FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Counsel Corporation (**"Counsel"**)
1 Toronto Street, Suite 700
Toronto, ON M5C 2V6

Item 2 **Date of Material Change**

January 25, 2011

Item 3 **News Release**

Attached as Schedule "A" is the news release in respect of the material change, which was disseminated through Marketwire on January 25, 2011.

Item 4 **Summary of Material Change**

Counsel announced that all 6,009,616 of its Series B preferred shares, with an aggregate par value of approximately $11.538 million ($1.92/share), have been converted into common shares at $0.75 per share. This resulted in the issuance of 15,384,617 common shares and, consequently, Counsel now has a total of 77,204,500 common shares outstanding.

The Series B shares had been owned by Sherfam Inc., which retained 2,688,000 of the converted common shares. The balance of the common shares was acquired by institutional and private investors. As a result of the conversion, Dr. Bernard Sherman, directly and through Sherfam Inc. and other entities that he controls, owns approximately 13.25% of Counsel's common shares.

Item 5 **Full Description of Material Change**

Please refer to the news release attached as Schedule "A" to this material change report.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

The report is not being filed on a confidential basis.

Item 7 **Omitted Information**

No information has been omitted.

Item 8 **Executive Officer**

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

Stephen Weintraub
EVP, Secretary & CFO
Counsel Corporation
(416) 866-3058

Item 9 **Date of Report**

January 27, 2011

Schedule "A"

PRESS RELEASE

COUNSEL CORPORATION ANNOUNCES CONVERSION OF PREFERRED SHARES

TORONTO, ONTARIO--(Marketwire - Jan. 25, 2011) - Counsel Corporation ("Counsel") (Toronto:CXS.TO) announced today that all 6,009,616 of its Series B preferred shares, with an aggregate par value of approximately $11.538 million ($1.92/share), have been converted into common shares at $0.75 per share. This resulted in the issuance of 15,384,617 common shares and, consequently, Counsel now has a total of 77,204,500 common shares outstanding. All amounts are stated in Canadian dollars unless noted.

The Series B shares had been owned by Sherfam Inc., which retained 2,688,000 of the converted common shares. The balance of the common shares was acquired by institutional and private investors.

Allan Silber, Chairman and CEO of Counsel, stated "We are very pleased that our Series B shares were converted at $0.75 per share. We see this as a vote of confidence in the Company's strategy and direction. The conversion of the preferred shares increases our shareholders' equity by almost $12 million, which greatly strengthens Counsel's financial position and simplifies its balance sheet." Mr. Silber added "As a result of the conversion, Dr. Bernard Sherman, directly and through Sherfam Inc. and other entities that he controls, owns approximately 13.25% of Counsel's common shares. We thank Dr. Sherman for his continued support."

About Counsel Corporation

Counsel Corporation (Toronto:CXS.TO) is a private equity investor and alternative asset manager that actively partners with businesses to achieve shared success and to unlock value through leveraging its relationships, access to capital and strategic market experience. For further information, please visit our 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's expectations, should be considered as forward-looking statements. Such statements are based on knowledge of the environment in which Counsel currently operates, but because of the factors listed herein, as well as other factors beyond Counsel's 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 Counsel's securities and other regulatory filings.

Contact
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