



Conflicts of Interest Disclosure

Description of firm

Red Cloud Securities Inc. (“RCSI”) is what is referred to as a “Corporate Finance” firm. Which means “Predominantly engaged in the distribution of securities and research”. We recognized that by definition we are susceptible to more conflicts of interest than other securities dealers since we may regularly represent both sides of a transaction.

RCSI defines a conflict of interest to include any circumstances where:

- the interests of different parties, such as the interests of a client and those of a registrant, are inconsistent or divergent.
- A registrant may be influenced to put their interests ahead of their client’s interests.
- Monetary or non-monetary benefits available to a registrant, or potential detriments to which a registrant may be subject, may compromise the trust that a reasonable client has in their registrant.

The general types of conflicts which can arise are:

- Conflicts of interest between you (our client) and us
- Conflicts of interest between you and our other clients, and
- Conflicts of interest between us and our related and associated companies.

As an investment dealer, we are a financial intermediary. We facilitate transactions between you as our client and a third party on the other side of the transaction through an “agency” trade where we have no ownership interest in the security traded. In other cases, we advise an issuer of securities on how to best raise funds by selling securities, while collectively recommending that our clients buy those same securities.

Management of Conflicts of Interest

When identifying, addressing, and disclosing material conflicts of interest. RCSI takes into consideration the following:

- Identify existing and reasonably foreseeable material conflicts of interest between a client and the firm or any individual acting on the firm’s behalf.
- Address all material conflicts of interest in the best interest of the client.
- Avoid material conflicts of interest that cannot be otherwise addressed in the best interest of the client.
- Provide affected clients with disclosure of material conflicts of interest at account opening or in a timely manner if they are identified later.

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.

Existing and potential material conflict of interest situations, where not avoided, will be disclosed to you as they arise.

More Information

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. For more information on how Canadian securities regulations address conflicts of interest in order to safeguard the investing public, we suggest that you refer to the websites and publications of the provincial securities commissions (which are available through the Canadian Securities Administrators) at www.securities-administrators.ca and the Investment Industry Regulatory Organization of Canada at www.iiroc.ca.

Possible Conflicts and How They Are Managed

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.

Conflict of Interest	Address By	How Conflicts Will Be Addressed
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.
Different products and services have differing levels of compensation.	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.
We may sell you securities of companies that are related or connected to us. <i>See related /connected issuers section for definitions and an updated list of these issuers.</i>	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.

Conflict of Interest	Address By	How Conflicts Will Be Addressed
Suitability of Account Type	Control	At the time of account opening, all new accounts require completion of the New Account Application Form.
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, institutional, and retail advisory business separately so that such information is tightly controlled and not shared by corporate finance with our retail and institutional 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/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.

Conflict of Interest	Address By	How Conflicts Will Be Addressed
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.
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.
Conflicts related to referral arrangements	Disclose	We are required by regulations to provide a written disclosure to you at the time of referral
	Control	We have procedures prohibiting recommendations solely for the purpose of a referral fee. Registrants must determine that making the referral is in the clients' best interest.
We may need to select which clients will be offered certain securities if availability is limited	Control	Advisors make the determination base on client relationships, suitability and general availability for certain clients, example Accredited Investors only.
When we advise on or underwrite a new issuer, we are acting for the issuer that wants to obtain the highest price while recommending the investment to purchases wo are interested in obtaining the lowest price	Control	We operate our corporate finance and advisory businesses separately and all relationships and other material facts about our relationship with the issuer are described in the offering documents.
		Regulations require specific disclosure of all arrangements and compensation we will receive be disclosed in documentation

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Employee uses personal account to deal ahead of large customer order	Avoid & Control	Securities regulations and RCSI policy regarding front running and client priority do not permit this activity.
We may sell you securities which we own (principal trades) and profit by doing so	Disclose	We will tell you whether we acted as principal or agent on your trade confirmation.
We engage in trading of securities for our own account (proprietary trading)	Control	We maintain information barriers between our proprietary trading and advisory businesses. Firm and employee trades are identified as such and client trades are given priority in accordance with industry regulations.
Other conflicts of Interest	Avoid, Control and Disclose	From time to time, other potential or actual conflicts of interest may arise. RCSI undertakes to continue taking the necessary steps to identify and respond to such situations fairly and reasonably, in keeping with regulatory obligations. This document will be updated should there be any changes with respect to material conflicts of interest.

[Related/Connected Issuers](#)

Definitions:

Related Issuer

A person or company issuing securities is considered a “related issuer” to Red Cloud if, through the ownership of, or direction or control over voting securities or otherwise, i) this person or company is an influential securityholder of Red Cloud, ii) Red Cloud is an influential securityholder of that person or company or iii) each of them is a related issuer of the same third person or company.

Connected Issuer

A connected issuer is an issuer distributing securities where there is a relationship between Red Cloud and the issuer, and any Partner, Director or Officer or related issuer of Red Cloud, which may lead a reasonable prospective purchaser of the securities of the connected issuer to question Red Cloud’s independence from the issuer with respect to the distribution of the securities of this issuer.

[Related or Connected Issuers](#)

As of March 2023, Red Cloud is related/connected to the following issuers:

- Ascendant Resources Inc.
- Blue Thunder Mining Inc.
- Cerrado Gold Inc.
- Dundee Sustainable Technologies Inc.
- Honey Badger Silver Inc.
- Karora Resources Inc.

[Related Entities](#)

RCSI’s affiliation with Red Cloud Mining Capital Inc. and its subsidiaries makes it necessary to put in place certain policies aimed at dealing with any potential conflicts of interest and ensuring that the best interest of RCSI’s clients is preserved.

RCSI is wholly owned by Red Cloud Mining Capital Inc. Furthermore, Red Cloud Mining Capital Inc. is also the sole shareholder of Red Cloud Financial Services Inc. (“RCFS”).

RCSI is therefore related to RCFS. Although there may be overlap among the directors and officers of these entities, RCFS is operated as a separate legal entity.

From time to time, these entities may cooperate in offering services for the benefit of our clients. In such cases, there is no exchange of client information among these companies without a client’s express prior written consent or unless the information is reasonably necessary to provide the specific service.