

Brant Securities Limited

CONFLICTS OF INTEREST DISCLOSURE

June 2012

General Description

Actual, potential and perceived conflicts of interest exist in almost all human interactions. Our relationship with you is no different. For instance, Brant Securities Limited ("BSL") is a "for profit" business and has a responsibility to maximize economic returns for our shareholders. As well, BSL has various other stakeholders, all of whom rely on BSL to operate profitably in order to honour the interests of those stakeholders as expected under the *Business Corporations Act (Ontario)* ("OBCA") and pursuant to securities industry financial compliance regulations. We believe the best way to achieve our goals is to provide you with trusted advice and personalized financial solutions that help you achieve your financial goals. Our objective is to serve your financial goals, which is our best way to retain your continued patronage and, in turn encourage you to recommend our services and products to others.

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 Member Firm

BSL is what is referred to as an "introducing broker" ("IB") investment firm. Our client accounts are held in a custody arrangement with our "carrying broker" ("CB"), National Bank Correspondent Network ("NBCN"). All investments shown on our/your client statements are held by NBCN in segregation from the accounts of other brokerage firms. NBCN executes, settles, and reports all your trade activity to you and provides BSL (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 circumstance, any trade activity for your account is not reported on a trade confirmation and your monthly statement, immediately report such omission to BSL Head Office Compliance since such an event is a violation of our operating policies and procedures. We provide a broad range of service in corporate finance, investment management, and retail client services and products. We recognize that by definition some of these activities are more susceptible to conflicts of interest than many other commercial activities since we may periodically represent both sides of a transaction, namely, the buyer and the seller. As an IB we will have fewer cases of such conflicts of interest than an "integrated" firm. In fact, our business model choice to be an IB was significantly driven by our purposeful choice to reduce potential conflicts of interest with our retail investing clients. Nonetheless, conflicts of interest may still arise despite the intentions of our strategic planning to limit them.

You can learn more about our firm at www.brantsec.com

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 an Investment Dealer

As an investment dealer, we are a financial intermediary. It is common practice in the brokerage industry that sometimes we may be the party on the other side of the transaction (referred to as a "principal" trade) where we own the security we sell to you, or buy the security from you for our own account. However, as an IB our business model is to act primarily as an agent. We simply facilitate transactions between you as our client and a third party on the other side of the transaction. Through such an "agency" trade we have no ownership interest in the security traded. This financial intermediary role for our retail clients is BSL's primary line of business.

To a lesser extent we offer corporate finance services to advise an issuer of securities on how to best raise funds by selling securities, while contemporaneously recommending that our clients buy those same securities. In such issuer advisory service arrangements, we offer our services to the issuer on a "best efforts basis" where we do not guarantee the issuer that we will sell any amount of such securities to our clients.

Management of Conflicts of Interest

In general, we deal with and manage relevant conflicts as follows:

- **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 you and we may agree to 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 any other matter, do not hesitate to say so and ask your Advisor for an explanation and more information. If you are not satisfied with the response you receive contact BSL Compliance at our Head Office.***

More Information

You are encouraged to proactively involve yourself to better understand issues relating to conflicts of interest. As previously recommended in this document, 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 to safeguard the investing public.

We document our core values, mission statement and standards, including general standards for how we deal with conflicts of interest in our internal policies and procedures. You should refer to the BSL Statement of Policies that appears on the New Account Application (“NAA”), which alternatively is often referred to as a New Client Application Form (“NCAF”); and our Statement of Policies which appears on our website at www.brantsec.com. You can also obtain a copy of any of these documents from your Advisor on request.

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 | <ul style="list-style-type: none"> - We endeavour to be fully transparent in disclosing fees and commissions, and to fully inform you in advance when possible, so that you know what you will be paying. - Please see our “Fee Transparency Statement” and “Fee Schedule” which are available at our website at www.brantsec.com. - Choice, on a disclosed basis, is your most viable method to control how you pay us. We offer a wide variety of pricing options to choose from, including Traditional Transaction Commission, Fee Based, and Embedded Fees/Commission as disclosed in the “Fee Transparency Statement”. Work with your Advisor to choose the method that suits you best. |
| Different products and services have differing levels of compensation. | Disclose Avoid | <ul style="list-style-type: none"> - Our compensation is disclosed to you and we offer pricing alternatives intended to reduce the conflicts associated with commission-based pricing. - We are required by industry regulations and firm policy only to make “suitable” investment recommendations. - We may choose not to offer a complex product that carries a high commission. |
| We would like you to use more of our services and buy more of our products. | Avoid Control | <ul style="list-style-type: none"> - We do not engage in “tied selling”, where purchase of one service is conditional on buying another as well. Such tied selling is prohibited by regulation. - We have policies and procedures prohibiting recommendations solely for the purpose of generating revenue for us without any benefit to you. |
| If you have a managed account, we have discretion or control over transactions in your account | Control | <ul style="list-style-type: none"> - When we have discretionary power to manage your account for you, regulations require that we disclose to you and obtain your specific approval to buy securities of either related and connected companies or issuers for whom we are offering securities as syndicate agent |
| Conflict of Interest May Occur | | |
| Our compensation, organizationally and individually, may involve commissions based on sales volume | Disclose | <ul style="list-style-type: none"> - We offer fee-based and managed accounts, as well as similar products such as no-load mutual funds, which have pricing structures designed to reduce commission incentives. |
| We would like you to use more of the services offered by an external organization or group; and/or buy more of the products offered by an external organizations or groups. | Control Disclose Avoid | <ul style="list-style-type: none"> - Where we use referral arrangements, we disclose and manage them according to regulatory standards. - We have policies and procedures, against which we monitor our advisors’ activities, prohibiting recommendations solely for the purpose of generating revenue for us without any benefit to you. |
| We may receive compensation from securities issuers and other third parties based on products we sell to you, | | <ul style="list-style-type: none"> - We disclose to you the situations and type of third party compensation we may receive. Please refer to our website at |

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| such as "trailer fees" on mutual funds and commissions and "trailer fees" on segregated funds and insurance policies | Disclose | www.brantsec.com under Fee Transparency Statement - Securities regulations require issuers to provide specific disclosure in the offering document (e.g. prospectus) of such arrangements and the compensation we will receive. |
| We may be compensated in other ways as a result of the business you may do with us, including interest spreads on uninvested cash deposits with us and foreign exchange spread when you convert currencies. | Disclose | - Various forms of other compensation we may receive are disclosed to you. Please refer to our website. |
| We may sell you securities which we own (called principal trades) and profit by doing so. | Disclose | - We will tell you whether we acted as principal or agent for each transaction on the trade confirmation. - In the case of fixed-income securities {which our CB will sell as principal} our CB is required to provide you with a stated yield to maturity so you can assess the competitiveness of our pricing. |
| 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. - All of our related and connected parties are disclosed in the Brant Securities Limited Statement of Policies. Please ask your advisor for the most current version or you can find it on our website at : www.branstec.com . - We inform you whether a transaction involved a related or connected security on the trade confirmation. - Our advisors receive the same commission compensation payout as a percentage of gross revenue regardless of the product originator. |
| We have discretion or control over transactions in your account if it is a managed account or pooled investment fund . | Control Disclose Avoid | - Regulations require that we disclose and obtain your specific approval to purchase securities of related and connected entities when we have discretionary power to do so. - Regulations require that we disclose and obtain your specific approval to purchase securities for issuers for whom we are offering securities as a syndicate agent when we have discretionary power to do so. - We are required by securities legislation to prohibit transactions where the individual advisor may have an interest or have influence or control. |
| We may need to select which clients will be offered certain securities if availability is limited | Control | - We have a "fair allocation" policy for managed accounts and pooled investment funds. - For non-discretionary accounts, individual advisors make the determination based on individual client relationships and suitable trade considerations. |
| We are paid by issuers of securities when we advise on or underwrite a new issue which we may recommend to you. | Control Disclose | - 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 advisory businesses (with the relationship with clients like you). - The offering documents provide full disclosure of all relationships we may have with the issuer. |
| 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 operate our corporate finance and retail advisory businesses separately and all relationships and other material facts about our relationship with the issuer are described in the offering documents. - When the offering is a Non Brokered Private Placement for sale to Accredited Investors, BSL performs no due diligence. BSL will receive a finder's commission paid by the issuer. |

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|---|-------------------|---|
| 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 | <ul style="list-style-type: none"> - 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 know confidential information that we cannot disclose to you when we recommend the securities to you, even if that information might lead us not to recommend buying the securities. | Control | <ul style="list-style-type: none"> - We operate our corporate finance and retail advisory business separately so that such information is tightly controlled and not shared by corporate finance with our retail advisory businesses. - 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 | <ul style="list-style-type: none"> - 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. |
| BSL does not produce its own research on securities. BSL distributes investment research that is produced by third parties. | Control | <ul style="list-style-type: none"> - Industry regulations provide for formal and required standards of practice to produce and distribute research. If BSL begin to produce its own securities research, we will comply with all regulations. If we do produce our own research, you will find the standards that our analysts are required to comply with at www.brantsec.com - IIROC regulations govern the distribution of third party research and BSL has written procedures to address such requirements. |
| We engage in trading of securities for our own account(called proprietary trading) | Control | <p>We maintain information barriers between our corporate trading activities and retail advisory business.</p> <p>Firm and employee trades are identified as such and client trades are given priority to firm and employee trades in accordance with industry “ client priority” regulations</p> |
| Your advisor or representative may make permitted personal investments in private companies that manufacture investment products. | Control | <ul style="list-style-type: none"> - Your advisor or representative must declare and have approved by us any such private investments before they are made. - If such personal investments have been approved, your advisor or representative will and we will disclose such an investment to you in writing. |
| We may receive compensation by trading destinations, including electronic communication networks, market makers and exchanges in connection with trades on markets we direct to such destinations through affiliates or directly. | Control | <ul style="list-style-type: none"> - Industry regulations dictate our best price and best execution obligations to you. - If we have ownership interests in marketplaces, we will disclose our ownership to you. |
| Individuals registered with us may also be registered with BSL’s related Insurance Agency and provide insurance services to you or other clients from that firm. | Control | <ul style="list-style-type: none"> - These relationships are subject to legislative and industry requirements that impose restrictions on dealings between related firms and/ or individuals that are dually registered with each related registered firm. Such restrictions are intended to minimize the potential for conflicts of interest and address privacy concerns resulting from these relationships. |
| Individuals may serve on board of directors or take on other activities that could take time or attention away from your account. | Avoid | <ul style="list-style-type: none"> - Securities legislation prohibits an individual from serving as a director of another registered firm that is not an affiliate of our firm. - 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. |

Note: Potential relevant conflicts may arise from: (i) gifts and entertainment from third parties with which BSL has active or potential business relationships;(ii) directorships with other firms or other organizations; (iii) connections to outside political or charitable activities (iv) other outside of BSL activities; and (v) interest in the business of a supplier, contractor, competitor etc. These types of potential conflicts are monitored and supervised by BSL on an internal basis and , if appropriate, will be disclosed to clients.