



Relationship Disclosure Document

November 2020

Purpose of this document

This Relationship Disclosure Document contains important information concerning our relationship with you. It contains information about us, the services and products that we offer, risks, the nature of your account(s) with us, the manner in which they are operated, fees you are paying and how they are calculated, how we assess the suitability of your investment, the reports that help monitor your financial assets, conflicts of interest, our carrying brokers' handling of orders, complaint handling and a checklist of documents that will be provided to you.

Delivery of this document

The Relationship Disclosure Document will be delivered to you at the time you open your account(s) with us. If there is a material change to the information contained in this document, we will provide you with an updated document on a timely basis.

Who we are?

Red Cloud Securities Inc. ("Red Cloud") is an investment dealer and is registered in all Canadian provinces and territories. We are members of the following organizations: The Investment Industry Regulatory Organization of Canada ("IIROC") and The Canadian Investor Protection Fund. Red Cloud operates two types of business: Corporate Advisory/M&A and Investment Banking.

Investment banking services both institutional and retail clients You can learn more about our firm at www.redcloudsecurities.com.

The account(s) you have and how they operate

We offer our clients advisory accounts. Your Investment Advisor is responsible for providing suitable and unbiased investment recommendations to you that meet the standard of care expected of a trained investment professional based on the KYC information that you provide to us. You (or your authorized representative) direct(s) all trading and is (are) responsible for all investment decisions in your account.

Commission-based account

Red Cloud charges a commission for each trade made in your account, based on either a flat dollar amount or a percentage of the value of the securities purchased or sold. The commission is negotiated between you and your investment advisor before the trade is executed in your account. The commission is also disclosed on your trade confirmation. Investments purchased on your behalf may also pay us fees, such as agent's fees in respect of underwritings.

Investment Performance Report

For clients with cash accounts, performance reporting: quarterly, yearly and/or monthly annualized performance summaries will be available on request. We will send you a performance report on your account every 12 months on a calendar year basis. This annual performance report will include your annualized returns over one, three, five and ten year periods from the time your account was opened. Performance reporting is

not available for COD accounts. The report will indicate the performance of each of your accounts, net of the fees you have paid.

Fees and Compensation Report

A Fees and Compensation Report will be sent annually. The report will help you understand the fees you paid to us as well as the amounts we have received for servicing your account. All amounts displayed are in the currency of the account.

How Red Cloud assesses the suitability of your investments

We will assess whether a purchase or sale of a security is suitable for you prior to making a recommendation to, or accepting trade instructions from you. We will also assess the suitability upon the occurrence of the following:

- If securities transferred or deposited into your account;
- If there is a change in your investment advisor; and
- If there is a material change in your KYC information.

If during the suitability review we identify any concerns, we will discuss them with you and may be required by our regulators to document our discussion and, if we are strongly concerned with your decision to maintain unsuitable or proceed with the investment, we may refuse to execute the transaction or to terminate our relationship.

In order to ensure that the holdings in your accounts are suitable for you as time passes, we will review the suitability of your investments in your accounts on an annual basis and when required to one of the reasons described above.

Red Cloud will not review the investment held in your accounts in the event of a major market correction or any other factors not described above. However, your investment advisor is ready to discuss the effect of market fluctuations on your account with you when you request it.

Know Your Client (KYC) Information

Your KYC information is about you, your personal circumstances and current financial situation and includes, but not limited to your:

Age;

Annual Income: the approximate annual income of you and your spouse combined;

Net Worth: calculated as your fixed assets and liquid assets less liability;

Investment Objectives: – what you would like to achieve from your account; and,

Risk Tolerance: the degree to which you are willing to accept a fluctuation in value of your investments.

We will explain in more detail these concepts: Investment Knowledge/Experience, Investment Objectives, Investment Time Horizon and Risk Tolerance.

Investment Knowledge/Experience

Your investment advisor needs to understand your level of investment knowledge and experience in order for him to make suitable investment recommendations. Investment knowledge and experience encompass an understanding of the characteristics of various types of securities, experience in investing in those

securities, and experience holding investment in various market cycles. Your level of investment knowledge and experience may change over time. Investment knowledge and experience levels are described as follows:

Sophisticated

You have traded in most types of investment products including knowledge of alternative investments (options, private equity, hedge funds) speculative and short selling strategies and an appreciation of the risks and rewards involved in trading these securities.

Good

You have either traded in or have some knowledge of the basic characteristics of investment securities, as well as basic understanding of the degree of risk and reward inherent in these types of securities.

Limited

You have had some investment experience but may not have a full understanding of the basic characteristics of the various types of securities and the degree of risk associated with these securities.

Poor/none

You have very limited or no knowledge of the basic attributes of investment securities

Investment Objectives

The investments in your account should be consistent with your investment objectives. Investment Objectives are classified and documented as being income-related, growth-orientated, aggressive growth-orientated or balanced (a combination of income and growth/aggressive growth) Information will be requested on the primary purpose of each account, which include generating income for current or future expenses; partially fund retirement; fully fund retirement; fund a major purchase; preserve wealth and pass it on to heirs; pay for children’s education or market speculation.

You can choose to have specific investment objectives and risk tolerance for each account held at Red Cloud.

Time horizon

The investment time horizon plays an important role in setting return objectives and defining liquidity constraints. Investment time horizon should be determined by considering when you will need to access some or all of the money in your accounts. It should be indicated by one of the following ranges: Within one year; One to three years; Three to five years; Five to ten years; More than ten years

When Red Cloud recommends an order to you or accepts an order from you or your legal representative, we will review each order or strategy in the context of your KYC described above. Our understanding of your KYC is critical in helping us in recommending the proper assets allocation for your account(s).

The reports that help monitor your financial assets, their performance, and the fees & charges you may pay to Red Cloud

Confirmations

We will provide you with written trade confirmations of the details of every purchase and sale in your accounts by mail on the day the transactions are completed. Please review your trade confirmation as soon as you receive it.

Account statements

We will mail you a statement for the month of March, June, September and December and for any month in which a transaction has occurred in your account. Every confirmation, statement or other communication sent by our carrying broker and Red Cloud shall be deemed to have been acknowledged as correct by you unless we have received written notice to the contrary within 25 days of month end.

Fees and Commissions

Commission charges for the purchase and sale of securities are recorded on the trade confirmation transaction records that are used for each purchase and sale. Administrative and services fees may include fees for wire or security transfers and registered plans. Administration and service fees are published on the Red Cloud website at www.redcloudsecurities.com, or from your advisor.

Performance Benchmarks

Investment benchmarks are a standard against which the performance of a security can be measured. Generally, broad market stock and bond indexes are used for this purpose. There are dozens of indexes that be used to gauge the performance of any given investment including the S&P/TSX Composite, the S&P 500 and the Dow Jones Industrial Average. When evaluating the performance of your investments, it is important to compare it against an appropriate benchmark.

Given the importance of having the correct comparison and the diverse nature of our client accounts, Red Cloud will not include benchmarks on the monthly statements we send to our clients.

Conflicts of Interest**General Description**

We have prepared these summaries as part of our commitment to conflict of interest management practices, and also to help you better understand conflict issues that may arise. In addition to our objective to serve your financial goals in alignment with our business interests, Canada has comprehensive and extensive securities regulatory rules and regulations, many of which are directed at protecting client and investor interests, including dealing with conflicts of interest. We suggest that you refer to the websites and publications of the provincial securities commissions through the Canadian Securities Administrators (“CSA”) and Investment Industry Regulatory Organization of Canada (“IIROC”) for more information on how Canadian securities regulations address conflicts of interest in order to safeguard the investing public.

Description of the Member Firm

Red Cloud is a Type 2 Introducing Broker (“IB”) investment firm. Our client accounts are held in a custody arrangement with our “carrying broker” (“CB”), Haywood Securities Inc. All investments shown on our client statements are held by Haywood Securities Inc. in segregation from the accounts of other brokerage firms. Haywood Securities Inc. executes, settles and reports all of your trade activity to you and provides Red Cloud (and consequentially to you) with a contractual indemnity assuring you that the investments shown on your statements are held by them as custodian. If, under any circumstances, any trade activity for your account is not reported on a trade confirmation and your monthly statement, immediately report such omission to your Red Cloud RR since such an event is a violation of our operating policies and procedures. We provide a broad range of services in Corporate advisory/M&A and investment banking. We recognize that some of these activities are more susceptible to conflicts of interest than many other commercial activities. Conflicts of interest may still arise despite the intentions of our strategic planning to limit them.

The general types of conflicts of interest which can arise are:

- Conflicts of interest between you and us;
- Conflicts of interest between you and our other clients; and
- Conflicts of interest between us and our related and associated companies.

Description of Role of Red Cloud

Red Cloud acts as an agent, facilitating transactions between you as our client and a third party on the other side of the transaction. We have no ownership interest in the security traded. Red Cloud also offers investment banking services to advise an issuer of securities on raising funds by selling securities, while contemporaneously recommending that our clients buy those same securities.

We may offer our services to the issuers on a “best efforts basis” where we do not guarantee the issuer that we will sell any amount of such securities to our clients. In this scenario, our commission is based on the units sold.

Management of Conflicts of Interest

In general, we deal with and manage relevant conflicts in one of the following manners:

Avoidance: This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.

Control: We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.

Disclosure: By providing you with information about conflicts, you are able to assess independently their significance when evaluating our recommendations and any actions we take.

The following information is intended to assist you in understanding and assessing material potential and actual conflicts of interest, including how we address them. This is an overview of a complex subject. Despite that, we believe the simplest control is the most effective - your continued satisfaction and patronage. If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, you should never hesitate to say so and ask your advisor for an explanation and more information.

We document our core values and standards, including general standards for how we deal with conflicts of interest. This is summarized in the table below.

Possible Conflicts and How They Are Managed

Conflict of Interest	Address By	How Conflicts Will Be Addressed
	Ongoing Conflict of Interest	
We earn compensation by selling products and services to you for which you pay us.	Disclose/ Control -	We will inform you of fees, commissions and other compensation in advance so that you know what you will be paying.

	Control	We have policies and procedures prohibiting recommendations solely for the purpose of generating revenue for us without any benefit to you.
	Avoid	We may choose not to offer a complex product that carries a high commission.
Conflict of Interest	Address By	How Conflicts Will Be - Addressed
Conflict of Interest May Occur		
We may sell you securities of companies that are related or connected to us.	Disclose	We are required by regulation to disclose this when we make a recommendation to you. We inform you whether a transaction involved a related or connected security on the trade confirmation.
	Control	Our advisors receive the same commission compensation regardless of the product originator.
We are paid by issuers of securities when we advise on or underwrite a new issue which we may recommend to you. When we advise on or underwrite a new issue, we are acting for the issuer that wants to obtain the highest price while recommending the investment to purchasers who are interested in obtaining the lowest price.	Control	We have structurally segregated our institutional corporate finance and retail advisory businesses, which prevents the sharing of non-public information by our institutional corporate finance business (with the relationship with the issuer) with our retail and institutional advisory businesses (with the relationship with clients like you).
	Disclose	The offering documents provide full disclosure of all relationships we may have with the issuer.
If you hold an applicable security, we may be paid by issuers, offerors or others to solicit your proxy or vote in their favour with respect to takeover bids, corporate reorganizations, solicitation of proxies and other corporate actions.	Disclose	Securities regulations require specific disclosure of such arrangements and the compensation we will receive in documents such as information circulars, takeover bid circulars and issuer bid circulars.
As a result of business relationships with issuers of securities, we may be exposed to non-public information that we cannot disclose.	Control	We operate our corporate finance and retail and institutional advisory business separately so that such information is tightly controlled and not shared by corporate finance with our retail and institutional advisory businesses.
Conflict of Interest	Address By	How Conflicts Will Be Addressed

		Our internal information barriers are designed to ensure regulatory requirements are complied with and retail advisory employees do not have access to any non-public information that may be available to our corporate finance businesses.
We may have access to commercially sensitive or inside information.	Avoid/ Control	We may decline to provide a service to avoid insider trading provision in securities legislation. We have specific procedures for responding to conflicts of interests that involve inside information and for complying with insider trading provisions.
We provide investment research on securities of companies that may have other business relationships with us.	Control	We have and follow written procedures under IROC regulations that govern the distribution of research. Our research and recommendations are subject to extensive and detailed regulatory requirements and internal standards.
We may permit certain individuals who are registered with us (including your investment advisor) to be employed by, participate in, or accept compensation from other persons or firms, outside the scope of his/her relationship with us.	Control	Your advisor or representative must declare and have approved by us any such private investments before they are made. Your advisor must declare any outside business activities to the firm. These activities, in particular those activities involving publicly traded companies, are reviewed for real or potential conflicts and approved by the firm.

Conflict of Interest	Address By	How Conflicts Will Be - Addressed
Individuals may serve on a board of directors or take on other activities that could take time or attention away from your account.	Avoid	- Securities legislation prohibits an individual from serving as a director of another registered firm that is not an affiliate of our firm.
	Control	When an advisor or representative sits on a board of directors of a charity or undertakes other community activities in any substantive way, they are subject to regulatory guidance on the disclosure and approval of outside business activities.

Securities regulations require that we use due diligence to ensure that orders accepted from you and recommendations made to you are suitable for you, based on factors including your financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and risk level. As a result, we reserve the right to decline to accept orders to purchase securities if, in our opinion, they are not suitable based on such factors. Upon opening your account, your advisor will request information from you related to these factors, which will be used to assess the suitability of investments recommended and orders accepted.

You will be provided with a copy of this information in the New Client Application Form (NCAF). Please review this form carefully to ensure that all of the personal and financial information recorded is accurate before signing the form. After your account has been opened, you will receive a copy of the NCAF for your records. Please review the NCAF carefully and advise us promptly if any of the information is not accurate. If there is a material change to your personal or financial information - such as your employment status, income or financial resources, investment objectives or risk tolerance - at any time after you open your account, please tell your advisor about these changes so that we may update our records and continue to provide suitable advice. If you do not tell your advisor about these changes, we cannot ensure that any further recommendations made to you or orders accepted from you will be appropriate for you. If there is a material change in your personal or financial circumstances that results in a change to the information that we have on record, we will send you an updated NCAF which includes these changes. Please review this document carefully and advise us promptly if any of the information is not accurate. Your advisor will review your account holdings to assess their suitability in the following circumstances:

- When an order is accepted;
- When a recommendation is made;
- When you deposit or transfer securities into your account;
- When there is a material change in your personal or financial circumstances that results in a revision of the information that we have on record; and
- When there is a change of the advisor responsible for your account.

Other events, such as significant market fluctuations, may not result in a review of the suitability of your existing investments. Please contact your advisor if you wish to review the suitability of your investments at any time.

Although we will endeavor to ensure that the investments you own are suitable for you, it is important to note that the value of individual securities is not guaranteed. The value of securities and your investment portfolio as a whole can fluctuate, and you could lose part or all of the value of any investment. Unlike bank accounts, your stocks are not covered by the Canada Deposit Insurance Corporation or another deposit insurer. The Canadian Investor Protection Fund (CIPF) covers losses of clients of IIROC member firms resulting from the insolvency of a member firm, within specified limits, but the CIPF does not insure against investment losses resulting from loss of value of securities.

Additional important information you need to know about your relationship with us is contained in other documents we provide to you such as account opening forms, trade confirmations, month end statements, and the updates we provide to you from time to time about any changes that have occurred to the information that you have received from us. Specific documents that you may receive from us during the course of our relationship are discussed later in this document.

Our Relationship with You

Pursuant to securities industry regulations, your account is described as an "advisory account." This means that you are responsible for investment decisions. Your advisor can make recommendations but cannot make investment decisions for you. When making recommendations, your advisor must meet an appropriate standard of care, provide suitable investment recommendations and provide unbiased investment advice.

Account Opening Documents

In connection with your new (updated) account(s) the following documents are available in the Client Notices and Agreements menu on the www.redcloudsecurities.com home page:

For All Accounts

- New Client Application Form (Note 1)
- Client Agreement (Note 1)
- Relationship Disclosure Document (Note 2)
- Conflict of Interest Statement
- Electronic Funds Transfers
- Administration Fee Schedule (Note 1)
- Introducing/Carrying Broker Disclosure
- Terms & Conditions
- Agent for Service Information

Keeping You Informed (Regulatory Disclosure)

- Privacy and Protection of Personal Information Policy
- Explanation of the Limitation of Benefits Article & Treaty Statement
- Impacts on Certain Clients Under US Withholding Tax Rules
- Communication with Beneficial Owners of Securities
- Business Continuity Plan
- CIPF Disclosure Brochure (Note 1)
- How IIROC Protects Investors

Handling Complaints

- Complaint Handling Policy (Note 1)
- IIROC Guide - An Investor's Guide to Making a Complaint (Part 1 of 2) (Note 1)
- IIROC Guide – How Can I Get My Money Back: A Guide for Investors (Part 2 of 2) (Note 1)
- Ombudsman for Banking Services and Investments – Investor Brochure

Note 1 – To be provided on account opening

Note 2 – To be provided prior to account opening

All other documents are available on our website, www.redcloudsecurities.com, or from your advisor on request.

Complaint Handling Procedures

Written client complaints can be submitted by mail to the Chief Compliance Officer (CCO) of Red Cloud Securities Inc. 105 King Street East, 2nd Floor, Toronto, Ontario M5C 1G6, 877-919-5979

The CCO will send you an acknowledgment letter within five business days of the receipt of your complaint. In this acknowledgement letter, the CCO may request additional information in order to investigate your complaint. The CCO will also send you the following IIROC brochures: Making a Complaint: A Guide for Investors and How Can I Get My Money Back? A Guide for Investors. You will also receive this brochure at the time of your account opening.

The CCO will provide you with a substantive response within ninety (90) calendar days of the receipt of your complaint. If the CCO is unable to respond to your complaint within the above time frame, he/she will provide you with a written explanation.

In his/her final decision letter, the CCO will provide you with a summary of your complaint, the results of his/her investigation, an explanation of his/her final decision, and the other options you may have for seeking compensation, if you are not satisfied with his/her response.

If you are dissatisfied with Red Cloud's final response you have received, you may contact the following organizations: Ombudsman for Banking Services and Investment (OBSI) and The Investment Industry Regulatory Organization of Canada (IIROC). Or you may choose to go to Arbitration or pursue legal action.