MATERIAL CHANGE REPORT

<u>Item 1 - Reporting Issuer</u>

Counsel Corporation ("Counsel")
Exchange Tower
Suite 1300, P.O. Box 435
130 King Street West
Toronto, Ontario
M5X 1E3

<u>Item 2 - Date of Material Change</u>

August 11, 2003

<u>Item 3 - Press Release</u>

Attached as Schedule "A" to this report is a copy of the press release issued at Toronto on August 11, 2003 announcing Counsel's intention to offer to purchase all of its 6% Convertible Unsecured Subordinated Debentures due October 31, 2003 (the "Debentures").

<u>Item 4 - Summary of Material Change</u>

On August 11, 2003 Counsel announced its intention to offer to purchase all of its outstanding US$40,861,000 aggregate principal amount of Debentures. Counsel is offering holders of Debentures US$750 plus 100 common share purchase warrants for each US$1,000 principal amount of Debentures, plus any accrued and unpaid interest.

<u>Item 5 – Full Description of Material Change</u>

See attached Schedule "A".

<u>Item 6 – Confidentiality</u>

Not applicable.

<u>Item 7 - Omitted Information</u>

Not applicable.

Item 8 - Senior Officer

The following senior officer of Counsel is knowledgeable about the material change and this report:

Stephen Weintraub
Senior Vice President and Secretary
(416) 866-3058

Item 9 - Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, this 11th day of August, 2003.

"Stephen Weintraub"

Stephen Weintraub
Senior Vice President and Secretary

SCHEDULE "A"

AUGUST 11, 2003 - 08:22 ET

Counsel Corporation Offers To Purchase 6% Convertible Unsecured Subordinated Debentures

TORONTO, ONTARIO--Counsel Corporation (TSX:CXS / NASDAQ:CXSN) announced today that its Board of Directors has approved an offer to purchase all of its 6% Convertible Unsecured Subordinated Debentures due October 31, 2003. The aggregate principal amount of Debentures currently outstanding is US$40,861,000.

The Company is offering US$750 plus 100 common share purchase warrants for each US$1,000 principal amount of Debentures, plus any accrued and unpaid interest. The Debentures are listed for trading on the Toronto Stock Exchange, and the closing price on August 8, 2003 was US$650. Before attributing any value to the warrants, which are exercisable at Cdn$4.60 per share, Counsel's offer of US$750 is a 15.4% premium over the most recent trading price of the Debentures.

The US$750 portion of the purchase price will consist, at the Debentureholders' option, of US$750 in cash up to an aggregate maximum of US$7,661,438 (subject to proration), or US$750 principal amount of Notes, or a combination of cash and Notes (subject to proration). The Notes will be unsecured and mature on October 31, 2006, and will bear interest at 8% per annum. The principal amount of the Notes will be payable in cash in three equal annual payments on October 31 of each of 2004, 2005 and 2006. The share purchase warrants will entitle the holder to purchase common shares of the Corporation for a purchase price of Cdn$4.60 per share at any time on or prior to October 31, 2006. Counsel will apply to list the warrants on the Toronto Stock Exchange

The purpose of the offer is to repurchase the Debentures so as to provide Debentureholders with cash and/or short term debt as an alternative to receiving common shares at maturity and to provide Debentureholders with the opportunity to participate in potential upside through the exercise of warrants. Under the existing trust indenture for the Debentures, Counsel has the option to satisfy its obligation to pay principal upon redemption or at maturity by the issuance of common shares to Debentureholders. The offer provides Debentureholders with certainty with respect to their holdings and eliminates the risk attributable to the common share payment option. Excluding the value of the warrants, the offer of US$750 cash and/or Notes represents a 20% premium over the weighted average trading price of the Debentures for the month of July, 2003 and a 14% premium over the weighted average trading price of the Debentures for the first seven months of 2003.

In conjunction with the offer, Counsel is seeking consents from Debentureholders to amend the existing trust indenture to grant Counsel the right to deliver, upon redemption or maturity of the debentures, for each US$1,000 principal amount of Debentures then outstanding, US$750 principal amount of Notes and 100 common share purchase warrants and to reduce the minimum notice period required for redemption from at least 30 days to at least 10 days. In the event that the requisite consents are not obtained prior to the October 31, 2003 maturity date of the Debentures, the Corporation can repay the remaining Debentures in cash or by issuing common shares. There is a significant possibility that the Corporation will elect to issue common shares in satisfaction of some or all of the principal amount of any Debentures remaining at maturity.

Counsel retained BMO Nesbitt Burns as financial advisor with respect to the offer.

Complete details of the offer and method to deposit Debentures subject to the terms and conditions of the offer will be mailed to Debentureholders shortly.

Allan Silber, Chairman and CEO of Counsel said "I believe that this offer addresses the concerns of Debentureholders in a fair and equitable manner. The offer provides a premium over the current market value of the Debentures, eliminates the risk of receiving common shares and, through the warrants, allows the holders to participate in potential capital appreciation by extending the life of their convertibility option, which is currently at US$11.47 per share, for another three years at a significantly reduced price."

About Counsel Corporation

Headquartered in Toronto, Ontario, Counsel Corporation (TSX:CXS / NASDAQ:CXSN) is a diversified company focused on acquiring and building businesses using its financial and operational expertise in two specific sectors: communications and real estate. Counsel's communications platform is focused on building upon its existing communications businesses through organic growth and by acquiring substantial additional customer revenues. Counsel's real estate platform has a focused strategy of investing in and developing income producing commercial properties, primarily retail shopping centers. For further information, visit Counsel's website at www.counselcorp.com.

Forward-Looking Statements

The statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address Counsel Corporation's expectations, should be considered as forward-looking statements. Such statements are based on knowledge of the environment in which they currently operate, but because of the factors herein listed, as well as other factors beyond their control, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that may cause actual results to differ from anticipated results include, but are not limited to, obtaining necessary approvals and other risks detailed from time to time in the Companies' securities and other regulatory filings.

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FOR FURTHER INFORMATION PLEASE CONTACT:
Counsel Corporation
Stephen Weintraub
Senior Vice President & Secretary
(416) 866-3058