A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, excluding Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for this short form prospectus is obtained from the securities regulatory authorities.

This preliminary short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of any, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This preliminary short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. ***Information has been incorporated by reference in this preliminary 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 Chief Financial Officer of Terra Firma Capital Corporation at 5000 Yonge Street, Suite 1502, Toronto, Ontario, M2N 7E9, Attention: Chief Financial Officer telephone: (416-792-4700), and are also available electronically at www.sedar.com ("****SEDAR****").*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue September 29, 2014

TERRA FIRMA

TERRA FIRMA CAPITAL CORPORATION

$5,040,000
8,000,000 Common Shares

Price: $0.63 per Common Share

This preliminary short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 8,000,000 common shares (the "**Offered Shares**") of Terra Firma Capital Corporation (the "**Company**") at a price of $0.63 per Common Share (the "**Offering Price**"). The Offering is being made pursuant to an underwriting agreement dated September 29, 2014 (the "**Underwriting Agreement**") made by the Corporation with Beacon Securities Limited ("**Beacon**"), as lead agent and sole bookrunner, and Paradigm Capital Inc. (collectively, the "**Underwriters**"). The Offering Price was determined by negotiation between the Company and Beacon, on behalf of the Underwriters.

The Company is an Ontario corporation existing under the *Business Corporations Act* (Ontario) (the "**OBCA**"). The currently issued and outstanding common shares (the "**Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "TII". The closing price of the Common Shares on the TSXV on September 22, 2014, the last trading day prior to the announcement of the Offering, was $0.67. The closing price of the Common Shares on the TSXV on September 26, 2014, the last trading day prior to the filing of this Prospectus, was $0.67. The Company has made an application to the TSXV to list the Common Shares offered under this Prospectus (including the Common Shares issuable pursuant to the Over-Allotment Option (as defined herein) and the Broker Shares (as defined herein) issuable on exercise of the Broker Warrants (as defined herein)) on the TSXV. Such listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

Price: $0.63 per Common Share

	Price to the Public(1)	Underwriters' Fee(2)	Net Proceeds to the Company(3)
Per Common Share	$0.63	$0.0441	$0.5859
Total (4)	$5,040,000	$352,800	$4,687,200

Notes:

(1) The Offering Price of the Offered Shares was determined by negotiation among the Company and Beacon, on behalf of the Underwriters.

(2) Pursuant to the terms of the Underwriting Agreement, and in consideration of the services rendered by the Underwriters in connection with the Offering, the Underwriters will receive an aggregate fee (the "**Underwriters' Fee**") that is equal to 7% of the gross proceeds from the Offering (including Common Shares issued upon exercise of the Over-Allotment Option (as defined herein)). The Company has also agreed to issue to the Underwriters broker warrants (the "**Broker Warrants**") entitling the Underwriters to subscribe for that number of Common Shares (the "**Broker Shares**") as is equal to 7% of the number of Offered Shares issued under the Offering (including Common Shares issued upon exercise of the Over-Allotment Option), subject to adjustment in certain circumstances. Each Broker Warrant is exercisable for one Broker Share at the Offering Price for a period of 12 months following the Closing (as defined herein). This Prospectus qualifies the distribution of the Broker Warrants. See "*Plan of Distribution*".

(3) Before deducting expenses of the Offering and the Concurrent Private Placement (as defined herein) estimated at $312,199, which will be paid from the proceeds of the Offering and the Concurrent Private Placement. The Underwriters' Fee will be paid from the proceeds of the Offering.

(4) The Company has granted to the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part and at any time up to 30 days after the closing of the Offering (the "**Closing**"), to purchase up to an additional 1,200,000 Common Shares, representing 15% of the number of Offered Shares sold under the Offering at the Offering Price per Common Share on the same terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and net proceeds to the Company (before deducting expenses of the Offering and the Concurrent Private Placement) will be $5,796,000, $405,720 and $5,390,280, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option and the Common Shares issuable on the exercise thereof. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

References to "Offered Shares" in this Prospectus shall include the Common Shares issuable upon exercise of the Over-Allotment Option, as applicable in the context used.

The following table sets forth the number of securities that may be issued by the Company to the Underwriters pursuant to the Over-Allotment Option and the Broker Warrants:

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to purchase up to 1,200,000 Common Shares	At any time up to 30 days after the Closing Date	$0.63 per Common Share
Broker Warrants	560,000 Broker Shares (644,000 Broker Shares if the Over-Allotment Option is exercised in full)	At any time up to 12 months after the Closing Date	$0.63 per Common Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to the prior sale, if, as and when issued, sold and delivered by the Company and accepted by the Underwriters in accordance with the conditions of the Underwriting Agreement referred to under "*Plan of Distribution*".

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Offered Shares initially at the Offering Price. **After the Underwriters have made reasonable effort to sell all of the Common Shares at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Common Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company. See "*Plan of Distribution*".**

Subscriptions for the 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 notice. Other than pursuant to certain exceptions, the Offering will be effected only through the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and the Offered Shares will be deposited with CDS on the Closing

Date. A purchaser of Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant through which the Offered Shares are purchased. Offered Shares must be purchased or transferred through a CDS participant and all rights of holders of Offered Shares must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS participant through which the holder of Offered Shares holds such Offered Shares. Beneficial owners of Common Shares will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Common Shares. See "*Plan of Distribution*".

Concurrently with the closing of the Offering, certain insiders of the Company will subscribe for 1,587,300 Common Shares on a private placement basis at a price of $0.63 per Common Share (the "**Concurrent Private Placement**") for gross proceeds of $999,999. No commission or other fee will be paid to the Underwriters in connection with the sale of Common Shares pursuant to the Concurrent Private Placement. This Prospectus does not qualify the distribution of the Common Shares issued pursuant to the Concurrent Private Placement. The Common Shares purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

The Closing of the Offering is expected to take place on October 15, 2014 or such other date as the Company and the Underwriters may agree, acting reasonably (such actual closing date hereinafter referred to as the "**Closing Date**") and, for greater certainty, the Offered Shares offered hereunder (other than any Common Shares issuable pursuant to the exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus.

An investment in the Common Shares involves certain risks that are described in the "*Risk Factors*" section of, and elsewhere in, this Prospectus, including in the documents incorporated herein by reference and should be considered by any prospective purchaser of the Offered Shares.

Prospective investors should rely only on the information contained in or incorporated by reference in this Prospectus or to which we have referred you. Neither the Company nor the Underwriters has authorized any other person to provide prospective investors with any different or additional information other than the documents filed as "Marketing Materials" under the Company's System for Electronic Document Analysis and Retrieval ("**SEDAR**") profile at www.sedar.com. To the extent of any discrepancy between the information contained in the Marketing Materials and this Prospectus, prospective investors are advised that Marketing Materials do not provide full disclosure of all material facts relating to the securities offered. Prospective investors should read the Prospectus and any amendment for disclosure of those facts, especially risk factors relating to the Common Shares, before making an investment decision. Neither the Company nor the Underwriters is making an offer to sell Offered Shares in any jurisdiction where such an offer or sale is prohibited. Unless otherwise stated, the information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of Offered Shares. The Company's business, financial condition, results of operations and the Prospectus may have changed since the date of this Prospectus. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by the applicable securities laws.

The Company's registered and principal office is located at 5000 Yonge Street, Suite 1502, Toronto, Ontario, M2N 7E9 and its telephone number is 416-792-4700.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated by reference herein, contains "forward-looking information" as defined under Canadian securities laws (collectively, "**forward-looking statements**"). All statements other than statements of historical fact contained in this Prospectus or in the documents incorporated by reference herein are forward-looking statements, including, without limitation, the Company's statements regarding the intention of the Company to complete the Offering and the Concurrent Private Placement on the terms and conditions described herein, the expected Closing Date, the use of net proceeds of the Offering, the granting of the Over-Allotment Option in connection with the Offering, the listing of the common shares on the TSXV, the anticipated effect of the Offering on the performance of the Company, and the Company's dividend policy. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will", "occur" or "be achieved" and similar words or the negative thereof. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements are inherently uncertain, are subject to risk and are based on assumptions including those discussed herein and those discussed in the documents incorporated by reference herein. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned to not place undue reliance on such forward-looking statements because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by the above cautionary statement.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including, but not limited to, the Company's discretion in the use of proceeds of the Offering and any future sales or issuances of securities of the Company, and the risk factors described under the heading "*Risk Factors*" in the Annual Information Form (as defined herein). The Company cautions that the foregoing list of factors is not exhaustive, and that, when relying on forward-looking statements to make decisions with respect to the Company or the Common Shares, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Such information is based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including expected revenues from certain contracts, client roll-out plans for specific products and ability to achieve goals. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements are provided as of the date of this Prospectus or such other date specified herein, and the Company assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances except as required under applicable securities laws.

FINANCIAL INFORMATION

The financial statements incorporated by reference in this Prospectus have been prepared in accordance with international financial reporting standards and are reported in Canadian dollars. All currency amounts in this Prospectus are expressed in Canadian dollars, unless otherwise indicated.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Common Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts ("**TFSA**") (all as defined by the Tax Act), provided that the Common Shares are listed on a "designated stock exchange" as defined by the Tax Act (which currently includes tier 1 and tier 2 of the TSXV).

Notwithstanding that the Common Shares may be a qualified investment for a TFSA, an RRSP or an RRIF, the holder of a TFSA or the annuitant of an RRSP or an RRIF will be subject to a penalty tax in respect of the Common Shares and other tax consequences may result if such Common Shares are a "prohibited investment" (as defined in the Tax Act) for such TFSA, RRSP or RRIF. The Common Shares will generally be a "prohibited investment" for a TFSA, RRSP or RRIF if the holder of the TFSA, or annuitant under the RRSP or RRIF, as the case may be, (i) does not deal at arm's length for purposes of the Tax Act with the Company or (ii) has a "significant interest" (as defined in the Tax Act) in the Company. In addition, the Common Shares will not be a prohibited investment for a TFSA, an RRSP or an RRIF if the Common Shares are "excluded property" (as defined in the Tax Act) such TFSA, RRSP or RRIF. **Holders or annuitants should consult their own tax advisors with respect to whether the Common Shares would be prohibited investments, including whether the Common Shares would be excluded property.**

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in each of the provinces of Canada, excluding Quebec. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at 5000 Yonge Street, Suite 1502, Toronto, Ontario, M2N 7E9, Attention: Chief Financial Officer (telephone at 416-792-4700), and are also available electronically at www.sedar.com.

The following documents and information, filed by the Company with the appropriate securities commissions or similar regulatory authorities in each of the provinces of Canada, excluding Quebec, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

(a) the annual information form (the "**Annual Information Form**") of the Company dated August 6, 2014 for the financial year ended December 31, 2013;

(b) the audited consolidated financial statements of the Company for the financial years ended December 31, 2013 and 2012, together with the notes thereto and the auditors' report thereon, including the auditors' report of Deloitte LLP, Chartered Accountants, the former auditors of the Company, in respect of the financial year ended December 31, 2012;

(c) management's discussion and analysis of the financial condition and results of operations for the financial year ended December 31, 2013;

(d) unaudited condensed consolidated interim financial statements for the three and six-month period ended June 30, 2014, except for the notice provided under subparagraph 4.3(3)(a) of National Instrument 51-102 *Continuous Disclosure Obligations*, together with notes thereto (the "**Interim Financial Statements**");

(e) management's discussion and analysis of financial condition and results of operations for the three and six-month period ended June 30, 2014;

(f) the material change report dated June 3, 2014 with respect to the announcement of the refinancing of up to 100% of its existing convertible unsecured subordinated debentures in the aggregate principal amount of $10.15 million and maturing on September 27, 2014 by issuing new convertible unsecured subordinated debentures;

(g) the management information circular of the Company dated May 21, 2014; and

(h) the term sheet dated September 23, 2014 in respect of the Offering (the "**Marketing Materials**").

Any documents of the type referred to in Item 11 of Form 44-101F1 - *Short Form Prospectus,* if filed by the Company after the date of this Prospectus and prior to the termination of this distribution, shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained 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 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 was required to be stated or that was 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 be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any template version of "marketing materials" (as defined in National Instrument 41-101 - *General Prospectus Requirements*) filed after the date of the Prospectus but before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein.

THE BUSINESS OF THE COMPANY

The principal business of the Company is to provide real estate financings secured by investment properties and real estate developments throughout Canada and the United States. These financings are made to real estate developers and owners who require shorter-term loans to bridge a transitional period of one to five years where they require capital at various stages of development or redevelopment of a property, for such development or redevelopment, property repairs or the purchase of investment property. These loans are typically repaid with lower cost, longer-term debt obtained from other Canadian financial institutions once the applicable transitional period is over or the redevelopment is complete, or from proceeds generated from the sale of the real estate assets.

The loans and/or mortgages advanced by the Company on and secured by real estate (the "**Loan and Mortgage Investments**") are on properties principally located in major urban markets and their surrounding areas in Canada and the United States. The types of real estate assets for which the Company arranges financings include residential buildings, mixed-use properties, and land for residential and commercial development and construction projects.

The Loan and Mortgage Investments generally take the form of:

- Land loans registered in first or second position at the earlier stages of real estate development,
- Term mortgages for the purposes of acquiring or re-financing income-producing properties, or
- Mezzanine / subordinated debt financings on real estate developments that have either progressed to the construction phase or are in the process of approaching the construction phase.

In addition, the Company participates in the development of real estate in Canada and in the United States by providing equity-type financing to developers. These financings provide a minimum return and/or a share of remaining net cash flow from projects, and may be done as a strategic partnership established with established developers to pursue the development of real properties ("**Joint Arrangements**") or an equity investment by the Company in an entity that carries on the business of real estate development ("**Portfolio Investments**"). The Company provides these financings in the form of preferred equity in the entity that holds the real estate asset.

RECENT DEVELOPMENTS

On September 29, 2014, the Company announced completion of the previously announced refinancing of its existing convertible unsecured subordinated debentures in the aggregate principal amount of $10.15 million with an original maturity date of September 27, 2014 and issuance of new convertible unsecured subordinated debentures (the "**Convertible Debentures**") in the aggregate principal amount of $10.85 million (the "**Debenture Refinancing**"). The Convertible Debentures bear interest at an annual rate of 7%, payable quarterly, and mature on September 27, 2017 (the "**Maturity date**"). At any time up to the Maturity Date, the Convertible Debentures are convertible, in whole or in part, at the option of the holder into Common Shares at a price of $0.72 per Common Share (the "**Conversion Price**"). The Company may, at any time prior to the Maturity Date and upon giving notice (the "**Redemption Notice**"), prepay the Convertible Debentures in full or in part, by paying the holders thereof the outstanding principal amount plus all accrued and unpaid interest, provided that the market price per Common Share on the date on which the Redemption Notice is provided is at least 125% of the Conversion Price. The Debenture Refinancing is subject to final approval by the TSXV.

DIVIDENDS ON COMMON SHARES

The Company has not declared or paid any dividends on any of its Common Shares since incorporation. The board of directors of the Company (the "**Board**") will determine the actual timing, payment and amount of dividends, if any, that may be paid by the Company from time to time based upon, among other things, the cash flow, results of operations and financial condition of the Company, the needs for funds to finance ongoing operations and other business considerations as the Board considers relevant at such time.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at June 30, 2014 and the *pro forma* consolidated capitalization of the Company as at June 30, 2014 after giving effect to the Offering, the Concurrent Private Placement and the Debenture Refinancing, but without giving effect to the exercise of the Over-Allotment Option and exclusive of any Broker Shares issuable on the exercise of Broker Warrants described herein. The table should be read in conjunction with the Interim Financial Statements and notes thereto included or incorporated by reference in this Prospectus.

	As at June 30, 2014 (unaudited)	**As at June 30, 2014 (after giving effect to the Offering) (unaudited – *pro forma*)**	**As at June 30, 2014 (after giving effect to the Offering, Concurrent Private Placement and Debenture Refinancing) (unaudited – *pro forma*)**
Loans and mortgages payable.....	$44,907,558	$44,907,558	$44,907,558
Convertible Debentures..............	$10,141,697	$10,141,697	$10,789,000
Common Shares[(1)]	$10,834,175	$15,221,375	$16,209,175
Contributed Surplus....................	$720,477	$720,477	$720,477
Retained Earnings.......................	$4,529,221	$4,529,221	$4,529,221
Total Capitalization..................	**$71,133,128**	**$75,520,328**	**$77,155,431**

Notes:

(1) Authorized – unlimited; Issued (actual) –30,995,000; Issued (pro forma including Offering) – 38,995,000; Issued (pro forma including Offering and Concurrent Private Placement) – 40,582,300.

USE OF PROCEEDS

The estimated net proceeds of the Offering and the Concurrent Private Placement, after deducting the Underwriters' Fee and the estimated expenses of the Offering and the Concurrent Private Placement, will be $5,375,000. If the Over-Allotment Option is exercised in full, the net proceeds to be received from the Offering by the Company, after deducting the Underwriters' Fee and the estimated expenses of the Offering and the Concurrent Private Placement, will be $6,131,000. The Company intends to use the net proceeds it receives from the Offering and the Concurrent Private Placement to partially fund signed commitments for loan investments of $5.2 million and for working capital and general corporate purposes.

PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of the Underwriting Agreement, the Company has agreed to issue and sell, and the Underwriters have agreed to purchase on the Closing Date, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, an aggregate of 8,000,000 Offered Shares at a purchase price of $0.63 per Offered Share, payable in cash to the Company against delivery of such Offered Shares, for gross proceeds to the Company of $5,040,000. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain stated events, including in the event that (i) there shall have occurred any material change or change in any material fact, or there shall be discovered any previously undisclosed material change or material fact in relation to the Company, in each case which, in the reasonable opinion of the Underwriters, has or would reasonably be expected to have a material adverse effect on the market price or value of the Offered Shares; (ii) any order to cease or suspend trading in any securities of the Company or prohibiting or restricting the distribution of any securities of the Company and has not been rescinded, revoked or withdrawn; (iii) there is an inquiry, action, investigation or other proceeding commenced, announced or threatened or an order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality in relation to the Company or any one of its officers or directors, which in the opinion of the Underwriters, acting reasonably, operates to prevent or materially restrict the distribution or trading of the Offered Shares or, materially and adversely affects or would be reasonably expected to materially and adversely affect the market price or value of the Offered Shares; (iv) there should develop, occur or come into effect or existence any event, action, state, condition or major occurrence of national or international consequence or any law or regulation is enacted or changed, which, in the opinion of the Underwriters, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries taken as a whole; or (v) any Underwriter and the Company agree in writing to terminate this Agreement in relation to such Underwriter. The Underwriters, however, are obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. The terms of the Offering, including the Offering Price, were determined by negotiation between the Company and Beacon, on behalf of the Underwriters.

The Company has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time, and from time to time, up to 30 days after the Closing of the Offering, to purchase up to 1,200,000 additional Common Shares, representing 15% of the number of Offered Shares sold under the Offering, on the same terms and conditions as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public will be $5,796,000, the total Underwriters' Fee will be $405,720 and net proceeds to the Company (before deducting the expenses of the Offering and the Concurrent Private Placement) will be $5,390,280. This Prospectus qualifies the distribution of the Over-Allotment Option and Common Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allotment position acquires those Common Shares under this Prospectus, regardless of whether the Underwriters' over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to the Underwriting Agreement, the Company has agreed to pay to the Underwriters a fee equal to 7% of the gross proceeds from the issue and sale of the Offered Shares (including for certainty any Common Shares issued upon the exercise of the Over-Allotment Option), which fee will be payable in full on the Closing Date. The Company has also agreed to issue to the Underwriters the Broker Warrants entitling the Underwriters to subscribe for that number of Broker Shares as is equal to 7% of the number of Offered Shares issued under the Offering (including Common Shares issued upon exercise of the Over-Allotment Option), subject to adjustment in certain circumstances. Each Broker Warrant is exercisable for one Broker Share at the Offering Price for a period of 12 months following the closing of the Offering. This Prospectus qualifies the distribution of the Broker Warrants. The Company has also agreed in the Underwriting Agreement to reimburse the Underwriters for their legal fees and certain other expenses in connection with the Offering.

The Underwriters reserve the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers or investment dealers, who may or may not be offered part of the Underwriters' Fee.

Subject to certain exceptions, the Company has agreed in the Underwriting Agreement that it will not, directly or indirectly, offer, sell, issue or grant or enter into any agreement or announce any intention to offer, sell, issue or grant any Common Shares or any securities convertible into or exchangeable for Common Shares for a period of 90 days from the date of Closing of the Offering without the prior written consent of Beacon, which consent may not be unreasonably withheld or delayed.

Subject to certain exceptions, each of the directors, officers and principal shareholders of the Company have agreed to enter into an agreement on the Closing Date pursuant to which they will agree not to, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, lend, swap, or otherwise dispose of, transfer, assign, or announce any intention to do so, any Common Shares or any securities convertible into or exchangeable for Common Shares, whether now owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, for a period of 90 days after Closing of the Offering.

Under the Underwriting Agreement, the Company has agreed to indemnify and hold harmless the Underwriters and their respective directors, officers, employees, shareholders, partners, advisors and agents against certain liabilities, including civil liabilities under Canadian securities legislation, and to contribute to payments the Underwriters may be required to make in respect thereof.

Concurrently with the Closing of the Offering, certain insiders of the Company will subscribe for 1,587,300 Common Shares on a private placement basis at a price of $0.63 per Common Share for total gross proceeds of $999,999. No commission or other fee will be paid to the Underwriters in connection with the sale of Common Shares pursuant to the Concurrent Private Placement. The Concurrent Private Placement constitutes a "related party transaction" under Multilateral Instrument 61-101 – Protection of Minority Security Holders ("**MI 61-101**"). MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from both requirements is available when the fair market value of the transaction, insofar as it involves the interested parties, is not more than 25% of the market capitalization of the issuer. The total anticipated gross proceeds of the Concurrent Private Placement is less than 25% of the market capitalization of the Company. As a result, the Concurrent Private Placement will not be subject to the valuation and minority approval requirements of MI 61-101. This Prospectus does not qualify the distribution of the Common Shares issued pursuant to the Concurrent Private Placement. The Common Shares issued pursuant to the Concurrent Private Placement will be subject to a minimum statutory hold period of four months from the closing of the Concurrent Private Placement.

The Company has made an application to the TSXV to list the Common Shares offered under this Prospectus (including the Common Shares issuable pursuant to the Over-Allotment Option and the Broker Shares issuable on exercise of the Broker Warrants) and the Common Shares issuable under the Concurrent Private Placement on the TSXV. Such listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

The Common Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States, or to, or for the account or benefit of, a U.S. person (as defined in Regulation S of the U.S. Securities Act). Accordingly, the Common Shares may not be offered, sold or delivered within the United States, and each Underwriter has agreed that it will not offer, sell or deliver the Common Shares within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the closing of the Offering, any offer or sale of the Common Shares offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Common Shares in the United States or to, or for the account or benefit of, U.S. persons.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for their own accounts or for accounts over which they exercise control or direction . The foregoing restriction is subject to 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 Common Shares. These exceptions include bids or purchases permitted under 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 bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first mentioned exception, in connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be interrupted or discontinued at any time.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of preventing or mitigating a decline in the market price of the Common Shares, and may cause the price of the Offered Shares to be higher than would otherwise exist in the open market absent such stabilizing activities. As a result, the price of the Offered Shares may be higher than the price that might otherwise exist in the open market.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares offered under this Prospectus at such price, the initially stated Offering Price may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than the initially stated Offering Price and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company.

Subscriptions for the 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 notice. Other than pursuant to certain exceptions, the Offering will be effected only through the book-based system administered by CDS or its nominee and the Offered Shares will be deposited with CDS on the Closing Date. A purchaser of Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant through which the Offered Shares are purchased. Offered Shares must be purchased or transferred through a CDS participant and all rights of holders of Offered Shares must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS participant through which the holder of Offered Shares holds such Offered Shares. Beneficial owners of Common Shares will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Common Shares.

The Closing Date is expected to take place on October 15, 2014, or such other date as the Company and the Underwriters may agree, acting reasonably.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Common Shares. Holders of Common Shares are entitled to receive notice of and to attend any meeting of shareholders of the Company and to one vote per share at any such meetings, to receive dividends if, as and when declared by the Board, and to receive on a pro rata basis the remaining property and assets of the Company upon its dissolution or winding up. As at the date of this Prospectus, 30,995,000 Common Shares are issued and outstanding.

PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares for the 12-month period prior to the date of this Prospectus.

Date of Issuance	Security Issued	Reason for Issuance	Number of Securities Issued	Price per Security ($)
September 12, 2013	Common Shares	Exercise of common share options	100,000	$0.20
October 4, 2013	Common Shares	Exercise of common share options	50,000	$0.20
June 19, 2014	Common Shares	Exercise of common share options	150,000	$0.20
September 29, 2014	Convertible Debentures	Debenture Refinancing	10,850	$1,000

PRICE RANGE AND VOLUME OF TRADING OF COMMON SHARES

The Common Shares are listed and posted for trading on the TSXV under the symbol "TII". The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSXV for the 12-month period prior to the date of this Prospectus.

Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Total Monthly Volume
September 2013	0.335	0.290	68,872
October 2013	0.360	0.300	600,685
November 2013	0.355	0.320	1,003,018
December 2013	0.450	0.350	287,819
January 2013	0.550	0.355	215,194
February 2014	0.500	0.410	351,256
March 2014	0.500	0.430	367,763
April 2014	0.490	0.440	323,743
May 2014	0.670	0.380	8,223,012
June 2014	0.640	0.540	1,849,054
July 2014	0.630	0.500	3,777,709
August 2014	0.690	0.550	757,999
September 1, 2014 – September 26, 2014	0.680	0.610	661,441

On September 22, 2014, being the last day on which the Common Shares traded prior to the public announcement of the Offering, the closing price of the Common Shares on the TSXV was $0.67. The closing price of the Common Shares on the TSXV on September 26, 2014, the last trading day prior to the date of this Prospectus, was $0.67.

RISK FACTORS

An investment in the Common Shares is subject to a number of risks. Before deciding whether to invest in the Common Shares, prospective investors should consider carefully the risk factors set forth under the heading "*Risk Factors*" in the Annual Information Form and all of the other information in this Prospectus (including, without limitation, the documents incorporated by reference).

The risks described herein and in the documents incorporated by reference in the Prospectus are not the only risk factors facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also potentially materially and adversely affect its business.

The risks discussed below also include forward-looking statements and the Company's actual results may differ substantially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements".

The Company May Use the Proceeds of the Offering for Purposes Other Than Those Set Out in this Prospectus

The Company currently intends to allocate the net proceeds received from the Offering as described under the heading "Use of Proceeds" in this Prospectus. However, management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, investors will be relying on the judgment of management as to the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. In particular, Mr. John Kaplan, indirectly, through a wholly owned subsidiary, holds 19.99% of the issued and outstanding Common Shares. If either Mr. Kaplan or any other significant shareholder decides to liquidate all or a significant portion of the Common Shares held, it could adversely affect the price of the Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP. KPMG LLP was first appointed as auditor of the Company on November 27, 2013 replacing Deloitte LLP. KPMG LLP has advised that it is independent with respect to the Company within the meaning of Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. Deloitte LLP has advised that it was independent with respect to the Company at the time of its audit report within the meaning of Rules of Professional Conduct of the Charted Professional Accountants of Ontario. The transfer agent and registrar for the common shares is Computershare Trust Company of Canada at its principal offices located in Toronto, Ontario, Canada.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the Concurrent Private Placement, there are no material interests, direct or indirect, of the directors or officers of the Company, any shareholder that beneficially owns more than 10% of the Common Shares of the Company or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the Company or any of its Subsidiaries.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Company to which the Company is a party or in respect of which any of its properties are subject, nor are there any such proceedings known to the Company to be contemplated.

EXPERTS

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by Goodmans LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date hereof, the respective partners and associates of each firm beneficially owned, directly or indirectly, less than one percent of the securities or other property of the Company and its associates and affiliates.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces 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, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE COMPANY

Dated: September 29, 2014

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 of the provinces of Canada, excluding Quebec.

TERRA FIRMA CAPITAL CORPORATION

(signed) Y. Dov Meyer
President and Chief Executive Officer

(signed) Mano Thiyagarajah
Chief Financial Officer

On behalf of the Board of Directors

(signed) John Kaplan
Director

(signed) Seymour Temkin
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 29, 2014

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 of the provinces of Canada, excluding Quebec.

BEACON SECURITIES LIMITED

By: (signed) Peter Greenwood
Managing Director, Investment Banking

PARADIGM CAPITAL INC.

By: (signed) Chris Seto
Partner