

PrimeWest Mortgage Investment Corporation

Shareholder Information Bulletin

November 2016

CHAIRMAN'S COMMENTS

Tom Robinson is new to the Board of Directors and due to his experience and background he was chosen to assume the position of Chairman of the Board. In June 2016 difficulties with the past CEO were surfacing and a thorough examination of the Corporation's affairs were undertaken:

- Review of the mortgage loan portfolio;
- Review of lending guidelines and policies;
- Review of capital assets and action taken to ensure redundant assets are liquidated.

Brad Penno, our new Chief Executive Officer, with over 25 years experience in the mortgage lending industry, management and the Board have worked hard to identify concerns and to right the direction of our Corporation.

HIGHLIGHTS

- Foreclosure has been initiated on 14 non-performing mortgages.
- Property realizations and mortgage recoveries for the period June/2016 to November/2016 have returned \$1,875,000.00 to the Corporation.
- Re-occurring revenue are being earned from performing assets and expenses are being limited so as to maximize returns on to the Corporation.
- Notice of Claim has been made to the Corporation's insurer.
- Action and insurance claims are being initiated as against a rogue mortgage broker.
- An application for a Court Appointed Inspector to review past mortgage lending practices has been made to the Queen's Bench Court and the decision of Judge S. Smith is to be rendered the week of November 21, 2016.
- The Board of Directors has implemented a Shareholder Engagement Policy which is focused on providing timely information to shareholders. It is intended that shareholder dialogue occur, as a supplement and not as a replacement or substitute for disclosure that occurs under National Instrument 45-102 and under the Canadian Securities Exchange filings.

FINANCIAL CONDITION

The Board and Management have increased the loan loss provisions of the corporation by a further \$2,086,000.00 bringing the loan loss provisions to \$4,278,000. One large commercial

mortgage has substantially contributed to this increase when it was identified a lack of adequate security existed to address the loan balance.

The Board and Management have taken action:

- A third party \$1M debenture has been extended with the maturity date being extended to February 28, 2017;
- The Line of Credit has been maintained and the balance is being reduced as redundant assets are realized upon, mortgages are repaid, or certain mortgages are no longer marginable;
- Foreclosures and sales are occurring to improve cash flow, with \$1,875,000.00 being recovered as of November 9, 2016.

2017 FORECAST

Management and the Board are now preparing financial projections, so as to pursue new investments and additional capital.

Capital injection will permit new mortgage loans to be underwritten, wherein new profits can be earned and the profitability of the Corporation enhanced. The business focus of mortgage lending so that profits can once again be provided to shareholders is important.

Lending guidelines applicable to a well-run mortgage investment corporation have been in place since PrimeWest Mortgage Investment Corporation was established. Brad Penno and Management are focussed on ensuring the borrowing policies and guidelines are properly followed so that PrimeWest Mortgage Investment Corporation can be returned to its status as a profitable mortgage investment corporation.

PrimeWest Mortgage Investment Corporation Notice

This bulletin was prepared by the Corporation to provide timely information to the shareholders, and it is not intended to supplement or replace disclosure requirements under National Instrument 51-102 or the Canadian Securities Exchange. Financial change has occurred since June 2016 and Management and the Board wish to provide information to shareholders as to prudent action being taken to attain the best interests of the Corporation.

This communication contains forward-looking information and statements about PrimeWest Mortgage Investment Corporation, including comments about financial projections and assumptions respecting the future plans and operations regarding future performance.

Management and the Board believe the forward-looking statements are reasonable, however shareholders and investors are cautioned that such statements are subject to various risks and uncertainties which are difficult to predict and are beyond the control of PrimeWest Mortgage Investment Corporation.

The forward-looking statements refer solely to the date on which they are made public, and do not constitute a guarantee of future performance and have not been reviewed by the external auditors.

Important Information:

This document does not constitute an offer or invitation to purchase or subscribe for shares. Further important information respecting the Corporation can be found on Sedar at www.sedar.com, the Canadian Securities Exchange and the PrimeWest Mortgage Investment Corporation website.

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