3)	$163,333	$163,333	$202,504	$202,504
Due to related parties	(Level 3)	-	-	$76,962	$76,962
Dividends payable	(Level 3)	$275,189	$275,189	$36,278	$36,278

The fair value of cash and bank indebtedness is determined on level 1 inputs. The carrying amount of cash approximates its fair value due to the short-term maturity of this item.

The carrying value of mortgages receivable, amounts held in trust, accounts payable and accrued liabilities, due to related parties and dividends payable approximate their fair value because of the short-term nature of these instruments.

There were no transfers between levels 1, 2 and 3 inputs during the period.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Any instability in the real estate sector and an adverse change in economic conditions in Canada could result in declines in the value of real property securing the Company's mortgages. The Company mitigates this risk by adhering to the investment and operating policies of the Company. Cash is held at a major Canadian financial institution. The Company's maximum exposure to credit risk is represented by the fair values of the cash, amounts held in trust, and mortgages receivable.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

i. Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will vary as a result of changes in market interest rates. The Company manages its financial instruments with the objective of mitigating any potential interest rate risks. The interest rates on the Company's mortgages receivable are fixed for the term. Therefore, the Company is not exposed to significant cash flow interest rate risk. As at June 30, 2014, the Company's mortgages receivable are subject to fair value interest rate risk as an increase in market interest rates will decrease the fair value of the fixed rate financial asset. Any change in market interest rates will however have no impact on the Company's cash flows or comprehensive income for the period as mortgages receivable are carried at amortized cost.

ii. Foreign currency risk

The Company does not have assets or liabilities denominated in a foreign currency.

Liquidity risk

Liquidity risk arises from the possibility of not having sufficient ability to obtain debt financing or equity capital to fund future growth or meet the Company's obligations as they arise. Furthermore, liquidity risk also arises from the possibility of the Company not being able to obtain financing on favourable terms.

The Company's main liquidity requirements will arise from, mortgage advances and acquisitions, manager fees and distributions to shareholders. All of the aforementioned liquidity requirements, except for mortgage acquisitions, are generally funded from cash flows earned on mortgage interest and fees and from mortgage repayments. Mortgage acquisitions are generally funded through equity issuances. The Company's financial condition and results of operations would be adversely affected if it were unable to obtain additional funds through equity issuances or financing, or if it were unable to meet its other liquidity requirements from ongoing operating activities.

The Company's approach to managing liquidity is to ensure that it will have sufficient financial resources available to meet its liabilities as they become due. This includes monitoring of cash and accounts payables and accrued liabilities. The Company intends to mitigate its liquidity risk by not entering into property acquisitions unless it has secured or is confident that it can secure the appropriate capital (debt and/or equity) to fund the particular acquisition. Liquidity risk is also mitigated by the terms offered to investors which state that all redemptions are at the discretion of management and are dependent on the circumstances and to borrowers which state that the Company is never obligated to advance additional mortgages or funding.

11. SUBSEQUENT EVENT

On July 2, 2014, the Company closed a private placement of 82,500 Class A Non-Voting Common Shares for cash proceeds of $10.00 per share.

BOARD OF DIRECTORS

John A. Drummond, LL.B
President
Drummond Financial Services Ltd.,

Victor P. Harwardt, LL.B.
Partner
Salley, Bowes, Harwardt LC

Sandy L. Loutitt
Chair of the Board of Directors
President and CEO
Builders Capital Mortage Corp.

I. Michael Matishak, CA
Chief Financial Officer
Caltor Corporation and Red Rock Energy Inc.

David E. T. Pinkman, LL.B
Chief Executive Officer,
Chief Financial Officer and Director
SFR Energy Ltd.

John Strangway, CA
Chief Financial Officer
Builders Capital Mortgage Corp.

Brent J. Walter, LL.B.
Partner
ProVenture Law LLP

SENIOR MANAGEMENT

Sandy L. Loutitt
President and CEO

John Strangway, CA
Chief Financial Officer

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