



COUNSEL
CORPORATION

COUNSEL CORPORATION

ANNUAL INFORMATION FORM

For the fiscal year ended
December 31, 2014

March 19, 2015

COUNSEL CORPORATION
1 Toronto Street, Suite 700, P.O. Box 3
Toronto, Ontario M5C 2V6

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2014 ANNUAL INFORMATION FORM

(All dollar amounts are in Canadian dollars unless otherwise noted.)

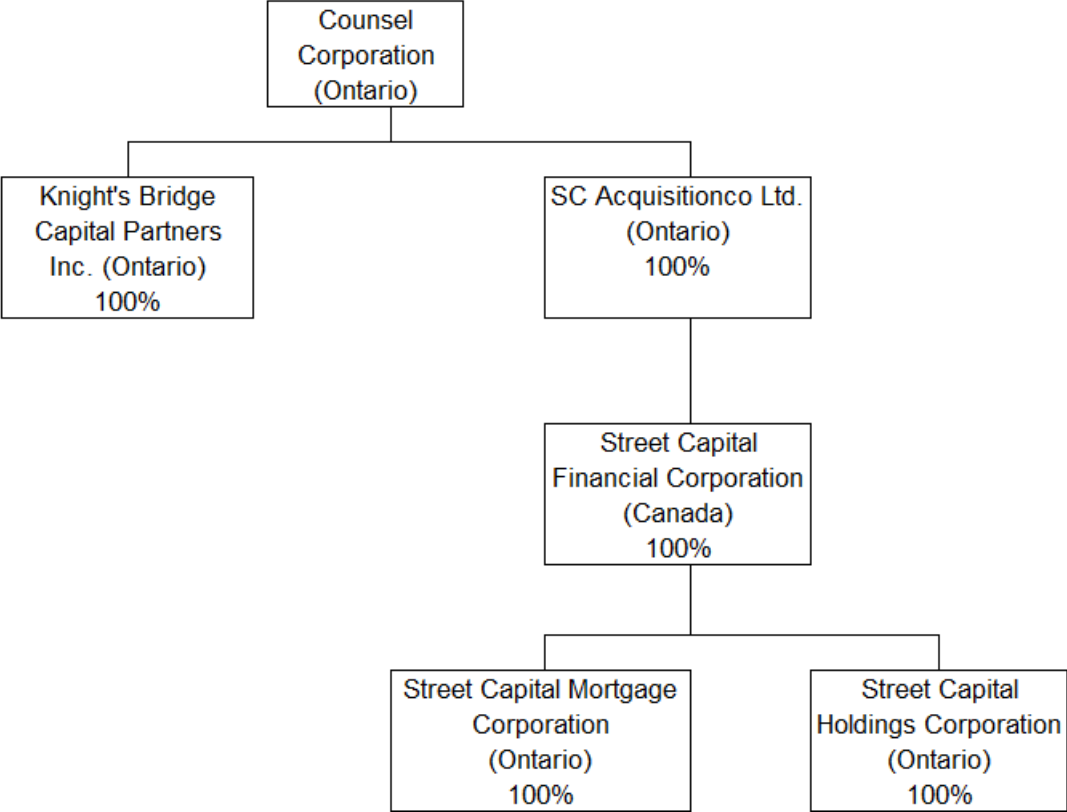
Information in this Annual Information Form (“AIF”) is given as of December 31, 2014, unless otherwise indicated.

CORPORATE STRUCTURE

421367 Ontario Limited, the predecessor to Counsel Corporation, was incorporated under the laws of the province of Ontario by Articles of Incorporation dated August 2, 1979. It changed its name to Counsel Financial Services Limited by Articles of Amendment, effective October 26, 1979 and changed its name to Counsel Trustco Corporation by Articles of Amendment effective July 15, 1982. The corporation amalgamated with its wholly owned subsidiary, 475848 Ontario Limited (formerly Counsel Management Limited), by Articles of Amalgamation effective December 31, 1984. By Articles of Amendment, effective May 22, 1986, the Corporation changed its name to Counsel Corporation. By Articles of Amendment, effective May 5, 1987, the Corporation subdivided each of its issued and unissued common shares on a 3 for 2 basis. The corporation amalgamated with its wholly owned subsidiary, Counsel Healthcare Assets Inc., by Articles of Amalgamation effective December 31, 1998 (the amalgamated corporation is hereinafter referred to as “Counsel” or the “Company” or the “Corporation”). By Articles of Amendment effective June 9, 1999, the Corporation simplified its capital structure by replacing its authorized classes and series of preferred shares with one class of an unlimited number of preferred shares, issuable in series, and changing the authorized number of its common shares to an unlimited number. By Articles of Amendment effective December 19, 2003, the Corporation was authorized to issue, as a series of preferred shares, 12,000,000 shares designated as Preferred Shares, Series A. The Series A preferred shares were redeemed in full on July 24, 2009. By Articles of Amendment effective July 24, 2009, the Corporation was authorized to issue, as a new series of preferred shares, 6,009,616 shares to be designated as Preferred Shares, Series B. On January 25, 2011, all the Series B preferred shares were converted in common shares at \$0.75 per share, which resulted in the issuance of 15,384,617 common shares. The Corporation amalgamated with its wholly owned subsidiary, Counsel Capital Corporation, by Articles of Amalgamation effective January 1, 2014.

The registered and principal office of the Corporation is located at 1 Toronto Street, Suite 700, P.O. Box 3, Toronto, Ontario, M5C 2V6, and its telephone number is (416) 866-3000.

The following chart indicates the principal subsidiaries of the Corporation, their jurisdiction of incorporation and the percentage of voting securities thereof which are owned directly or indirectly by the Corporation as at December 31, 2014.



GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a financial services company which operates primarily in the mortgage lending business.

At the end of May 2011, Counsel acquired Street Capital Financial Corporation (“Street Capital”), a Canadian residential mortgage lender that offers a wide spectrum of high ratio and conventional mortgages at competitive interest rates. Since commencing business in 2008, Street Capital has successfully built a broad network of brokers and established stringent underwriting and due diligence processes, while maintaining a focus on customer service. The purchase price was satisfied through a combination of the issuance of 6,616,664 common shares of Counsel and the payment of approximately \$28 million in cash. Counsel financed the purchase price through a \$17.5 million acquisition debt facility provided by a Canadian chartered bank and a non-brokered private placement of convertible unsecured subordinated debentures (the “Debentures”) for gross proceeds of \$12 million. The Debentures were convertible at \$1.25 per common share and bore interest at 8% per annum, payable quarterly, and matured on May 31, 2014. As of the end of the third quarter of 2013, all \$12 million of the Debentures had been converted into 9,784,735 common shares.

In September 2012, Street Capital announced its intention to apply to Canada’s Minister of Finance for approval to operate as a federally regulated Schedule I bank with its banking business primarily focused on residential mortgage lending as well as consumer lending and related services. The application was filed in December 2012. As expected the application process has taken an extended period of time, and had not been approved as of the date of this AIF. If approved, the bank will carry on business in Canada under the name of Street Capital Bank of Canada in English and Street Capital Banque du Canada in French with its head office being located in Toronto.

In May 2013, Street Capital received approvals from the Canada Mortgage and Housing Corporation (“CMHC”) to be an approved issuer of National Housing Act mortgage backed securities (“NHA MBS”) and an approved seller under the Canada Mortgage Bonds (“CMB”) program. This will enable the company’s mortgages to be pooled into securities designated for sale to Canada Housing Trust under the CMB program. This ability to securitize mortgages, on a limited scale, provides Street Capital with a secondary source of funding and one that can be more profitable than selling mortgages to investors.

The Corporation’s Private Equity business is carried on through a wholly-owned subsidiary, Knight’s Bridge Capital Partners Inc. (“Knight’s Bridge”). In March 2008, Knight’s Bridge closed Knight’s Bridge Capital Partners Fund I (“KBCP Fund I”) with capital commitments in excess of \$62 million, including \$10 million of capital committed by Counsel and approximately \$5 million of capital committed by senior management with the KBCP Fund I having a term of 10 years. For the first five years of the KBCP Fund I, Knight’s Bridge’s mandate was to source new investment opportunities. That five-year period expired in Q1, 2013 and Knight’s Bridge can only invest remaining committed capital into existing investee companies of the KBCP Fund I.

On February 9, 2015, Counsel announced that Knight's Bridge had successfully divested most of the core holdings in the KBCP Fund I. The monetization of the KBCP Fund I portfolio has occurred on or ahead of schedule and has generated positive returns for Counsel's shareholders and third party investors in the KBCP Fund I. Significant holdings which have been sold include Authentic Brands Group LLC, which Knight's Bridge exited in August, 2014; Polaroid Corp., which was exited in December, 2014; and TubeMogul, which became available for exit on January 14, 2015, after the expiry of the KBCP Fund I's hold period following TubeMogul's IPO in July, 2014, and was sold in January and February 2015. The remaining significant holding in the KBCP Fund I is its interest in Robert Graham Designs, LLC, an apparel retailer and manufacturer of high quality men's and women's clothing.

In the first quarter of 2013, Counsel's board of directors approved of a plan to dispose of the Company's non-core operating business segments (i.e. Case Goods, through Fleetwood Fine Furniture LP, Asset Liquidation, through Heritage Global Inc., and Real Estate). The preferred disposition for each of the businesses was based on maximizing their value for the benefit of Counsel shareholders. The decision reflected and accelerated the Company's strategy, undertaken in recent years, to focus on financial services. Counsel's board of directors explored alternatives and concluded that this plan provided the best option to unlock shareholder value while enabling management to focus and build on the unique opportunity for growth and profitability provided by its residential mortgage lending business, Street Capital. The Case Goods business and Real Estate properties were sold to third parties while the shares of the Asset Liquidation business were distributed to Counsel shareholders.

Three Year History

Over the past three years, the following major events influenced the development of the Corporation's business:

Mortgage Lending

- On May 31, 2011, Counsel completed the acquisition of Street Capital.
- In April 2012, Street Capital announced its entrance into the near prime segment of the Canadian residential mortgage market with the launch of its new Street Options Program. The near prime segment is comprised of borrowers who may be unable to obtain financing through traditional sources. Since this is an underserved market, Street Capital expects to realize potentially higher profit margins while growing its product offerings. The company's strategy is to prudently expand its near prime business over time.
- In September 2012, Street Capital announced its intention to apply to Canada's Minister of Finance for approval to operate as a federally regulated Schedule I bank with its banking business primarily focused on residential mortgage lending as well as consumer lending and related services. The application was filed in December 2012. If approved, the bank will carry on business in Canada under the name of Street Capital Bank of Canada in English and Street Capital Banque du Canada in French with its head office being located in Toronto.

- On May 27, 2013, Street Capital received approvals from CMHC to be an approved issuer of NHA MBS and an approved seller under the CMB program. These approvals will enable the business to access an additional source of liquidity for the mortgages it originates and renews and be an approved seller into the CMB program.

Private Equity

- On March 7, 2008, Knight's Bridge closed the KBCP Fund I with total commitments in excess of \$62 million, including \$10 million of capital committed by Counsel and approximately \$5 million of capital committed by senior management. KBCP Fund I's focus was to invest in small to mid-market companies, primarily throughout North America and in a variety of industries, which require between \$2 million and \$10 million in equity financing. The Corporation controls and consolidates the KBCP Fund I.
- For the first five years of the KBCP Fund I, Knight's Bridge's mandate was to source new investment opportunities. That five-year period expired in March 2013 and Knight's Bridge can only invest remaining committed capital into existing investee companies.
- On February 9, 2015, Counsel announced that Knight's Bridge had successfully divested most of the core holdings in the KBCP Fund I.

Discontinued Operations

In the first quarter of 2013, Counsel's board of directors approved of a plan to dispose of the Company's non-core operating business segments (i.e. Case Goods, Real Estate and Asset Liquidation). The Case Goods business and Real Estate properties were sold to third parties while the shares of the Asset Liquidation business were distributed to Counsel shareholders.

DESCRIPTION OF THE BUSINESS OF THE CORPORATION

Counsel currently has active business operations in the mortgage lending sector, through its subsidiary, Street Capital, one of the largest non-bank mortgage lenders in Canada. In the first quarter of 2013, Counsel's board of directors approved of a plan to dispose of the Company's non-core operating business segments. The decision reflected the Company's strategy, undertaken in recent years, to focus on financial services. The disposition plan involved the Asset Liquidation, Case Goods and Real Estate segments. As a result, these entities' assets and liabilities were classified separately as held for sale and their operating results were classified separately as discontinued operations. Counsel is also winding down its Private Equity business. A description of the business of the Corporation's reportable operating segments is included in its Management's Discussion and Analysis of Results of Operations and Financial Condition for the year ended December 31, 2014 ("MD&A"), which is incorporated herein by reference. The Corporation's MD&A and audited financial statements are available on www.sedar.com.

The Mortgage Lending business is carried out through Street Capital, a Canadian residential mortgage lender that offers a wide spectrum of high ratio and conventional mortgages at competitive interest rates. Since commencing business in 2008, the company has successfully built a broad network of brokers and established stringent underwriting and due diligence processes, while maintaining a focus on customer service. It currently sells its mortgages exclusively to financial institutions in Canada.

The Private Equity business is carried on through Knight's Bridge. Knight's Bridge is responsible for sourcing and managing the Corporation's portfolio investment opportunities. Knight's Bridge is an opportunistic and diversified financial services provider with a focus on building portfolio companies into market leaders.

Employees

As at December 31, 2014, the Corporation and its subsidiaries employed approximately 175 employees, of which approximately 93% were employed in the Mortgage Lending business, and 7% in Private Equity and the Corporation's corporate head office.

Risk Factors

An investment in the Corporation's securities involves a number of risks. In addition to the other information contained in this AIF and the Corporation's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. Any of the matters highlighted in these risk factors could have a material adverse effect on the Corporation's business, financial condition or results of operations. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also have a material adverse effect on the Corporation's business, financial condition, or results of operations.

The risk factors relating to the Corporation and its businesses include the following:

Current economic environment

As widely reported, worldwide financial markets have experienced extreme and unprecedented disruptions beginning in the second half of 2008 including, among other things, extreme volatility in securities prices, severely diminished liquidity and limited credit availability. An extended period of limited economic growth or recession could adversely and materially affect the Corporation's revenues and financial performance.

Mortgage lending industry

The mortgage lending industry is subject to market, interest rate, credit and liquidity risk. These risks are influenced largely by changes in general economic conditions (such as the volatility and the available liquidity in the global financial markets which could affect interest rates and resulting spreads) as well as changes in local market conditions (such a reduction in demand for real estate in the Canadian marketplace).

There could also be significant exposure to counterparty credit risk whereby the Company could incur a loss if a counterparty fails to perform its obligations under the contractual terms and the collateral held, if any, is insufficient to cover the underlying loan balance. The Company's counterparties are top-tier financial institutions with sound credit ratings.

Concentration risk

Approximately 80% of the Corporation's revenue from its mortgage lending business was derived from two Canadian financial institution funding sources. If these financial institutions were to terminate their relationships with the Corporation or reduce their acquisitions of mortgages from the Corporation and the Corporation was unable to replace them with other institutional investors or funding sources at similar pricing for mortgages acquired, this could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Reliance on independent mortgage brokers

The Corporation's mortgage lending operations are dependent on a network of mortgage brokers. The mortgage brokers with whom the Corporation does business are not contractually obligated to do business with the Corporation. Further, the Corporation's competitors also have relationships with the same brokers and actively compete with the Corporation in its efforts to expand its broker network and originate mortgage loans. The Corporation may find it difficult to attract new mortgage business from this network of brokers, or sustain current levels, to meet its needs. The failure of the Corporation to sustain or increase its current level of mortgage origination from these sources could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Government regulation

The Corporation's Canadian mortgage lending business is regulated under lending and other legislation in certain of the jurisdictions in which it conducts business. Changes in regulatory legislation or the interpretation thereof, or in the introduction of any new regulatory requirements, could have a negative effect on the Corporation and its operating results. In addition, failure to be appropriately registered in the various Canadian jurisdictions in which it operates could result in enforcement action and potential interruption of certain of the Corporation's activities, which could have a material adverse effect on the Corporation's business, financial condition and results of operations. Finally, as an approved lender under the National Housing Act, the Corporation's mortgage lending subsidiary is able to originate CMHC, Genworth and Canada Guaranty insured mortgages. Any change in the subsidiary's status as an approved lender under the National Housing Act could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Reliance on mortgage insurance

The Corporation relies to a great extent on mortgage insurance to carry on its business. Should such insurance not be available in the future, this would have an adverse effect on the Corporation's ability to place or sell mortgages it originates, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Mortgage repurchase obligations

The Corporation sells the mortgages it originates as soon as is practicable after committing to the mortgages. Mortgage sales are made under agreements with institutional investors which are, in many respects, extremely favourable to the mortgage purchaser. When selling mortgages, the Corporation makes a variety of customary representations and warranties regarding itself, its mortgage origination activities and the mortgages that are sold. These representations and warranties survive for the life of the mortgages and relate to, among other things, compliance with laws, mortgage underwriting and origination practices and standards, the accuracy and completeness of information in the mortgages documents and mortgage files, and the characteristics and enforceability of the mortgages.

Through its mortgage origination and underwriting processes, the Corporation attempts to verify that its mortgages are originated and underwritten in accordance with the applicable requirements and comply with the representations and warranties that it has made. However, there can be no assurance that the Corporation will not make mistakes or that certain employees or brokers will not inadvertently or deliberately violate the Corporation's underwriting or other policies, and breaches of representations and warranties may occur. The Corporation's mortgage sale agreements generally require it to repurchase or substitute mortgages in the event it has breached a representation or warranty made to the mortgage purchaser, and/or to indemnify the mortgage purchaser against any loss it may suffer. Any requirement for the Corporation to repurchase or substitute a significant amount of mortgages that it has sold or to indemnify mortgage purchasers could have a negative impact on the Corporation's financial condition and results of operations. Significant breaches of mortgage sale agreements may also discourage mortgage purchasers from doing business with the Corporation, which could have a negative impact on its ability to sell mortgage and could have a material adverse effect on its business, financial condition and results of operations.

When the Corporation funds mortgages, it relies heavily upon information supplied by third parties, including the information contained in the mortgage application, property appraisal, title information and employment and income documentation. If any of this information is misrepresented and the misrepresentation is not detected before mortgage funding, the value of the mortgage may be significantly lower than expected. Whether the mortgage applicant, the mortgage broker, another third party or one of the Corporation's employees makes a misrepresentation, the Corporation generally bears the risk of loss associated with the misrepresentation. A mortgage subject to a misrepresentation may be unsaleable in the ordinary course of business or may be subject to repurchase or substitution if it is sold before detection of the misrepresentation or may require the Corporation to indemnify the mortgage purchaser. The persons and entities that made a representation are often difficult to locate and it may be difficult to collect from them any losses that the Corporation may have suffered as a result of their misrepresentation. While the Corporation has adopted controls and processes designed to help it identify misrepresented information in its mortgage origination operations, there can be no assurance that these controls and processes have detected or will detect all misrepresented information.

Capital risk

The objective of the Corporation when managing capital is to preserve as well as maximize shareholder value in the short and long term. An area of focus has been the protection of the Corporation's ongoing liquidity, including the preservation of its cash flows from the sale of previously originated mortgages as well as the deferred interest receivable. The Corporation manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Corporation consists of shareholders' equity comprised common shares and retained earnings.

The Corporation makes adjustments to its capital structure in light of economic conditions. The Corporation will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, the issue of debt or by undertaking other activities as deemed appropriate under specific circumstances. The Corporation's overall strategy with respect to capital risk management remained unchanged during 2014.

Competition

The Corporation's financial services products compete with those offered by other financial services companies. Some of these competitors are better capitalized, hold a larger percentage of the Canadian mortgage market, have greater financial, technical and marketing resources than the Corporation and have greater name recognition. The Corporation experiences competition in all aspects of its business, including price competition. If price competition increases, the Corporation may not be able to raise the interest rates it charges in response to a rising cost of funds, or may be forced to lower the interest rates that it is able to charge borrowers, which has the potential to reduce the value of the mortgages the Corporation places with institutional mortgage purchasers. Price-cutting or discounting may reduce profits, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Foreign exchange risk

Foreign exchange risk arises to the extent of net assets invested in US dollars, operations derived from those US dollar investments, and transactions in the US with US customers and foreign suppliers.

Interest rate risk

Interest rate risk arises due to exposure to the effects of future changes in the level of interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates primarily on its mortgages and loans payable, depending on prevailing rates at renewal. With respect to the mortgage receivables, the Company is not exposed to a significant amount of interest rate risk as the purchase price for mortgages placed with financial institutions is based on the customer commitment rate and not the ultimate funded rate.

In order to manage funding needs or capital structure goals, the Company enters into debt agreements that are subject to fixed market interest rates set at the time of issue or floating rates determined by on-going market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of the debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, liquidity needs, maturity schedule, and currency and interest rate profiles.

Market value risk

The business model for the Private Equity segment involves investing in companies that are not easily marketable and are valued based on subjective assessments.

Credit risk

The Company extends credit to customers in the Mortgage Lending businesses. The Company's credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. All the mortgage receivables except for a few are insured or insurable with the Canada Mortgage and Housing Corporation or other private insurers. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Company has no allowance for doubtful accounts in continuing operations at December 31, 2014. The Company historically has not experienced any major collection issues.

The maximum credit exposure of the financial assets is their carrying value as reflected on the consolidated statement of financial position. As of December 31, 2014, the Company's most significant concentration of credit risk is with the counter parties of cash and the mortgage loans.

Acquisitions and integration

The Corporation pursues a strategy of acquiring businesses in order to achieve growth, scale and, ultimately, profitability. If the Corporation is unable to find suitable acquisitions or the funding to complete them, the Corporation may not realize its strategic goals. Likewise, the speed and effectiveness with which the Corporation is able to integrate acquired companies into existing businesses and realize anticipated synergies could have a significant adverse impact on profitability.

Dispositions of investments

An integral part of the Corporation's strategy is the ability to sell acquired businesses once a targeted level of growth has been achieved. There can be no guarantee that Counsel will be able to find a buyer once a decision to sell has been made. Changes in capital markets, economic environments and other factors could delay a sale or substantially reduce the planned selling price, thereby reducing the profitability and planned sources of future funding.

Failure or unavailability of computer and data processing systems and software

The Corporation is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the Corporation's ability to originate, monitor or service customer accounts. If sustained or repeated, a system failure or loss of data could negatively affect operating results. In addition, the Corporation maintains confidential information regarding customers in its computer systems. This infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of computer systems could disrupt operations, damage the Corporation's reputation or result in liability.

Key employees

The Company has certain employees that it considers to be key. Many of these employees are involved in executing the strategy that is expected to lead to the planned results. If these key employees cease to be employed with the Company, planned results could be delayed or might not materialize. The Company mitigates this risk through the use of employment contracts, the formalization of the Company's strategy and business plans and by ensuring the existence of timely knowledge exchange and collaboration.

Insurance

Counsel maintains insurance coverage that includes liability coverage to protect the Company from claims made against it. The Company's ability to maintain adequate insurance coverage at a reasonable cost may be impacted by market conditions beyond the control of the Company.

Income tax loss carry-forwards

Income tax loss carry forwards may expire before we have the ability to utilize such losses in a particular jurisdiction and there is no certainty that current income tax rates will remain in effect at the time when we have the opportunity to utilize reported tax loss carry forwards.

Litigation

The Corporation, from time to time, is involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Corporation is not aware of any pending or threatened proceedings that would have, or during 2014 could have had, a material adverse effect on the consolidated financial condition or future results of the Corporation.

Material Contracts

None.

SECURITIES OF THE CORPORATION

Capital Structure

The authorized capital stock of the Corporation consists of an unlimited number of common and preferred shares, issuable in series. As of December 31, 2014, the Corporation had 99,358,448 common shares issued and outstanding.

Market for Securities

The Corporation's common shares are listed and posted for trading on The Toronto Stock Exchange under the symbol "CXSS".

Counsel's common share trading price and volume for 2014 on a monthly basis on The Toronto Stock Exchange, in Canadian dollars, was as follows:

<u>Month</u>	<u>High \$</u>	<u>Low \$</u>	<u>Trading Volume (shares)</u>
January	2.59	2.04	2,449,500
February	2.30	1.87	3,818,100
March	2.08	1.81	4,063,200
April	1.95	1.60	3,068,100
May	1.88	1.47	2,044,900
June	2.04	1.60	2,084,300
July	2.10	1.85	1,244,300
August	2.00	1.63	1,814,200
September	1.83	1.57	1,919,000
October	1.68	1.47	1,235,000
November	1.85	1.46	1,503,700
December	1.84	1.59	1,594,500

Dividends

There exists no restriction on the Corporation's ability to declare dividends, except as described below. The declaration and payment of dividends is decided by the Corporation's board of directors from time to time based upon and subject to the Corporation's earnings, financial requirements and other conditions prevailing at the time.

In November, 2012, Counsel declared a special dividend-in-kind of the Company's entire holding of 6.1 million common shares of Terra Firma Capital Corporation ("Terra Firma"). The special dividend was paid on January 1, 2013 to shareholders of record as at December 3, 2012. The dividend amounted to approximately 0.0719 of a Terra Firma share for each Counsel common share. Counsel owned approximately 20% of the outstanding common shares of Terra Firma. Following the completion of the special dividend, Counsel no longer holds any Terra Firma shares.

A special dividend-in-kind was declared on March 20, 2014 and paid on April 30, 2014, to Counsel's shareholders of record as at April 1, 2014, in the amount of approximately 0.2084 shares of Heritage Global Inc. for each Counsel share owned on the record date. The dividend comprised all 20,644,481 shares of Heritage Global Inc. owned by the Company.

There are certain restrictions on the payment of dividends by some of the Corporation's subsidiaries, due to compliance with relevant governing corporate statutes and loan covenants.

TRANSFER AGENT & REGISTRAR

The transfer agent and registrar for the Corporation's common shares is Computershare Investor Services Inc., located in Toronto, Ontario, Canada.

DIRECTORS AND OFFICERS

All directors' terms of office will expire at the next annual meeting of shareholders unless re-elected. The information regarding the Corporation's directors, including principal occupation or employment at present and within the past five years is as follows:

Allan Silber, Ontario, Canada – Chairman, President and Chief Executive Officer of the Corporation and a Director of the Corporation since August 2, 1979.

Ronald Appleby, Ontario, Canada – Director of the Corporation since June 19, 2007; employed as a partner of Robins Appleby LLP since 1973. Chairman of the Governance Committee, member of the Compensation Committee and member of the Audit Committee.

Tibor Donath, Ontario, Canada – Director of the Corporation since June 19, 2006; employed as a Partner of Bench & Donath, Chartered Accountants. Chairman of the Audit Committee and member of the Governance Committee.

Philip Reichmann, Ontario, Canada – Director of the Corporation since November 21, 1984; Founding Partner of RH Capital Partners Inc., a private investment firm. Member of the Compensation Committee.

Barry Rotenberg, Ontario, Canada – Director of the Corporation since June 21, 2005; employed as Senior Partner at Harris, Sheaffer LLP. Member of the Governance Committee and Compensation Committee.

Paul Vessey, Ontario, Canada – Director of the Corporation since, June 21, 2011; recently retired as TD Bank Group's Executive Vice President, US Product Management, Personal and Commercial Banking. Prior to TD, he was Chief Operating Officer of Visa USA Inc. He also served in senior executive positions at CIBC as well as at American Express Canada. Member of the Audit Committee.

Information regarding the Corporation's executive officers who are not directors, including their principal occupation or employment at present and within the past five years is as follows:

Kenneth J. Finkelstein, Ontario, Canada – President & Chief Executive Officer – Merchant Banking since November 2007 and, since November 2006, President of Knight's Bridge Capital Partners Inc.

Morris Perlis, Ontario, Canada – Executive Vice Chairman since July 2009.

Stephen Weintraub, Ontario, Canada – employed as Executive Vice President, Secretary since December 2004 and Chief Financial Officer of the Corporation since December 2005.

As of December 31, 2014, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 16,326,408 common shares, representing approximately 16.4% of the outstanding common shares of the Corporation.

INTERESTS OF EXPERTS

Ernst & Young LLP, Chartered Accountants, are the auditors of the Corporation. Ernst & Young LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The current members of the Audit Committee are Tibor Donath (Chairman), Ronald Appleby and Paul Vessey. The Corporation has determined that each member of the Audit Committee is independent and all are financially literate. Mr. Donath is a practising Chartered Accountant. Mr. Appleby has been a partner of Robins Appleby LLP since 1973, specialising in taxation and estate planning. Mr. Vessey is a retired senior executive in the financial services industry.

Audit Committee Charter

A copy of the Counsel Audit Committee Charter is attached as Exhibit A.

External Audit Fees

The following table sets forth external auditor service fees by category for the years ended December 31, 2014 and 2013 (\$000s):

	<u>2014</u>	<u>2013</u>
	\$	\$
Audit fees	259	435
Audit - related fees	-	-
Tax fees	98	39
All other fees	<u>88</u>	<u>396</u>
	<u>445</u>	<u>870</u>

Tax fees include services rendered for tax advice and planning. All other fees relate to services rendered in connection with Street Capital's bank license application.

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's financial statements and MD&A for its most recently completed fiscal year. A copy of such documents may be obtained from the Secretary of the Corporation, upon written request. They may also be accessed via the Corporation's website at www.counselcorp.com. In addition, such documents and additional filings made by the Corporation can be found on SEDAR at www.sedar.com.

As well, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular for its June 17, 2014 annual shareholders' meeting and will be contained in the information circular which will be filed in connection with its annual meeting scheduled for June 18, 2015.

EXHIBIT A



COUNSEL
CORPORATION

PARTNERS IN SUCCESS

AUDIT COMMITTEE CHARTER

Revised: March 15, 2007

The Audit Committee Charter was amended and adopted by the Board of Directors (the “Board”) of Counsel Corporation (the “Corporation”) on March 15, 2007.

I. PURPOSE

The Audit Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in fulfilling its responsibility to oversee management regarding:

- (i) the conduct and integrity of the Corporation’s financial reporting to any governmental or regulatory body, the public or other users thereof,
- (ii) the Corporation’s systems of internal accounting and financial and disclosure controls,
- (iii) the qualifications, engagement, compensation, independence and performance of the Corporation’s independent auditors, their conduct of the annual audit, and their engagement for any other services
- (iv) the Corporation’s legal and regulatory compliance,
- (v) the Corporation’s code of Conduct as established by management and the Board; and
- (vi) the preparation of the audit committee information required by OSC rules to be included in the Corporation’s annual information form.

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Corporation. The Committee has the power to retain outside counsel, independent auditors or other advisors to assist it in carrying out its activities. The Corporation shall provide adequate resources to support the Committee’s activities, including compensation of the Committee’s counsel, independent auditors and other advisors. The Committee shall have the sole authority to retain, compensate, direct, oversee and terminate counsel, independent auditors, and other advisors hired to assist the Committee, who shall be accountable ultimately to the Committee.

II. COMMITTEE MEMBERSHIP

The Committee shall consist of three or more members of the Board, each of whom the Board has selected and determined to be “independent” in accordance with MI 52-110, Section 1.5 of the Ontario Securities Act, Regulations and Rules (“OSA”). All members of the Committee shall meet the financial literacy requirements of the OSA and at least one member shall be an “audit committee financial expert” as such term is defined under applicable OSA rules. No member of the Committee may serve on the audit committee of more than three public companies, including the Corporation, unless the Board of Directors has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Such determination shall be disclosed in the annual information form.

III. COMMITTEE MEETINGS

The Committee shall meet on a regularly scheduled basis at least four times per year or more frequently as circumstances dictate. The Committee shall meet at least quarterly with the independent auditors in separate executive sessions to provide the opportunity for full and frank discussion without members of senior management present.

IV. KEY RESPONSIBILITIES

The Committee's role is one of oversight. The Corporation's management is responsible for preparing the Corporation's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee recognizes that management and the independent auditors have more time, knowledge and detailed information about the Corporation than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Corporation's financial statements or any professional certification as to the independent auditors' work.

The following responsibilities are set forth as a guide for fulfilling the Committee's purposes, with the understanding that the Committee's activities may diverge as appropriate given the circumstances. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time.

To fulfill its purposes, the Committee shall:

Supervise the Independent Audit

1. appoint, evaluate, compensate, oversee the work of, and if appropriate terminate, the independent auditors, who shall report directly to the Committee;
2. review and approve the terms of the independent auditors' retention, engagement and scope of the annual audit, and pre-approve any audit-related and permitted non-audit services (including the fees and terms thereof) to be provided by the independent auditors (with pre-approvals disclosed as appropriate in the Corporation's periodic public filings);
3. on an annual basis:
 - i. review a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Corporation, consistent with Independence Standards Board Standard No. 1 (as modified or supplemented), actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take appropriate action in response to the independent auditors' report to satisfy itself of the auditors' independence;

- ii. consider whether, in addition to assuring the regular rotation of the lead audit partner as required by law, in the interest of assuring continuing independence of the independent auditors, the Corporation should regularly rotate its independent auditors; and
 - iii. set clear hiring policies for employees or former employees of the independent auditors
4. review and discuss with management and the independent auditors:
- i. any significant findings during the year, including the status of previous audit recommendations;
 - ii. any accounting adjustments that were noted or proposed by the auditors but were “passed” (as immaterial or otherwise) or any other audit problems or difficulties encountered in the course of audit work;
 - iii. any restrictions on the scope of activities or access to required information;
 - iv. any changes required in the scope of the audit plan;
 - v. the audit budget and staffing; and
 - vi. the coordination of audit efforts in order to monitor completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;
5. review and resolve any disagreements between management and the independent auditors concerning financial reporting, or relating to any audit report or other audit, review or attest services provided by the independent auditors.

Oversee Internal Audit, Internal Controls & Risk Management

6. review and discuss with management and the independent auditors:
- i. the adequacy of the Corporation’s internal and disclosure controls and procedures, (including computerized information system disclosure controls and security), including whether such controls and procedures are designed to provide reasonable assurance that transactions entered into by the Corporation are properly authorized, assets are safeguarded from unauthorized or improper use, and transactions by the Corporation are properly recorded and reported; any significant deficiencies in the design or operation of the Corporation’s internal controls which could adversely affect the Corporation’s ability to record, process, summarize and report financial data;
 - ii. any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation’s internal controls; and
 - iii. related findings and recommendations of management together with the independent auditors’ attestation report;
7. review and discuss with management and the independent auditors any significant risks or exposures and assess the steps management has taken to minimize such risks; and discuss with management and the independent auditors, and oversee the Corporation’s underlying policies with respect to, risk assessment and risk management;

8. establish and oversee procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

Oversee Financial Reporting

9. review and discuss with management and the independent auditors:
 - i. all critical accounting policies and practices used by the Corporation;
 - ii. any significant changes in accounting policies;
 - iii. any material alternative accounting treatments within GAAP that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the accounting firm; and
 - iv. any accounting and financial reporting proposals that may have a significant impact on the Corporation's financial reports;
10. inquire as to the independent auditors' view of the accounting treatment related to significant new transactions or other significant matters or events not in the ordinary course of business;
11. review and discuss with the independent auditors the matters required to be discussed with the independent auditors by:
 - i. Statement of Auditing Standards No. 61, including the auditors' responsibility under generally accepted auditing standards, the significant accounting policies used by the Corporation, accounting estimates used by the Corporation and the process used by management in formulating them, any consultation with other accountants and any major issues discussed with management prior to its retention;
 - ii. Statement of Auditing Standards No. 90, including whether accounting principles as applied are conservative, moderate, or aggressive from the perspective of income, asset, and liability recognition, and whether or not those principles reflect common or minority practices; and
 - iii. Statement of Auditing Standards No. 100, including the review of the interim financial information of the Corporation and any material modifications that need to be made to the interim financial information for it to conform with GAAP;
12. review and discuss with management and the independent auditors any material financial or non-financial arrangements that do not appear on the financial statements of the Corporation;

13. review and discuss with the independent auditors:
 - i. any accounting adjustments that were noted or proposed by the auditors but were “passed” (as immaterial or otherwise);
 - ii. any communications between the audit team and audit firm’s national office respecting auditing or accounting issues presented by the engagement; and
 - iii. any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Corporation or any other material written communications between the accounting firm and management, such as any management letter or schedule of “unadjusted differences;”

14. review the Corporation’s financial statements, including:
 - i. prior to public release, review and discuss with management and the independent auditors the Corporation’s annual and quarterly financial statements to be filed with the OSC (including the Corporation’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and any certifications regarding the financial statements or the Corporation’s internal accounting and financial controls and procedures and disclosure controls or procedures filed with OSC by the Corporation’s senior executive and financial officers); and
 - ii. with respect to the independent auditors’ annual audit report and certification, before release of the annual audited financial statements, meet with the independent auditors without any management member present to discuss adequacy of the Corporation’s system of internal accounting and financial controls, the appropriateness of the accounting principles used and judgments made in the preparation of the Corporation’s audited financial statements, and the quality of the Corporation’s financial reports;
 - iii. meet separately, periodically, with management, internal auditors (if any, or other personnel responsible for the internal audit function) and the independent auditors;
 - iv. recommend to the Board whether to include the audited annual financial statement in the Corporation’s AIF to be filed with the OSC; and
 - v. prior to submission of any financial statements of the Corporation that differ from the financial statements filed by the Corporation with the OSC, reviewing such financial statements and any report, certification or opinion thereon provided by the independent auditors;

15. at least annually, review a report by the independent auditors describing:
 - i. the firm’s internal quality-control procedures;
 - ii. any material issues raised by the most recent internal quality-control review of the firm, or by any review, inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and

- iii. all relationships between the independent auditors and the Corporation (to be set out in a formal written statement);
16. discuss with management and the independent auditors, as appropriate, earnings press releases and financial information and earnings guidance (including non-GAAP financial measures) provided to analysts and to rating agencies;

Oversee Legal & Ethical Compliance

17. review periodically legal and regulatory matters that may have a material impact on the Corporation's financial statement; and the scope and effectiveness of compliance policies and programs;
18. review at least annually with management compliance with, the adequacy of and any requests for waivers under the Corporation's code(s) of business conduct and ethics (including codes that apply to all employees as well as those applicable to directors, senior officers and financial officers and the Corporation's policies and procedures concerning trading in the Corporation's securities and use in trading of proprietary or confidential information);
19. review and address conflicts of interest of directors and executive officers;
20. review, discuss with management and the independent auditors, and approve any transactions or courses of dealing with related parties (*e.g.*, including significant shareholders of the Corporation, directors, corporate officers or other members of senior management or their family members) that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties;

Report & Self Evaluate

21. oversee the preparation and approve all reports required by the Committee, including the report for inclusion in the Corporation's annual information form, stating whether the Committee:
- i. has reviewed and discussed the audited financial statements with management;
 - ii. has discussed with the independent auditors the matters required to be discussed by SAS Nos. 61 and 90;
 - iii. has received the written disclosure and letter from the independent auditors (describing their relationships with the Corporation) and has discussed with them their independence; and

- iv. based on the review and discussions referred to above, the members of the Committee recommended to the Board that the audited financials be included in the Corporation's AIF for filing with the OSC;
- 22. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
- 23. review and reassess the adequacy of this Charter annually, and recommend to the Board amendments as the Committee deems appropriate; and
- 24. report regularly to the Board on Committee findings and recommendations (including on any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the independent auditors or the performance of the internal audit function) and any other matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities.