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Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of MCAN Mortgage Corporation at 200 King Street West, Suite 400, Toronto, Ontario, M5H 3T4, telephone: (416) 591-5214, and are also available electronically on SEDAR at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

April 8, 2011



MCAN MORTGAGE CORPORATION

\$14.50

2,000,000 Common Shares

This short form prospectus qualifies the distribution (the "Offering") by MCAN Mortgage Corporation ("MCAN" or the "Corporation") of 2,000,000 common shares (the "Offered Shares") at a price of \$14.50 per Offered Share (the "Offering Price"). The Offering Price and other terms of the Offering were determined by negotiation between the Corporation, on the one hand, and BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc. and Scotia Capital Inc. (collectively, the "Agents"), on the other hand. See "Plan of Distribution" and "Details of this Offering and Description of the Offered Shares".

The outstanding common shares of the Corporation (the "Common Shares") are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "MKP". The TSX has conditionally approved the listing of the Offered Shares and the Over-Allotment Shares (as defined below). Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 24, 2011. On April 7, 2011, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$15.40 per Common Share.

Price: \$14.50 per Common Share

	Price to the Public ⁽¹⁾	Agents' Fee ⁽²⁾	Net Proceeds to the Corporation ⁽³⁾
Per Offered Share.....	\$14.50	\$0.725	\$13.775
Total ⁽⁴⁾	\$29,000,000	\$1,450,000 ⁽⁴⁾	\$27,550,000

Notes:

⁽¹⁾ The Offering Price has been determined by negotiation between the Corporation and the Agents in the context of the market. See "Plan of Distribution".

⁽²⁾ The Corporation has agreed to pay to the Agents a cash commission (the "Agents' Fee") of 5% of the gross proceeds of the Offering for their services in connection with the Offering.

⁽³⁾ After deducting the Agents' Fee but before deducting expenses of the Offering, estimated to be \$675,000, which will be paid by the Corporation.

⁽⁴⁾ The Corporation has granted to the Agents an option (the "Over-Allotment Option"), for the purposes of covering the Agents' over-allocation position, if any, and for market stabilization purposes, to act as agents for the sale of up to an aggregate of 300,000 additional Common Shares (the "Over-Allotment Shares") on the same terms as set forth. The Over-Allotment Option is exercisable from time to time, in whole or in part, up to 30 days after the closing date of the Offering. If the Over-Allotment Option is exercised in full, the total Price to the Public, Agents' Fee and Net Proceeds to the Corporation (before deducting expenses of the Offering) will be \$33,350,000, \$1,667,500 and \$31,682,500, respectively. A purchaser who acquires Over-Allotment Shares forming part of the Agents' over-allocation position acquires such Over-Allotment Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Over-Allotment Shares upon exercise of the Over-Allotment Option. Unless specifically stated otherwise, the term "Offered Shares" includes the Over-Allotment Shares. See "Plan of Distribution".

Agents' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	300,000 Over-Allotment Shares	Up to 30 days from closing of the Offering	\$14.50 per Over-Allotment Share

The Agents, on behalf of the Corporation, conditionally offer the Offered Shares on a “best efforts” basis, subject to prior sale, if, as and when issued by the Corporation in accordance with the conditions contained in the agency agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters on behalf of the Corporation by Goodmans LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at anytime without notice. It is expected that closing of this distribution will take place on April 18, 2011 or on such other date as the Corporation and the Agents may agree, but not later than May 18, 2011 (the “**Closing Date**”). On the Closing Date, one or more book entry only certificates representing the Common Shares will be issued in registered form only to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS. Purchasers of the Offered Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Offered Shares are purchased. Subject to applicable laws, the Agents may effect transactions which stabilize or maintain the market price for the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions may be discontinued at any time. See “Plan of Distribution”.

The Corporation has been advised that one of its shareholders, C-CAP II Limited Partnership (“**C-CAP**”), an affiliate of CDP Capital-Conseil Immobilier Inc. (“**CDP Capital**”), has expressed an interest in selling the Common Shares that it directly or indirectly holds (being 1,276,363 Common Shares) (the “**C-CAP Shares**”). In this regard, C-CAP entered into an agreement dated March 29, 2011 (the “**C-CAP Agreement**”) with BMO Nesbitt Burns Inc. to act as its agent for such sale of the C-CAP Shares in certain limited circumstances. Notwithstanding the foregoing, none of the C-CAP Shares will be sold under the C-CAP Agreement, and BMO Nesbitt Burns Inc. has provided an undertaking to the Corporation that it will not, directly or indirectly through any other person, during the period ending on the date that is 30 days following the completion of the Offering, sell or offer to sell any C-CAP Shares.

Given that none of the C-CAP Shares will be sold by BMO Nesbitt Burns Inc. pursuant to the C-CAP Agreement, C-CAP will, in accordance with the C-CAP Agreement, execute and deliver to BMO Nesbitt Burns Inc. an agreement not to sell, or agree to sell (or announce any intention to do so), any C-CAP Shares or securities exchangeable or convertible into Common Shares for a period of 90 days from the Closing Date, without the prior written consent of BMO Nesbitt Burns Inc., which consent shall not be unreasonably withheld or delayed. The foregoing shall not apply to transfers (i) to an affiliate of C-CAP (provided that each transferee agrees to be bound by the foregoing lock-up undertaking) or (ii) in connection with a take-over bid, merger, plan of arrangement or other transaction made to all holders of Common Shares.

BMO Nesbitt Burns Inc. is a subsidiary or affiliate of the lender that has made certain credit facilities available to the Corporation. Accordingly, under applicable securities laws, the Corporation may be considered a “connected issuer” of such Underwriter. See “Plan of Distribution” and “Relationship Between the Corporation and Agents”.

You should rely only on the information contained or incorporated by reference in this short form prospectus. The Corporation and the Agents have not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this short form prospectus. The Corporation is offering to sell, and seeking offers to buy, the Offered Shares only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The Corporation does not undertake any obligation to update information contained or incorporated by reference in this short form prospectus, except as required by applicable securities laws.

An investment in the securities offered under this short form prospectus is speculative and involves risk. Please see the heading “Risk Factors” in this short form prospectus as well as the risk factors contained in the AIF (as defined herein) and Annual Financials (as defined herein) before purchasing the securities being offered under this short form prospectus.

The Corporation’s head and registered office is located at 200 King Street West, Suite 400, Toronto, Ontario, M5H 3T4.

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SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements and forward-looking information. The words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “scheduled” and similar expressions, as well as future or conditional verbs such as “will,” “should,” “would” and “could”, often identify forward-looking statements and forward-looking information. These statements and information are only predictions. Actual events or results may differ materially from the outcomes express or implied by such statements. In addition, this short form prospectus may contain forward-looking statements and forward-looking information attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements and forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements and forward-looking information involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements and forward-looking information will not occur.

Specific forward-looking statements and forward-looking information contained in this short form prospectus and the documents incorporated by reference include, among others, statements regarding:

- the estimated use of proceeds of this Offering;
- MCAN’s liquidity, financial resources, continued availability of credit facilities and potential financing alternatives;
- MCAN’s business strategy and plans;
- MCAN’s business development plans and estimated timing;
- potential changes to current laws, regulations, regulatory policies or guidelines (including changes in their interpretation, implementation or enforcement), the introduction of new laws, regulations, regulatory policies or guidelines or the exercise of discretionary oversight by regulatory or other competent authorities;
- new projects, including their timing; and
- other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

With respect to forward-looking statements and forward-looking information contained in this short form prospectus and the documents incorporated by reference, the Corporation has made assumptions regarding, among other things:

- its ability to obtain financing on acceptable terms and to maintain the availability of its current financing arrangements; and
- that prevalent economic conditions will not materially affect the business of the Corporation (including interest rates, employment rates, inflation rates and GDP growth).

Some of the risks that could affect the Corporation’s future results and could cause results to differ materially from those expressed in its forward-looking statements and forward-looking information include:

- changes in general economic and business conditions;
- the uncertainty of estimates and projections relating to the mortgage industry;
- uncertainties as to the availability and cost of financing and changes in capital markets;
- fluctuations in interest rates;
- uncertainties relating to the litigation and regulatory process, such as possibility of legislative or regulatory changes;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; and
- MCAN’s ability to implement its business strategy.

For additional information relating to risk factors please refer to “Risk Factors” in this short form prospectus, in the AIF and in the Annual Financials (specifically, in the management’s discussion and analysis of operations), all of which are incorporated into this short form prospectus by reference. Readers should be aware that the list of risks set forth under “Risk Factors” in this short form prospectus, in the AIF and in the Annual Financials (specifically, in the management’s discussion and analysis of operations) are not exhaustive. Neither the Corporation nor the Agents undertake any obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise for the purposes of this Offering or this short form prospectus, except as required by applicable law. Because of the risks, uncertainties and assumptions inherent in forward-looking statements and information, prospective investors should not place undue reliance on these forward-looking statements or information.

GLOSSARY

Terms used herein and not otherwise defined in this short form prospectus have the meanings ascribed thereto as follows:

“**affiliate**” has the meaning set out in National Instrument 45-106 – *Prospectus and Registration Exemptions*.

“**Agency Agreement**” means the agency agreement dated April 8, 2011 among the Corporation and the Agents in respect of the Offering.

“**Agents**” means, collectively, BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc. and Scotia Capital Inc.

“**AIF**” means the Corporation’s annual information form dated March 25, 2011.

“**Annual Financials**” means the audited comparative consolidated financial statements of the Corporation as at and for the years ended December 31, 2010 and 2009, together with the notes thereto and the auditors’ report thereon and the management’s discussion and analysis of operations relating thereto.

“**Board of Directors**” means the board of directors of MCAN.

“**Caisse**” means Caisse de dépôt et placement du Québec.

“**C-CAP**” means C-CAP II Limited Partnership, an affiliate of CDP Capital.

“**C-CAP Agreement**” means the agreement between C-CAP and BMO Nesbitt Burns Inc. dated March 29, 2011 pursuant to which BMO Nesbitt Burns Inc. agreed to act as C-CAP’s agent for the sale of the C-CAP Shares in certain limited circumstances.

“**C-CAP Shares**” means the 1,276,363 Common Shares held directly or indirectly by C-CAP II Limited Partnership, an affiliate of CDP Capital.

“**CDIC**” means the Canada Deposit Insurance Corporation.

“**CDP Capital**” means CDP Capital-Conseil Immobilier Inc.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant of CDS.

“**Closing**” means the closing of the Offering.

“**Closing Date**” means April 18, 2011 or on such other date as the Corporation and the Agents may agree, but not later than May 18, 2011.

“**CMB program**” means the Canada Mortgage Bonds program involving the securitization of insured single family and multi family mortgages.

“**Common Shares**” means the common shares in the capital of the Corporation.

“**ICB**” means the Investment Committee of the Board of Directors.

“**IFRS**” means International Financial Reporting Standards.

“**IPS**” means the Corporation’s Investment Policies and Standards.

“MCAP Commercial LP Amended and Restated Limited Partnership Agreement” means the amended and restated limited partnership agreement dated June 1, 2008 among 4223667 Canada Inc., Cadcap Limited Partnership, MCAN Mortgage Corporation, MCAP Financial Corporation, MCLP Key Personnel Limited Partnership, Cadcap GP Inc. and Cadcap Inc.

“MCLP” means MCAP Commercial LP.

“MIC” means a mortgage investment corporation.

“Offered Shares” means the 2,000,000 Common Shares offered pursuant to the Offering, together with, unless the context otherwise requires, the Over-Allotment Shares.

“Offering” means the offering of Offered Shares pursuant to this short form prospectus.

“Offering Price” means \$14.50 per Offered Share.

“OSFI” means the Office of the Superintendent of Financial Institutions.

“Over-Allotment Option” means the Agents’ option to purchase up to an additional 300,000 Common Shares exercisable from time to time, in whole or in part, up to 30 days after the Closing Date.

“Over-Allotment Shares” means up to an additional 300,000 Common Shares that may be sold upon the exercise by the Agents of the Over-Allotment Option.

“Plans” shall have the meaning set out under “Eligibility for Investment”.

“Shareholders” means, at the relevant time, the holders of the Common Shares.

“subsidiary” has the meaning set out in the *Securities Act* (Ontario) and includes a partnership or other entity.

“Tax Act” means the *Income Tax Act* (Canada) and regulations thereunder, as amended from time to time.

“Trust Act” means the *Trust and Loan Companies Act* (Canada) and regulations thereunder, as amended from time to time.

“TSX” means the Toronto Stock Exchange.

“1933 Act” means the United States Securities Act of 1933, as amended.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at 200 King Street West, Suite 400, Toronto, Ontario, M5H 3T4, telephone: (416) 591-5214 and are also available electronically on SEDAR at www.sedar.com.

The following documents of the Corporation, filed by the Corporation with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the AIF;
- (b) the Annual Financials;
- (c) the management information circular of the Corporation dated March 25, 2011 in connection with the annual meeting of Shareholders to be held on May 11, 2011; and
- (d) the material change report of the Corporation dated April 4, 2011 filed in connection with the announcement of the Offering.

All documents of the Corporation of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* which are required to be filed by the Corporation with the Ontario Securities Commission after the date of this short form prospectus and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

MCAN MORTGAGE CORPORATION

MCAN was incorporated under the federal *Loan Companies Act*, now called the *Trust and Loan Companies Act* (Canada) (the “**Trust Act**”), by Letters Patent dated January 11, 1991. MCAN received a certificate to commence business from the Office of the Superintendent of Financial Institutions (“**OSFI**”) on November 7, 1991.

MCAN is a loan company under the Trust Act and a mortgage investment corporation (“**MIC**”) under the *Income Tax Act* (Canada) (the “**Tax Act**”). The Corporation is a public company listed on the TSX under the trading symbol “MKP” and is a reporting issuer in all provinces and territories in Canada.

MCAN’s objective is to generate a reliable stream of income by investing its funds in a portfolio of mortgages (including single family residential, residential construction, non-residential construction and commercial loans), as well as other types of loans and investments, real estate and securitization investments. The Corporation employs leverage by issuing term deposits eligible for Canada Deposit Insurance Corporation (“**CDIC**”) deposit insurance, which, together with the Corporation’s other liabilities, does not exceed a maximum of five times capital (on a non-consolidated tax basis) as limited by provisions of the Tax Act applicable to a MIC. The term deposits are sourced

through a network of independent financial agents. In addition, MCAN's regulator, OSFI, has provided the Corporation with a consolidated regulatory assets to capital limit.

As a MIC under the Tax Act, the Corporation is entitled to deduct from income for tax purposes 50% of capital gains dividends and 100% of other dividends paid by the Corporation. Such dividends are received by Shareholders as capital gains dividends and interest income, respectively.

Intercorporate Relationships

The Corporation consolidates the accounts of its wholly-owned subsidiaries and equity accounts for its investment in MCAP Commercial LP ("MCLP").

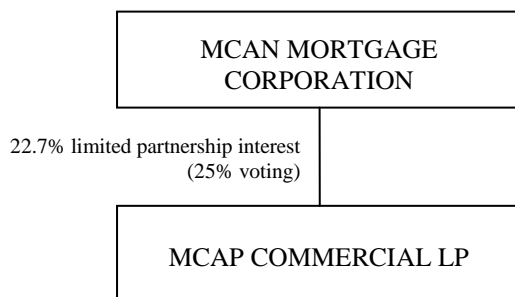
At December 31, 2010, MCAN held a 22.5% limited partnership interest in MCLP. During 2010, MCLP redeemed non-voting class B units indirectly owned by certain senior managers of MCLP such that MCAN's interest in MCLP increased from 22.3% to 22.5%. On March 9, 2011, MCAN's interest in MCLP increased further from 22.5% to 22.7% through a further redemption by MCLP of non-voting class B units indirectly owned by certain senior managers of MCLP. MCAN's voting interest in MCLP is 25%. As at the date hereof, Cadcap Limited Partnership, a subsidiary of the Caisse de dépôt et placement du Québec (the "Caisse") has a 68.0% limited partnership interest in MCLP and a 75% voting interest. The remaining 9.3% limited partnership interest, (which is non-voting) in MCLP is held by management of MCLP. MCLP is provincially registered under the *Limited Partnerships Act* (Ontario).

MCAN accounts for its partnership interest in MCLP on the equity basis such that its investment in MCLP is increased by equity income and reduced by cash distributions. Pursuant to the MCAP Commercial LP Amended and Restated Limited Partnership Agreement, MCAN is currently entitled to appoint one director (of five total) to the board of the General Partner of MCLP. Cadcap Inc., a subsidiary of the Caisse, controls the General Partner and is entitled to nominate three directors to the board. The remaining director position is held by the Chief Executive Officer of MCLP. MCAN will continue to participate in the mortgage origination and servicing business through its interest in MCLP.

MCLP is an originator and servicer of mortgage loans for third party investors in Canada. MCAN outsources its mortgage and loan origination and servicing to MCLP and other third party servicers.

Corporate Structure

The following chart depicts the material entities in the corporate structure of the Corporation as at the date hereof.



Capital Management

MCAN derives its net investment income from the investment of its equity and the difference or spread between amounts earned on its assets and the cost of the term deposits issued to fund such assets. MCAN has two significant capital tests that must be closely monitored. First, as a MIC, MCAN generally is limited by the Tax Act to a liabilities to capital ratio of 5:1 (or an assets to capital ratio of 6:1), based on its non-consolidated balance sheet measured at its tax value. Second, as MCAN is a loan company under the Trust Act, OSFI regulates the

Corporation's consolidated regulatory assets to capital. In this regard, OSFI has granted the Corporation a maximum consolidated regulatory assets to capital ratio. MCAN borrows to the extent that it is satisfied that the borrowing and additional investments will increase the Corporation's overall profitability.

OSFI has issued guidelines to federally regulated companies for capital adequacy, which include meeting a minimum regulatory capital to risk-weighted assets ratio of 10% for Total capital and 7% for Tier 1 capital. To December 31, 2010, MCAN's target minimum Total capital and Tier 1 ratios were both 15%. As at February 17, 2011, both target minimums were increased to 20%.

The Board of Directors has ultimate responsibility for the management and investments of the Corporation. The Board of Directors has established an Investment Committee of the Board of Directors ("ICB") from among its members consisting of at least three directors, the majority of whom are independent directors. The ICB is responsible for the review and approval of the Corporation's Investment Policies and Standards ("IPS"), including investment limits, target asset mix and investment approval authorities. The ICB meets at least quarterly to review the Corporation's investment program and to monitor compliance with the IPS, the Trust Act and the Tax Act.

CMB Program

MCAN participates in the CMB program, which involves the securitization of insured single family and multi family mortgages. The Corporation participates in the CMB program with MCLP and a private company. For accounting purposes, MCAN recognizes an up-front gain on securitization, and at that time it recognizes an interest-only strip, which is a retained interest in the securitized mortgages. The interest-only strips consist of the discounted value of future mortgage interest, principal reinvestment interest receipts and penalty income less coupon interest payments. MCAN also recognizes liabilities for future mortgage servicing and other costs, which is subcontracted to MCLP and the private company that participates in the CMB program.

In addition, MCAN earns residual securitization income, which includes the net yield earned on the interest-only strips and the CMB liabilities, refinancing and renewal gains, interest rate swap receipts (payments) and fair value changes in the interest-only strips and interest rate swaps.

In the early years of a CMB issuance, taxable income is significantly lower than accounting income due to the absence of an up-front gain on securitization for tax purposes to offset up-front cash requirements. However, taxable income significantly exceeds accounting income in the later years of a CMB issuance, in line with the receipt of ongoing CMB cash flows such as mortgage interest and principal reinvestment interest.

As part of the CMB program, MCAN enters into "pay-floating, receive-fixed" interest rate swaps. The purpose of these swaps is to hedge interest rate risk on the interest-only strips. MCAN receives interest on reinvested CMB principal collections, the discounted future value of which is included in the interest-only strips.

For disclosure concerning the accounting under IFRS for the CMB program, please refer to "Future Changes in Accounting Policy" in the Annual Financials (specifically, in the management's discussion and analysis of operations). For disclosure concerning potential changes to MCAN's participation in the CMB program due to the impact of IFRS rules regarding securitization on regulatory capital ratios, please refer to "CMB Program" in the AIF.

DETAILS OF THE OFFERING AND DESCRIPTION OF COMMON SHARES

The Offering consists of 2,000,000 Offered Shares at a price of \$14.50 per Offered Share. In addition, the Corporation has granted to the Agents the Over-Allotment Option to purchase up to an additional 300,000 Common Shares at a price of \$14.50 per Over-Allotment Share on the same terms and conditions as the Offered Shares issued pursuant to the Offering, exercisable from time to time, in whole or in part, for a period of up to 30 days following closing of the Offering to cover over-allotments, if any, and for market stabilization purposes.

The authorized share capital of the Corporation consists of an unlimited number of Common Shares with no par value. The Common Shares are the only voting securities of the Corporation. Generally, each Common Share provides one vote per share. However, the directors are elected by cumulative voting, as required by the

Corporation's by-laws and the Trust Act. The Trust Act requires cumulative voting for the election of directors where more than 10% of the voting shares of a company are beneficially owned, directly or indirectly, by a Shareholder. In addition, the Corporation's by-laws provide for cumulative voting for the election of directors where a Shareholder beneficially owns, directly or indirectly, more than 9% of the voting shares of the Corporation. Under the cumulative voting system, each holder of Common Shares has the right to cast a number of votes equal to the number of votes attached to the Common Shares held by the Shareholder multiplied by the number of directors to be elected at the meeting. The Shareholder may cast all such votes in favour of one nominee or distribute them among the nominees in any manner.

The holders of Common Shares shall be entitled to receive dividends if, as and when declared by the Board of Directors.

Subject to the Trust Act, including without limitation any requirement to obtain the approval of the Superintendent of Financial Institutions (Canada), in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its Shareholders for the purpose of winding-up its affairs, the holders of Common Shares shall be entitled to receive the remaining assets of the Corporation.

Pursuant to the Tax Act, if any Shareholder or related group of Shareholders acquires more than 25% of the Common Shares, the Corporation will no longer qualify as a MIC.

PRIOR SALES

Other than as described below, in the 12-month period prior to the date of this short form prospectus, no Common Shares or securities that are convertible into Common Shares have been issued or, with the exception of the Offering contemplated herein, are contemplated to be issued by the Corporation.

	Date of Issue	Number of Common Shares Issued	Price Per Common Share
Dividend Reinvestment Plan	March 31, 2010	23,637	\$12.04
	June 30, 2010	14,347	\$12.82
	September 30, 2010	14,361	\$12.97
	January 4, 2011	13,563	\$13.99
Executive Share Purchase Plan	August 16, 2010	54,881	\$12.75

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The Common Shares are listed and posted for trading on the TSX under the trading symbol "MKP".

The monthly volume of trading and price ranges of the Common Shares on the TSX over the 12-month period prior to the date of this short form prospectus are set forth in the following table:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
	\$	\$	
March 2010.....	14.09	11.48	475,148
April 2010.....	13.25	12.35	163,845
May 2010.....	13.40	12.05	126,447
June 2010.....	13.39	12.50	84,005
July 2010.....	13.24	12.71	103,877
August 2010.....	13.15	12.51	111,561
September 2010.....	13.25	12.71	110,172
October 2010.....	13.54	12.95	109,747
November 2010.....	14.18	13.35	129,148

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
	\$	\$	
December 2010.....	14.30	13.74	187,754
January 2011.....	14.98	13.81	269,676
February 2011.....	16.64	14.84	212,494
March 2011.....	16.00	14.45	213,225
April 1 to 7, 2011.....	16.14	15.30	95,252

DIVIDENDS

The Corporation's dividend policy is to pay out substantially all of its taxable income to Shareholders. As a MIC under the Tax Act, the Corporation can deduct dividends paid to Shareholders during the year and within 90 days thereafter from income for tax purposes. MCAN pays out substantially all of its taxable income to Shareholders, whereas other financial institutions generally pay out only a portion of their taxable income to their shareholders. These dividends are taxable in the shareholders' hands as interest. In addition, a MIC can pay certain capital gains dividends which are taxed as capital gains in the shareholders' hands. MCAN intends to continue to declare dividends on a quarterly basis.

During the last three years, the Corporation has paid or declared payable the following dividends on its Common Shares in the amounts set forth below.

<u>Record Date</u>	<u>Payment Date</u>	<u>Dividend Rate Per Common Share</u>
March 2, 2011	March 31, 2011	\$1.00 (\$0.27 regular; \$0.73 extra)
December 15, 2010	January 4, 2011	\$0.26
September 15, 2010	September 30, 2010	\$0.26
June 15, 2010	June 30, 2010	\$0.26
March 15, 2010	March 31, 2010	\$0.41 (\$0.26 regular; \$0.15 extra)
December 15, 2009	January 4, 2010	\$0.26
September 15, 2009	September 30, 2009	\$0.25
June 15, 2009	June 30, 2009	\$0.25
March 16, 2009	March 31, 2009	\$0.68 (\$0.25 regular; \$0.43 extra)
December 15, 2008	January 2, 2009	\$0.25
September 15, 2008	September 30, 2008	\$0.25
June 16, 2008	June 30, 2008	\$0.23
March 14, 2008	March 28, 2008	\$0.23 ⁽¹⁾

⁽¹⁾ \$0.11 of the \$0.23 dividend was capital gains.

Closing of the Offering is expected to occur on or about April 18, 2011 but in any event not later than May 18, 2011. Subscribers who purchase Offered Shares pursuant to the Offering and who continue to hold Offered Shares thereafter will be eligible to receive dividends commencing with the dividend per Common Share payable on or about June 30, 2011 to Shareholders of record on or about June 2, 2011, provided the Corporation has determined to declare such dividends.

CONSOLIDATED CAPITALIZATION OF THE CORPORATION

There have been no material changes in the Corporation's share capital on a consolidated basis since December 31, 2010. As at the date of this short form prospectus, there are 14,510,776 Common Shares issued and outstanding. As a result of the Offering, 2,000,000 Common Shares will be issued from treasury, resulting in an increase of 2,000,000 Common Shares to the total number of issued and outstanding Common Shares upon completion of the Offering contemplated by this short form prospectus, not including Common Shares that may be issued upon the exercise of options, including the Over-Allotment Option. See "Plan of Distribution".

USE OF PROCEEDS

The net proceeds from the sale of the Offered Shares to be received by the Corporation under this short form prospectus are estimated to be \$27,550,000 (\$31,682,500 in the event the Over-Allotment Option is exercised in full) after deduction of the Agents' fee of \$1,450,000 (\$1,667,500 if the Over-Allotment Option is exercised in full), but before deducting expenses of the Offering. The Corporation will pay the expenses of the Offering estimated to be \$675,000. The Corporation will use net proceeds of the Offering for investment in single family residential mortgages, construction loans and commercial term mortgages in the ordinary course of MCAN's business.

PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of an agency agreement dated April 8, 2011 among the Corporation and the Agents (the "**Agency Agreement**"), the Corporation has appointed the Agents to offer for sale on a "best efforts" basis, subject to compliance with all legal requirements and the terms and conditions contained in the Agency Agreement, up to 2,000,000 Offered Shares at a price of \$14.50 per Offered Share, payable in cash against delivery of the Offered Shares, for gross proceeds of up to \$29,000,000. Closing of the Offering is expected to occur on or about April 18, 2011, or on such other date as the Corporation and the Agents may agree but not later than May 18, 2011. The Offered Shares are being offered to the public in all of the provinces and territories of Canada other than the Province of Québec.

The terms of the Offering, including the Offering Price, were determined by negotiation among the Corporation and the Agents in the context of prevailing market conditions. Pursuant to the Agency Agreement, the Agents have reserved the right to form a selling group of appropriately registered dealers and brokers with compensation to be negotiated between the Agents and such selling group participants, but at no additional cost to MCAN.

The Agency Agreement provides for payment by the Corporation of the Agents' fee, which is equal to 5% of the gross proceeds raised in the Offering, for various services rendered to the Corporation in connection with the Offering.

The Corporation has also granted to the Agents the Over-Allotment Option under which the Agents may act as agents for the sale up to an additional 300,000 Common Shares (the "**Over-Allotment Shares**") at a price of \$14.50 per Over-Allotment Share on the same terms and conditions as the Offered Shares issued pursuant to the Offering, exercisable from time to time, in whole or in part, up to 30 days following the Closing Date to cover over-allotments, if any, and for market stabilization purposes. A purchaser who acquires Over-Allotment Shares forming part of the over-allotment position acquires those Over-Allotment Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total Offering, Agents' fee and net proceeds to the Corporation (before expenses of the Offering) will be \$33,350,000, \$1,667,500 and \$31,682,500, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of any Over-Allotment Shares issued pursuant to the exercise of the Over-Allotment Option.

While the Agents have agreed to use their best efforts to sell the Offered Shares, on a several basis, the Agents are not obliged to purchase any Offered Shares that are not sold. The obligations of the Agents under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. It is expected that the Corporation will arrange for an instant deposit of the Offered Shares to or for the account of the Agents with CDS on the Closing Date, against payment of the aggregate purchase price for the Offered Shares. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer through which the Offered Shares are purchased.

Pursuant to policies of certain Canadian securities regulatory authorities, the Agents may not, throughout the period of distribution under this short form prospectus, bid for or purchase any Offered Shares for their own account or for accounts over which they exercise control or discretion. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase is not engaged in, for the purpose of creating actual or apparent active trading in or raising the price of the Offered Shares. These exceptions include a bid or purchase permitted under the TSX Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a client where the client's order was not solicited during the period of the distribution. Subject to the foregoing, in connection with this Offering, the Agents may effect transactions intended to stabilize or maintain the market price of the Common Shares at a higher level than that which might otherwise prevail in the open market. Such transactions may be commenced or discontinued at any time during the Offering.

MCAN has applied to list the Offered Shares distributed under this short form prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

The Corporation has agreed with the Agents that it will not, for the period ending on the date that is 90 days following the completion of the Offering, without the prior consent of BMO Nesbitt Burns Inc., on behalf of the Agents, (such consent not to be unreasonably withheld), issue or sell any Common Shares or securities or financial instruments convertible or exchangeable Common Shares, other than pursuant to rights or obligations under securities or instruments outstanding as at March 11, 2011 or in the ordinary course of business pursuant to share purchase plans to which the Corporation is a party.

In addition, the Corporation has agreed with the Agents that it shall be a condition of closing of the Offering that each of the directors and senior officers of the Corporation and Raymond Doré, a significant shareholder of the Corporation, enter into agreements with the Agents pursuant to which they agree that they will not, directly or indirectly, sell, transfer, offer to sell or transfer, grant any option for the sale or transfer of, or otherwise dispose of, or announce any intention to do so, any Common Shares or any economic interest in Common Shares or other securities of the Corporation for a period of 90 days from the completion of the Offering, without the prior written consent of BMO Nesbitt Burns Inc., on behalf of the Agents (such consent not to be unreasonably withheld).

The Corporation has been advised that one of its shareholders, C-CAP, an affiliate of CDP Capital, has expressed an interest in selling the C-CAP Shares. In this regard, C-CAP entered into the C-CAP Agreement with BMO Nesbitt Burns Inc. to act as its agent for such sale of the C-CAP Shares in certain limited circumstances. Notwithstanding the foregoing, none of the C-CAP Shares will be sold under the C-CAP Agreement, and BMO Nesbitt Burns Inc. has provided an undertaking to the Corporation that it will not, directly or indirectly through any other person, during the period ending on the date that is 30 days following the completion of the Offering, sell or offer to sell any C-CAP Shares.

Given that none of the C-CAP Shares will be sold by BMO Nesbitt Burns Inc. pursuant to the C-CAP Agreement, C-CAP will, in accordance with the C-CAP Agreement, execute and deliver to BMO Nesbitt Burns Inc. an agreement not to sell, or agree to sell (or announce any intention to do so), any C-CAP Shares or securities exchangeable or convertible into Common Shares for a period of 90 days from the Closing Date, without the prior written consent of BMO Nesbitt Burns Inc., which consent shall not be unreasonably withheld or delayed. The foregoing shall not apply to transfers (i) to an affiliate of C-CAP (provided that each transferee agrees to be bound by the foregoing lock-up undertaking) or (ii) in connection with a take-over bid, merger, plan of arrangement or other transaction made to all holders of Common Shares.

The Offered Shares offered hereunder have not been and will not be registered under the 1933 Act or any state securities laws, and accordingly may not be offered or sold within the United States or to a U.S. Person (as such

term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

The Corporation has agreed to indemnify the Agents and their affiliates and the respective directors, officers, employees and agents thereof against certain liabilities and expenses, including liabilities under applicable securities legislation in certain circumstances, or to contribute to payments the Agents may have to make in respect thereof.

RELATIONSHIP BETWEEN THE CORPORATION AND AGENTS

BMO Nesbitt Burns Inc. is an indirect wholly-owned subsidiary of a Canadian chartered bank which is the Corporation's lender. As at December 31, 2010, the lender has extended a credit facility of up to \$50 million to the Corporation. The credit facility has sublimits of \$30 million for issued letters of credit and \$30 million for overdrafts and is due and payable upon demand. The credit facility is unsecured. As at December 31, 2010, the Corporation has not drawn down on the overdraft credit facility. The Corporation is not in default of the terms of the credit facility and the lender has not been required to waive any breach under the credit facility. Except as otherwise disclosed in this short form prospectus, there has not been any change to the financial position of MCAN since December 31, 2010. Accordingly, the Corporation may be considered a "connected issuer" of BMO Nesbitt Burns Inc. for the purposes of the securities legislation in certain provinces and territories.

The decision to distribute the Common Shares offered hereby and the determination of the terms of such distribution were made through negotiations between the Corporation and the Agents. The lender did not have any involvement in such decision or determination, but has been advised by MCAN of the issuance and the terms thereof. As a consequence of the Offering, BMO Nesbitt Burns Inc. will receive its share of the Agents' fee.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Agents, based on the current provisions of the Tax Act, if issued on the date hereof, the Offered Shares would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan or a tax free savings account ("TFSA") (collectively, "Plans") provided that either: (i) the Offered Shares are listed on a designated stock exchange for the purposes of the Tax Act (which includes the TSX), or (ii) the Corporation qualifies as a MIC throughout a taxation year and further provided that at any time in the relevant calendar year, the Corporation does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under the Plan, or of any other person who does not deal at arm's length with that person.

Notwithstanding that the Offered Shares may be qualified investments for a trust governed by a TFSA, the holder of a TFSA that holds Offered Shares will be subject to a penalty tax if such Offered Shares are a "prohibited investment" for that TFSA. The Offered Shares will generally be a "prohibited investment" if the holder of a TFSA does not deal at arm's length with the Corporation for purposes of the Tax Act or the holder of the TFSA has a "significant interest" (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for purposes of the Tax Act. The Proposals (as defined below) contain similar rules regarding "prohibited investments" for registered retirement saving plans and registered retirement income funds. Holders of a TFSA, registered retirement savings plan, or registered retirement income funds should consult their own tax advisors in this regard.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Agents, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax consequences to investors who hold and dispose of Offered Shares acquired under the Offering. This summary is based on the current provisions of the Tax Act, all specific amendments to the Tax Act publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "Proposals"), the facts contained in this short form prospectus, a certificate of an officer of the Corporation as to certain factual matters, and counsel's understanding of the current publicly available administrative and assessing practices and policies of the Canada

Revenue Agency (the “CRA”) that have been published in writing by the CRA prior to the date hereof. No assurance can be made that the Proposals will be enacted in the form proposed or at all.

This summary only applies to an investor who, for the purposes of the Tax Act, is a resident of Canada, will hold the Offered Shares as capital property and deals at arm’s length and is not affiliated with the Corporation (a “Holder”). The Offered Shares will generally be considered to constitute capital property to a Holder unless the Holder either holds such securities in the course of carrying on a business of trading or dealing in securities or has acquired such securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Offered Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election to have their Offered Shares and every other “Canadian security” (as defined in the Tax Act) owned by such Holder deemed to be capital property. Holders are urged to consult their personal tax advisors to determine if this election is available and desirable in their particular circumstances.

This summary is based upon the further assumption that the Corporation qualifies as a MIC at all relevant times. The Corporation has advised counsel that it intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout its current taxation year and for all of its future taxation years. Counsel expresses no opinion as to the status of the Corporation as a MIC. **If the Corporation were to cease to qualify as a MIC at any time, the income tax considerations would be materially and, in some respects, adversely different from those described below.**

This summary does not apply to a Holder (i) that is a “specified financial institution” or a “financial institution” both as defined in the Tax Act; (ii) an interest in which constitutes a “tax shelter investment” within the meaning of the Tax Act; or (iii) who reports its Canadian tax results in a “functional currency” (which excludes Canadian dollars).

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Offered Shares. It is not intended to constitute tax advice to any prospective investor. This summary does not address provincial or foreign income tax considerations and, except as otherwise noted, does not take into account or anticipate any changes in law whether by way of legislative, governmental or judicial action or any changes in the administrative practices of the CRA. Investors are urged to consult their own income tax advisors with respect to their particular circumstances.

Status of the Corporation

Classification under Tax Act

As noted above, this summary assumes that the Corporation is a MIC. A MIC is deemed to be a public corporation under the Tax Act. However, the Tax Act effectively treats a corporation that qualifies as a MIC as a “flow-through” entity to the extent that it distributes its income and capital gains to shareholders. Accordingly, with respect to such distributions, a shareholder of a MIC is generally put in a similar position from an income tax perspective as if the investments made by the MIC had been made directly by the shareholder.

MIC Requirements

The following requirements must have been met throughout a taxation year in order for the Corporation to qualify as a MIC for that taxation year:

1. *Canadian Corporation.* The Corporation must have been a Canadian corporation for the purposes of the Tax Act, which generally means a corporation incorporated and resident in Canada;
2. *Undertaking.* The Corporation’s only undertaking was the investing of funds of the Corporation and it did not manage or develop any real property;
3. *Prohibited Foreign Investment.* None of the property of the Corporation consisted of debts owing to the Corporation that were secured by real property situated outside Canada, debts owing to the Corporation by non-resident persons unless such debts were secured on real property situated in

Canada, shares of the capital stock of corporations not resident in Canada, or real property situated outside of Canada or any leasehold interest in such property;

4. *Shareholder Requirements.* The Corporation had at least 20 Shareholders and no person was a “specified shareholder” of the Corporation at any time in year. Generally, a “specified shareholder” must own, directly or indirectly, more than 25% of the issued shares of any class of the Corporation (together with related persons). Special rules apply for the purposes of counting Shareholders that are registered pension plans or deferred profit sharing plans;
5. *Preferred Shareholders.* Holders of preferred shares (if any) of the Corporation had the right, after payment to them of their preferred dividends and payment of dividends in a like amount per share to the holders of the Common Shares, to participate *pari passu* with the holders of the Common Shares in any further payment of dividends;
6. *50% Asset Test.* The cost amount for tax purposes to the Corporation of its property that consisted of debts secured by mortgages, hypothecs or in any other manner on “houses” or on property included within a “housing project” (as those terms are defined in the *National Housing Act* (Canada), amounts on deposit with a bank or other corporation, provided that such deposits are insured by the Canada Deposit Insurance Fund or Régie de l’assurance-dépôts du Québec-insured institutions, amounts on deposit with a credit union, or money of the Corporation (collectively, “**Qualifying Property**”), constituted at least 50% of the cost amount to the Corporation of all of its property;
7. *25% Asset Test.* The cost amount for tax purposes to the Corporation of its real property (including leasehold interests but generally excluding real property acquired by foreclosure or otherwise after default by the mortgagor) did not exceed 25% of the cost amount to the Corporation of all of its property; and
8. *Debt to Equity Ratio.* Where at any time in the year the cost amount to the Corporation of its Qualifying Property represented less than two-thirds of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 75% of the cost amount of its assets. Where, however, throughout the year the cost amount to the Corporation of its Qualifying Property represented two-thirds or more of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 83.33% of the cost amount of its assets.

Taxation of the Corporation

As a public corporation, the Corporation is subject to tax at the full general corporate income tax rates on its taxable income. However, provided that the Corporation is a MIC, special rules in the Tax Act apply to the Corporation which generally enable it to deduct in computing its income the total of:

- (A) all taxable dividends, other than capital gains dividends, paid by the Corporation to its Shareholders during the year (to the extent that such dividends were not deductible in computing the Corporation’s income for the previous year) or within 90 days after the end of the year; and
- (B) one-half of all capital gains dividends paid by the Corporation to its Shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year.

The Corporation must elect to have a dividend qualify as a capital gains dividend. The Corporation may elect that dividends paid during a 12-month period commencing 91 days after the commencement of a taxation year and ending 90 days after the end of the year be capital gains dividends to the extent of the Corporation’s capital gains for the year less any applicable capital losses. The election must be made in respect of the full amount of a dividend and can only be made if the Corporation qualifies as a MIC throughout the taxation year.

The Corporation has advised counsel that it intends to declare dividends each year in sufficient amounts to substantially reduce its taxable income under the Tax Act. To the extent that it does not do so, the Corporation will be taxed at the highest corporate tax rate.

Taxation of Holders

Holder of Common Shares may receive distributions from the Corporation in respect of their Common Shares. As described in more detail below, distributions may be in the form of ordinary dividends or capital gains dividends. Holders of Common Shares may also realize a capital gain (or capital loss) upon a disposition of their Common Shares.

Taxation of Distributions

The Corporation may pay a capital gains dividend on Offered Shares. The receipt by a Holder of a capital gains dividend (whether paid in cash or reinvested in Offered Shares) will be treated as a capital gain of the Holder from a disposition in the year of capital property for the year in which the dividend is received. See below under the subheading “Disposition of Offered Shares” for a description of the tax treatment of capital gains.

The Corporation may also pay ordinary dividends (i.e., dividends other than capital gains dividends) on the Offered Shares. Ordinary dividends received by a shareholder on Offered Shares (whether paid in cash or reinvested in Offered Shares) will be deemed by the Tax Act to have been received by the Shareholder as interest payable on a bond issued by the Corporation. Holders will therefore be required to include in computing their income as interest all amounts received as, or on account of, any ordinary dividends. The provisions of the Tax Act providing for interest accrual, the gross-up and dividend tax credit in respect of taxable dividends received by individuals from taxable Canadian corporations, and for the deduction generally available to corporations for inter-corporate dividends received, will not apply in respect of ordinary dividends. Similarly, the provisions of Part IV of the Tax Act will not be applicable to the receipt of ordinary dividends by a corporate shareholder.

The reinvestment of an ordinary dividend or a capital gains dividend in additional Offered Shares will have the same consequence for determining the adjusted cost base of a shareholder’s Offered Shares as any other purchase of Offered Shares. In particular, if a dividend is paid in Offered Shares, or paid in cash and reinvested in Offered Shares, the adjusted cost base of such Offered Shares acquired by a Holder will be equal to the amount of the dividend, or the amount of cash so reinvested, as the case may be. The adjusted cost base of such Offered Shares generally must be averaged with the adjusted cost base of all other Offered Shares already owned by the Holder and held as capital property in accordance with the averaging rules set out in the Tax Act.

A Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act), may be liable to pay, in addition to tax otherwise payable under the Tax Act, a refundable tax of 6 2/3% on capital gains dividends and ordinary dividends received on the Offered Shares.

Disposition of Offered Shares

A sale or other disposition of Offered Shares by a Holder (other than to the Corporation), including deemed dispositions, will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Offered Shares exceed (or are exceeded by) the Holder’s adjusted cost base of the Offered Shares disposed of and any reasonable costs of disposition.

In general, one-half of capital gains (“**taxable capital gains**”) realized in the year by a Holder on the disposition of Offered Shares will be included in the Holder’s income for the year, and one-half of capital losses (“**allowable capital losses**”) realized in the year on the disposition of Offered Shares will be deducted from the Holder’s taxable capital gains, if any, realized in such year. Allowable capital losses that are not deductible by a Holder in the year may generally be carried back three years or forward indefinitely and deducted against taxable capital gains realized in such years, subject to the detailed rules in the Tax Act.

Holder realizing net capital gains on the disposition of Offered Shares or receiving capital gain dividends on Offered Shares may be subject to an alternative minimum tax under the Tax Act.

A Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act), may be liable to pay, in addition to tax otherwise payable under the Tax Act, a refundable tax of 6 2/3% on capital gains from the disposition of Offered Shares.

On a redemption or acquisition of Offered Shares by the Corporation, the Holder will be deemed to have received, and the Corporation will be deemed to have paid, a dividend in an amount equal to the amount by which the redemption price exceeds the paid-up capital of the Offered Shares. This deemed dividend will be treated in the same manner as other dividends received by the Holder from the Corporation, and will depend on whether the Corporation elects that the entire dividend be a capital gains dividend. The balance of the redemption price will constitute the proceeds of disposition of the Offered Shares for purposes of the capital gains rules.

RISK FACTORS

An investment in the Offered Shares involves significant risks, which risks should be carefully considered by prospective investors before purchasing the securities. Before deciding whether to invest in the Offered Shares, prospective investors should consider all of the information set out or incorporated by reference in this short form prospectus, including, without limitation, the risks described below and the risks described in the AIF and in the Annual Financials (specifically, in the management’s discussion and analysis of operations) under “Risk Factors”. If any of the events or developments discussed in these risk factors actually occur, the Corporation’s business, financial condition or results of operations or the value of the Offered Shares could be adversely affected.

Risks Related to the Offering and the Common Shares

The market price of our Common Shares may be volatile.

The trading price of securities listed on exchanges in North America has been subject to substantial volatility over the period of the last three years. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the companies involved. The market price of our Common Shares could be subject to significant fluctuations in response to variations in our operating results, financial condition, liquidity and other internal factors. Factors that could affect the market price of our Common Shares that are unrelated to our performance include changes in Canadian Monetary Policy, adverse changes in the Canadian housing markets, adverse changes in market liquidity as well as Common Share liquidity, adverse changes in legislation and operating guidelines by regulators and unforeseen adverse changes to the Canadian financial services sector. The price at which our Common Shares will trade cannot be accurately predicted.

The net proceeds of the Offering may not be used in the manner described in this short form prospectus.

As set out under “Use of Proceeds” in this short form prospectus, MCAN intends to use the net proceeds of the Offering to invest in single family residential mortgages, construction loans and commercial term mortgages in the ordinary course of MCAN’s business. Accordingly, although these allocations are based on the current expectation of management of MCAN, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of MCAN, and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated.

The Offering may result in dilution of cash flow, dividends payable and/or net income on a per Common Share basis.

Although MCAN expects that the net proceeds of the Offering will enhance MCAN’s liquidity, to the extent that a portion of the net proceeds of the Offering remains as cash, the Offering may result in dilution to MCAN’s cash flow, dividends payable and/or net income on a per Common Share basis.

Declaration of Payment of Dividends.

Holders of Common Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is in the discretion of the Board of Directors even if MCAN has sufficient funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. The Corporation's liabilities will include those arising in the course of business, indebtedness and amounts, if any, that are owing by the Corporation under guarantees in respect of which a demand for payment has been made. See "Capitalization of the Corporation".

Future Issuances of Common Shares.

The Corporation may issue additional Common Shares in the future, which may dilute a Shareholder's holdings in the Corporation. The Corporation's letters patent and by-laws permit the issuance of an unlimited number of Common Shares and Shareholders will have no pre-emptive rights in connection with such further issuances. The Board of Directors have the discretion to determine the terms of issue of further issuances of Common Shares. Also, additional Common Shares may be issued by the Corporation pursuant to the Dividend Reinvestment Plan and Executive Share Purchase Plan.

Qualification as a MIC

Although the Corporation intends to qualify at all times as a MIC, no assurance can be provided in this regard. If for any reason the Corporation does not maintain its qualification as a MIC under the Tax Act, dividends paid by the Corporation on the Common Shares will cease to be deductible by the Corporation in computing its income and will no longer be deemed by the rules in the Tax Act that apply to MICs to have been received by Shareholders as interest or a capital gain, as the case may be. In consequence, the rules in the Tax Act regarding the taxation of public corporations and their shareholders should apply, with the result that the combined corporate and shareholder tax may be significantly greater. Pursuant to the Tax Act, if any Shareholder or related group of Shareholders acquires more than 25% of the Common Shares, the Corporation will no longer qualify as a MIC. See "Certain Canadian Federal Income Tax Considerations – Status of the Corporation".

BOOK-ENTRY ONLY SYSTEM

Registration of interests in and transfers of the Offered Shares will only be made through the book-entry only system administered by CDS, the whole subject to applicable law. On or about the date of Closing, the Corporation will deliver to CDS one or more certificates evidencing the aggregate number of Offered Shares purchased under this Offering. Offered Shares must be purchased, transferred and surrendered for redemption, exchange or retraction through a CDS Participant. All rights of an owner of Offered Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Offered Shares. Upon a purchase of any Offered Shares, the owner will receive only the customary confirmation. References in this short form prospectus to a Shareholder of Offered Shares means, unless the context otherwise requires, the owner of the beneficial interest in such securities.

The ability of a beneficial owner of Offered Shares to pledge such securities or otherwise take action with respect to such owner's interest in such securities (other than through a CDS Participant) may be limited due to the lack of a physical share certificate.

The Corporation has the option to terminate registration of the Offered Shares through the book-entry only system, in which event certificates for Offered Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Goodmans LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP. As of the date hereof, the partners and associates of Goodmans LLP, as a group, and Fasken Martineau DuMoulin LLP, as a group, beneficially own, directly and indirectly, less than 1% of the securities of the Corporation, or any associated party or affiliate of the Corporation outstanding at such date.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal transfer office located in Montreal, Quebec.

AUDITORS

The independent auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario. Ernst & Young LLP has advised that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

PURCHASERS' STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

Securities legislation in certain provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of MCAN Mortgage Corporation (the "Company") dated April 8, 2011 relating to the issue and sale of up to 2,000,000 common shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2010 and December 31, 2009, and the consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2010. Our report is dated February 17, 2011.

(signed) ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
April 8, 2011

CERTIFICATE OF THE CORPORATION

April 8, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each province and territory of Canada other than the Province of Québec.

By: (Signed) WILLIAM JANDRISITS
Chief Executive Officer

By: (Signed) TAMMY OLDENBURG
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) IAN SUTHERLAND
Director

By: (Signed) DAVID BROADHURST
Director

CERTIFICATE OF THE AGENTS

April 8, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each province and territory of Canada other than the Province of Québec.

BMO NESBITT BURNS INC.

(signed) BRADLEY J. HARDIE

RBC DOMINION SECURITIES INC.

(signed) RAJIV BAHL

NATIONAL BANK FINANCIAL INC.

(signed) DARIN DESCHAMPS

SCOTIA CAPITAL INC.

(signed) BURHAN KHAN