Things you should know when you make investments through us

Our relationship with you and about us:

Armada Wealth Management (AWM) is registered in British Columbia as an exempt market dealer. The purpose of the relationship is to trade in exempt market securities, specifically investments in mortgage securities offered by Armada Mortgage Corporation ("the MIC" or "issuer"). All accounts with AWM are "non-discretionary", which means transactions cannot be executed without the client's express written instruction.

Our Products:

AWM works exclusively in what is called the exempt market. There are no prospectuses for investments in the exempt market or for AWM products. If the issuer publishes an investment summary, an offering memorandum, or any other document describing structure, features, terms, or risks of its securities, AWM will deliver that information to you before an investment is made.

Your account/client record:

Whether or not our relationship is ongoing, AWM will open a file and all the investments you've made will be recorded. The only trading in the accounts is when you make an investment. If there is interest, dividends, or other payments on your investment, they will be made to you directly by the issuer, and AWM will record them to your account.

Account activity reporting:

AWM will always send trade confirmations when an investment transaction (purchase or redemption) has been instructed. AWM uses third party software, Raisr, to deliver all confirmations and statements either electronically through a personal login account or via mail. AWM will also send a statement at the end of the quarter in which the transaction takes place. If there is an ongoing relationship with you, AWM will send quarterly statements and annual costs reports. The statements may differ from statements you receive from the issuers, because not all the information available to the issuers may be available to us.

Conflicts of interest:

AWM has a responsibility to deal fairly, honestly and in good faith with our clients. Conflicts of interest may arise where the interests of a client and those of AWM are inconsistent. We will attempt to identify all actual, potential and perceived conflicts of interest and evaluate the level of risk to all clients. AWM will address all identified material conflicts in the best interest of its clients and avoids conflicts that pose too high a risk for clients.

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The following list is of conflicts of interests AWM is aware of and how we control them.

1. **Relationship to Armada Mortgage Corp.** – AWM offers securities in the MIC, who share common directors, and officers. Dealer representatives also perform other services for the MIC, such as business development, mortgage underwriting, and other administrative assistance. AWM's relationship with the MIC may be viewed as a conflict as we may be considered to have an added incentive to sell these securities. There are policies and procedures in place to mitigate this conflict of interest. Dealer representatives are to be clear as to which firm is providing services to you and must disclose this close relationship between themselves and the issuer. Complete suitability assessments of client's needs are required and if the assessment does not match the issuer's product, our policies state we do not recommend the investment.

2. **Relationship to Armada Capital Corp. ("ACC" or "the manager")** – AWM shares employees, directors, and officers with the MIC's manager. The manager has control over issuance, distributions, corporate actions, and redemptions of shares. To mitigate against the risk of errors on the share register, all share transactions are reviewed by multiple division of AWM, the MIC, and ACC. Share purchase funds flow through the managers trust account and then to the MIC. In addition, both AMC and ACC transactions are audited on an annual basis by an independent accounting firm. Again, all dealer representatives are required to disclose this close relationship between themselves and the MIC manager.

3. **Staff Investments** - Staff is allowed to invest in the same securities as you, because we believe in the products and have faith in the Group's policies and philosophies. However, client orders take priority.

4. **Other Conflicts** - There may be conflicts with other clients when AWM notifies you of investment opportunities. See the Fair Allocation of Investment Opportunities section below.

Custody of your assets:

While AWM does not have custody of your securities, there are shared directors and employees with Armada Capital Corp ("the manager" or "ACC"), and the MIC itself. As a result of these relationships, the provincial regulators perceive that AWM has access to your securities.

Investment funds received by AWM for purchases of MIC shares are passed on to the manager to be deposited into ACC's pooled trust account held at a Canadian financial institution. All cheques must be made payable to Armada Capital Corp In Trust and cannot be made payable to a dealer representative or to Armada Wealth Management.

Securities are issued in the name of the client and are recorded in the share register by the manager and a copy is kept at the offices of MacCallum Law Group, the MICs Corporate Lawyer, duplicating the register for safety.

AWM registers the client's security holdings through the Raisr software. Clients will be supplied a link to set up their personal login and can view their securities at any time.

If the investment is made through a third-party self-directed registered plan (e.g. RRSP, RRIF, TFSA, etc.), physical share certificates are printed and held by the third-party Trustee.

For non-registered accounts (cash accounts), physical share certificates are not printed by the issuer but are recorded on share statements that are issued annually to the issuer's shareholders. Shareholders may request a physical share certificate representing any or all of their shares.

Performance benchmarks:

AWM does not provide options for you to compare the performance of your investments with us against other benchmarks, since there are no reliable benchmarks for your investments in the MICs. If we do provide benchmarks in the future, we will let you know how you can use those benchmarks to assess the performance of your investments.

Operating and transaction charges:

AWM does not charge operating or transaction charges on your account.

Compensation:

As per a revenue-sharing arrangement between Armada Capital Corp (ACC). and Armada Wealth Management (AWM), ACC pays a monthly fee to AWM (Currently 25 basis points of the Management fee it receives from Armada Mortgage Corp.) to cover AWM's operating costs. Individual dealing representatives commission or salaries are paid from this revenue. Clients do not pay any commissions or fees to AWM. There is no impact on your return on investment because of the monthly fee ACC pays to AWM.

Outside business interests:

Gordon Hone is the President and Director of the MIC, and the owner and designated individual for Armada Capital Corp and other business entities. He is also a Director of Catamaran Software Corp.
Karin Schmidtke is the Controller and Secretary for the MIC.
Arley Midgley is a licensed executive assistant for the MIC.

Soft dollar arrangements:

AWM does not have soft dollar arrangements—that is, arrangements where third parties pay us other than in cash.

Using borrowed money to finance your investment:

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines. In other words, even if the investment fails, you'll have to repay the money you borrowed.

Referral arrangements:

AWM may have referral arrangements with certain distribution channels. AWM doesn't receive payment from anyone for introducing you to our services; however, AWM may pay our distribution channels to introduce prospective clients to us.

If there is referral arrangement with someone in connection with your transaction, you will be notified at the time of the transaction:

- who the arrangement is with;
- the purpose and material terms of the arrangement, including who will provide what services to you, if applicable;
- about any conflicts of interest that may arise;
- the referral fee (if known) and how it is calculated;
- if the other party is registered, and if so, the category of registration, what they are allowed to do and what they are not allowed to do;

- all activity requiring registration under securities legislation will be done by the person receiving the referral;
- and any other information you, as a reasonable investor, would consider important to evaluate the referral arrangement.

Information we must tell you or obtain from you:

AWM has an obligation to determine whether an investment action AWM takes or recommends is suitable for you and places your interest first. An investment action includes a purchase, sale, and a recommendation to hold, a security. To do so, AWM must obtain personal and financial information that will help us make that assessment. The Client Application and Know Your Client Form ("KYC") is the document we use to obtain that personal and financial information. AWM updates this information on a regular basis, so we may require you to sign a new form from time to time and we also ask you to notify us about any changes in your personal or financial situation when they arise.

AWM uses your age, civil status, income, net worth, investment needs and objectives, investment knowledge, time horizon, willingness and ability to withstand risk, and the value and type of your whole investment portfolio to assess whether an investment is suitable for you. AWM will tell you if we consider that an investment is not suitable for you.

To comply with the *Proceeds of Crime (Money Laundering)* and *Terrorist Financing Act*, AWM must take reasonable and appropriate measures to establish and validate the identities of all clients and their representatives. Security trades will not be permitted until the identity of all clients associated with an account have been verified.

Trusted Contact Person and Temporary Holds

When opening an account as an individual you will be asked to supply a name and contact information for a trusted contact person and your consent to contact that person to:

- Confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney;
- Discuss possible financial exploitation affecting you or your account;
- Discuss concerns about your mental capacity as it relates to financial decision making.

You can replace or revoke your trusted contact person at any time.

If AWM has reasonable evidence that you are in a vulnerable position and are being financially exploited or that you are experiencing diminished mental capacity which may affect your ability to make financial decisions, AWM may place a temporary hold on a transaction. If a hold is placed on your account, AWM will provide you with notice explaining our reasons and at least every 30 days thereafter until the temporary hold is removed.

The risks involved in investing in the products we offer

An investment in exempt market products should only be made after consulting with independent and qualified sources of investment and tax advice. Only investors who can reasonably afford the risk of loss of their entire investment should consider the purchase of shares. The types of risks that you should consider when deciding to purchase an exempt security include:

Liquidity Risk/Redemption Restrictions: Exempt market products are not listed on any stock exchange and cannot be sold or traded. Investments are locked in for a period of time with defined redemption eligibility. There is a risk that the issuer could encounter difficulty if mortgage assets do not perform and could tie up investment funds for an unlimited period. You must be prepared to hold your investment for extended periods of time. Please see the Offering Memorandum for full details.

No Guarantees: There is no guarantee of performance; value may fluctuate and past performances may not be repeated.

Concentration risk: AWM offers investment in real estate investments and might be suitable as a portion of your overall investment holdings but may not be suitable to make up the entirety of your investment holdings.

Reliance On Management: Investor must rely on the skill, judgment and good faith of the manager of an investment. Investors will not have control over management decisions.

The above is a limited list of risks to consider when investing. Please see the list of risks described in detail in the issuer's Offering Memorandum (OM), which will be provided to you prior to completing a purchase.

Our privacy policy:

AWM will not collect, use, or disclose your personal information, except as necessary for you to purchase these securities, or if required under law. AWM does not sell or market your personal information and we will not use your personal information for other business interests. If you have any questions about how AWM collects, uses, or discloses your personal information, please contact us. The Chief Compliance Officer, Gordon Hone, is our privacy officer.

AWM will communicate with you from time to time, via electronic means. AWM will ask you specifically for your consent to receiving emails and faxes from us. If you consent and subsequently wish to withdraw your consent, please send us a letter, fax or email. AWM will stop sending you electronic communications 10 days after your notice of withdrawal has been received.

Complaints:

If you have a complaint about our service or any of the products, please contact our Chief Compliance Officer, Gordon Hone, immediately. AWM will try to resolve your complaint fairly and effectively. Please see Appendix A for what to do when you have a complaint.

Talk to us:

Our business is built on keeping our clients satisfied, and we encourage you to contact us whenever you have questions, or if you'd like to find out about other investment opportunities. We're also interested in you – so please let us know whenever something exciting or important is happening or has happened in your life.

I acknowledge receipt of the CLIENT RELATIONSHIP DISCLOSURE and certify that I have read and understand this document.

Signature: _____ Date: _____

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Appendix A—What to do if you have a complaint

Our complaint process

Filing a complaint with us

If you have a complaint about our services or a product, contact us at:
Gordon Hone CCO
Armada Wealth Management Inc.
C405-20178 96 Ave., Langley, BC V1M 0B2

You may want to consider using a method other than email for sensitive information.

Tell us:

- what went wrong
- when it happened
- what you expect, for example, money back, an apology, account correction

We will acknowledge your complaint

We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint. We may ask you to provide clarification or more information to help us resolve your complaint.

Help us resolve your complaint sooner

- Make your complaint as soon as possible.
- Reply promptly if we ask you for more information.
- Keep copies of all relevant documents, such as letters, emails and notes of conversations with us.

We will provide our decision

We normally provide our decision in writing, within 90 days of receiving a complaint.
It will include:

- a summary of the complaint
- the results of our investigation
- our decision to make an offer to resolve the complaint or deny it, and an explanation of our decision

If our decision is delayed

If we cannot provide you with our decision within 90 days, we will:

- inform you of the delay
- explain why our decision is delayed, and
- give you a new date for our decision

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI).

If you are not satisfied with our decision

You may be eligible for OBSI's dispute resolution service.

If you are a Québec resident

You may consider the free mediation service offered by the Autorité des marchés financiers.

A word about legal advice

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action. Delays could limit your options and legal rights later on.

Taking your complaint to OBSI

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint, or
- you are not satisfied with our decision

OBSI can recommend compensation of up to $350,000.

OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

Who can use OBSI

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and
- you file your complaint with OBSI according to its time limits below

Time limits apply

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

Filing a complaint with OBSI

Contact OBSI

Email: ombudsman@obsi.ca
Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

OBSI will investigate

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer.
During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

Information OBSI needs to help you

OBSI can help you best if you promptly provide all relevant information, including:

- your name and contact information
- our firm's name and contact information
- the names and contact information of any of our representatives who have been involved in your complaint
- details of your complaint
- all relevant documents, including any correspondence and notes of discussions with us

OBSI will provide its recommendations

Once OBSI has completed its investigation, it will send its recommendations to you and us. OBSI's recommendations are not binding on you or us. OBSI can recommend compensation of up to $350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than $350,000, you may want to consider another option, such as legal action, to resolve your complaint.

For more information about OBSI, visit www.obsi.ca