



June 30, 2021

STORNOWAY PORTFOLIO MANAGEMENT INC.

CONFLICTS OF INTEREST DISCLOSURE STATEMENT

Stornoway Portfolio Management Inc. (“Stornoway” or the “Manager”) is a “registrant” registered as: an Exempt Market Dealer (“EMD”) in Alberta, British Columbia, Ontario and Quebec; an Investment Fund Manager in Ontario and Quebec; and a Portfolio Manager in Ontario. Stornoway is the investment manager of two investment funds: the Ravensource Fund (“Ravensource”) and Stornoway Recovery Fund LP (“SRFLP”), that will be referred to throughout this document individually as a “Stornoway Fund” or collectively the “Stornoway Funds”.

Canadian securities laws require all registrants to take reasonable steps to: identify and respond to all existing and reasonably foreseeable material conflicts of interest in a client’s best interest; disclose to all of their clients what these conflicts of interests and how these conflicts might impact them; and how Stornoway will address / manage these conflicts of interests.

This Conflicts of Interest Disclosure Statement has been created for investors in Stornoway Funds who purchase their Units or interests directly from Stornoway (the “EMD Clients”) and will describe the material conflicts of interest that arise or may arise between the Stornoway (including each individual acting on its behalf) and such EMD Clients. Those investors who invested in a Stornoway Fund through a third-party registered dealer including the purchase of Ravensource units on a stock exchange are not considered clients of Stornoway but rather of that third-party registered dealer.

Please contact Stornoway’s Chief Compliance Officer (“CCO”) at compliance@stornowayportfolio.com if you have any questions or require further clarification of this document.

What is a Conflict of Interest?

Under Canadian securities law, a conflict of interest includes any circumstance where:

- the interests of a client and those of a registrant or an individual acting on a registrant’s behalf are inconsistent, competing or divergent;
- a registrant or an individual acting on a registrant’s behalf may be influenced to put their interests ahead of those of a client, or
- monetary or non-monetary benefits available to a registrant or an individual acting on a registrant’s behalf, or potential negative consequences for a registrant or an individual acting on a registrant’s behalf, may affect the trust that a reasonable client has in their registrant.

Duties of Stornoway as a Registrant

Under securities laws, as a registrant, Stornoway and its employees have a general obligation to deal fairly, honestly and in good faith with the Stornoway Funds. In addition, Stornoway and certain of its employees have a fiduciary duty under common law to place the interests of the Stornoway Funds ahead of their own interests. Finally, as an investment fund manager, Stornoway has a statutory obligation to exercise the degree of due care, diligence and skill that a reasonably prudent person would exercise in the circumstances. These obligations require Stornoway and its employees to legally and ethically act in the best interests of clients.

How Does Stornoway Address Conflicts of Interest?

Stornoway and its representatives always seek to resolve all material conflicts of interest in its clients' best interest. Where it is determined that Stornoway cannot address a material conflict of interest in its clients' best interest, Stornoway and its representatives will avoid that conflict.

Stornoway has adopted policies and procedures to assist it in identifying and controlling any conflicts of interest that the Manager and its representatives may face. The rest of this document will identify and describe the material conflicts of interest that exist between Stornoway as the manager of the Stornoway Funds and its EMD Clients, the potential impact and risk that each conflict of interest could pose to clients and what steps / policies / procedures Stornoway takes to manage them.

Proprietary Products

Conflicts of interests exist when a registrant trades in, issues or recommends investments in related and/or connected issuers, including its proprietary (i.e., its own) products or services, from which it may receive monetary or non-monetary benefits but where the investment might not be suitable for a client. As a dealer of a private fund, a registrant may earn trading fees or commissions on such trades. As an adviser to a private fund, a registrant may receive ongoing management fees from increased assets under management, and/or performance fees if those assets increase in value.

Stornoway related and/or connected issuers are: Ravensource Fund and Stornoway Recovery Fund LP. Additionally, Stornoway may take significant positions in issuers that are deemed to be, or constitute, de facto positions of control. Stornoway may seek to influence management of those companies by seeking board seats, launching proxy battles, sponsoring a corporate restructuring or otherwise.

As an exempt market dealer, Stornoway only distributes interests in SRFLP which is an investment fund managed and advised by Stornoway and therefore, a proprietary product. Stornoway is not in the business of distributing private or other funds / investment products managed or issued by third-parties. Stornoway currently only manages the Stornoway Funds and does not advise any other managed accounts / funds.

Stornoway manages this conflict in the best interests of a client in the following manner:

- Stornoway only distributes / provides access to clients of securities of those investment funds managed and advised by us (proprietary products) where Stornoway receives

management and/or advisory fees and not providing such clients with access to a wider universe of investment funds managed by third-party fund managers.

- Stornoway does not receive any compensation in connection with the distribution of interests of SRFLP as exempt market dealer. Stornoway does earn fees from the ongoing management of SRFLP, but there are no commissions payable to us on the sale of securities of SRFLP.
- Stornoway has policies and procedures to ensure investments are suitable for its EMD Clients based on a robust “Know-Your-Client” (“KYC”) process unless a client, determined to be a “permitted client” has waived this obligation in writing). Stornoway’s CCO reviews all EMD Client transactions to ensure an investment made for a client is suitable based on the client’s KYC.

Referral Arrangements

Stornoway may enter into referral arrangements from time to time whereby Stornoway pays a fee for the referral of investing in a Stornoway Fund. Referral arrangements may be entered into with other registrants and with non registrants. As at the date noted above, Stornoway has one referral arrangement in place for the distribution of SRFLP units.

Stornoway manages this conflict in the best interests of a client in the following manner:

- In all cases, the referral arrangement will be set out in a written agreement which will be entered into in advance of any referrals being made.
- Details of how the referral fee is calculated and paid and to whom it is paid and other required information regarding each referral arrangement will be provided to all affected clients.
- In all cases, affected clients will not pay any additional charges or fees in connection with such referrals, and are not obligated to purchase any product or service in connection with a referral. For further clarity, all additional charges or fees associated with referral are paid by Stornoway, not by the client or by a Stornoway Fund.
- Stornoway also has policies and procedures that are designed to ensure that fees paid in connection with referral arrangements are appropriate and do not provide inappropriate incentives.
- Stornoway undertakes periodic reviews of referral arrangements for appropriateness and compliance of securities laws.

Fair Allocation of Investment Opportunities

Stornoway is the investment manager of Ravensource and SRFLP and may act as the investment manager to other funds or accounts in the future.

Conflicts of interest may arise if investment opportunities are not allocated across different clients / Stornoway Funds in a fair and reasonable manner. A registrant may have an incentive (such as increased fees) to allocate superior investment opportunities to new clients, higher fee-paying clients, or proprietary accounts or proprietary- controlled clients. This concern is most acute when a security is unusually attractive at the time of purchase and/or difficult to obtain, or it is unattractive at the time of sale and disposal is difficult.

The potential impact or risk regarding this conflict matter is that investment opportunities may not be allocated in a fair and reasonable manner to all clients, such that certain clients may be deprived of advantageous opportunities.

Stornoway has a responsibility to ensure that all of the investment funds it manages are provided equal opportunity to participate in investment ideas uncovered by the Manager and benefit from its investment resources and acumen.

Stornoway manages this conflict in the best interests of its clients in the following manner:

- Stornoway has created, articulated, and distributed to its clients a clearly defined investment policy, objectives / goals, risk parameters, and concentration limits for each Stornoway Fund.
- Stornoway has established policies that allocate investment opportunities fairly among all Stornoway Funds and to ensure that at all times they are treated equally, regardless of the size of their investment portfolios and in accordance with their stated investment objectives, policies and goals.
- Stornoway's Investment Team has been assigned the responsibility for reviewing each investment opportunity prior to its initial investment and throughout its investment life to determine whether, in their opinion, the opportunity is an appropriate investment for each Stornoway Fund and the maximum investment size based on each Stornoway Fund's mandate, total assets, available liquidity and other factors deemed relevant to the investment fund.
- Stornoway allocates purchases and sales to all Stornoway Funds for which the Stornoway Investment Team has decided to proceed with a transaction. The allocation of each transaction to a Stornoway Fund will be made pro-rata based on the relative maximum investment size for the Stornoway Fund. This allocation method ensures that the unit price of the securities purchased or sold and the applicable brokerage commissions will be the same for each participating Stornoway Fund.
- The size and mandate of each Stornoway Fund may differ and thus the portfolios may not be identical. As a consequence, Stornoway may purchase or sell a security for one Stornoway Fund prior to or in lieu of other Stornoway Funds. This could occur, for example, as a result of the specific investment objectives of a Stornoway Fund, or the different cash resources of the Stornoway Fund. This can create a conflict of interest as between the Stornoway Funds, or in some circumstances could create a conflict with the Manager's interest if there is an incentive to allocate preferential pricing to Stornoway Fund that, for example, pays higher management fees, incentive fees or profit allocations.

- If the availability of any particular security is limited and that security is appropriate for the investment objective of one or more Stornoway Funds, any purchase of that security will be allocated on an equitable basis in accordance with the Manager's fair allocation policy. Similarly, sales of securities will be allocated in accordance with that policy.

A copy of this policy is available upon request.

Personal Trading

Conflicts may arise if registered individuals (and other employees) are permitted to trade in the same securities considered for or held by client portfolios, in their personal investment portfolios.

Employee personal trading can create a conflict of interest because employees with knowledge of the Manager's trading decisions could use that information for their own benefit. The Manager has adopted a code of ethics that includes standards of professional conduct and a personal trading policy intended to restrict and monitor personal trading by employees, officers or directors of the Manager in order to ensure that there is no conflict between such personal trading and the interests of funds managed by the Manager. Each of the Manager's employees, officers and directors are required to put the interests of clients first, ahead of their own personal self-interests. In particular, any individual who has, or is able to obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of the funds or other clients of the Manager, is prohibited from using such information for his or her direct or indirect personal benefit or in a manner which would not be in the best interests of clients. These individuals also must not use their position to obtain special treatment or investment opportunities not generally available to the Manager's clients.

The priority and responsibility of Stornoway and its employees is to focus its resources and investment acumen on executing the mandate of the investment funds it manages.

Stornoway manages this conflict in the best interests of its clients in the following manner:

- Stornoway has implemented personal trading policies intended to restrict and monitor the personal trading by certain employees of the Manager in order to help manage any potential conflict of interest between such personal trading and the interests of the Stornoway Funds
- Employees may only engage in personal trades in accordance with this policy, and will only be permitted to make a personal trade if it has been determined that such trade will not conflict with the best interest of the Manager's clients. Procedures have been put into place to monitor and ensure compliance with this policy.
- All Stornoway employees have had annual training in the personal trading policies and have executed a statement confirming their understanding of these personal trading policies and committing their adherence to them.

Compensation and incentive practices

Inherent conflicts of interest exist where a registered firm creates internal compensation incentives for its individual registrants and other employees (such as sales or revenue targets) to recommend certain products or services. An individual registrant may be biased in recommending a product or service due to the compensation arrangement/incentive practice in place or the negative consequences of not achieving the sales/revenue targets.

The potential impact or risk to a client regarding this conflict matter is that an individual registrant may be biased in trading in or recommending a particular investment product or service due to the compensation arrangement in place, and not give appropriate consideration to the suitability of a product or the appropriateness of the service.

The potential conflict for Stornoway is that the Manager's representatives may be incentivized to issue more units of Stornoway Funds, which is the only product distributed by the Manager, to earn more fees, even when such further issuance may not be suitable for Stornoway Fund investors.

Stornoway manages this conflict in the best interests of its clients in the following manner:

- Stornoway compensates its representatives not based on the amount of Units issued, but by a combination of a base salary and a bonus based upon meeting individual performance objectives and the overall performance of the firm, and by ensuring that any investment in a Stornoway Fund is suitable for its clients and puts clients' interest first.

Broker-dealer Selection/Best Execution

All decisions as to the purchase and sale of securities for Stornoway Funds and all decisions as to the execution of portfolio transactions, including the selection of execution venues, the broker-dealer and the negotiation, where applicable, of commissions or spreads, will be made by Stornoway.

Stornoway may use third-party dealers to execute trades on behalf of the Stornoway Funds. However, Stornoway also may have many other relationships with them. Conflicts of interests may arise if Stornoway is biased in its selection of broker-dealers based on these relationships, or by certain incentives offered by some broker-dealers. This may result in the commissions paid by the Stornoway Funds being somewhat higher than those that might be charged by different dealers.

In selecting broker-dealers to effect portfolio transactions for funds and other accounts, the Manager has a fiduciary duty to seek to obtain best execution (i.e., the most advantageous execution terms reasonably available under the circumstances but may not necessarily be the lowest price). In selecting broker-dealers, the Manager assesses each broker-dealer's order execution capabilities (which involves a number of factors, including execution price, speed of execution, certainty of execution, and overall cost of the transaction). The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the Manager has other relationships with them.

Stornoway manages this conflict in the best interests of its clients in the following manner:

- Stornoway maintains a list of approved broker-dealers that meet its requirements for best execution.
- Stornoway performs periodic evaluations of order execution capabilities and products and services received from the approved broker-dealers and will update the list, as appropriate.
- Stornoway may select broker-dealers from this list of approved broker-dealers, who may charge a commission in excess of that charged by other broker-dealers, if the Manager determines in good faith that the commission is reasonable in relation to the services utilized by it. These determinations can be viewed in terms of either the specific transaction or the Manager's overall responsibility to all clients.

Soft Dollar Arrangements

"Soft dollars" is a term generally used to describe the research or other benefits provided to a portfolio manager by a broker-dealer as a result of commissions generated from financial transactions executed by the dealer for funds or other client accounts managed by the portfolio manager. In a soft dollar arrangement, the portfolio manager directs commissions generated by a fund or other client's transactions to a dealer as payment for research or other benefits provided to the portfolio manager.

There is a potential conflict from Soft Dollar Arrangements because the goods and services the portfolio manager receives may be used for the benefit of clients other than the client(s) on whose behalf the commissions were incurred.

Stornoway manages this conflict in the best interests of its clients in the following manner:

- Stornoway expressly does not have nor permit any soft dollar arrangements for the payment of third-party products or other services.

Profit Allocations and Performance Fees

Since the general partner of the SRFLP (the "General Partner") and the Manager are affiliated entities, the profit allocation distributions payable to the General Partner may create an incentive for the Manager to cause the investment funds it manages to make investments that are riskier or more speculative than would be the case in the absence of such distributions based on the performance of SRFLP. Likewise, the Manager is entitled to an annual performance fee based on the growth of Ravensource's net asset value per unit. In both cases, these conflicts of interest are addressed by ensuring that such investments will only be made in the context of a portfolio that meets the investment objectives and risk tolerances of Ravensource and SRFLP and the Manager will always act in their best interest.

Fair Valuation of Assets

When the Manager earns fees based on assets under management and / or participate in the profits of the investment funds it manages, there is a potential conflict in valuing the assets held

in the portfolios because a higher value results in a higher fee paid to the Manager or higher profit allocation to the General Partner. Overstating the value of the assets can also create improved performance.

Stornoway manages this conflict in the best interest of its clients in the following manner:

- Stornoway has established policies and procedures governing the valuation of securities, in accordance with applicable recognized accounting standards and industry practices governing the fair valuation of investments. Valuation of investments is overseen by internal investment, finance and operations professionals.
- The fund administrator for Ravensource and SRFLP values investments in accordance with Stornoway policies and procedures and offering documents for each Fund. Any changes or overrides to policies and procedures must be properly documented and approved by Stornoway's Chief Compliance Officer.
- External valuation agents / pricing services may be retained to prepare independent valuations for more difficult-to-value investments, such as private securities

Error Correction

The Manager makes reasonable efforts to keep trade errors to a minimum and ensure fairness to the Funds with respect to protection from errors made within their accounts. A trade error is an inadvertent error in the placement, execution or settlement of a transaction. A trade error is not an intentional or reckless act of misconduct, or an error of judgment. When a trade error occurs, a client will keep any resulting gain or the Manager will reimburse the client for any material loss. Clients may not be reimbursed for errors when the impact is not material, which materiality will be determined on a case-by-case basis. Where more than one transaction is involved in an error, the gain will be determined net of any associated loss. Although errors or issues are a potential by-product of operational process, the Manager has established controls and processes that are designed to reduce the possibility of their occurrence.

Expense Allocation

The charging of expenses to Ravensource and SRFLP creates a potential conflict of interest because the Manager could inappropriately charge expenses to benefit itself over that of the investment funds.

The potential impact or risk to a client regarding this conflict matter is that an investment fund manager may charge excessive expenses to an investment fund it manages, which in turn would negatively impact returns of the investment fund and its investors.

Stornoway manages this conflict in the best interest of a client in the following manner:

- ensuring that the offering documents for each funds clearly disclose the nature of the expenses that can be charged to the funds
- by establishing and following policies and procedures to ensure that expenses are allocated to each investment fund fairly and in accordance with each of the investment fund's governing documents.

Gifts and Entertainment

Conflicts of interest may arise where a firm or registered individual of the firm is provided benefits (including gifts and entertainment) by a party with which the registered individual or firm interacts on behalf of clients, or where the registered individual or firm provides comparable benefits to third parties. The associated conflict arises because registrants may be incentivized, or may incentivize others, through the provision or receipt of such benefits, in a manner that may compromise objective and independent business decisions, to the detriment of clients.

The potential impact or risk to a client regarding this conflict matter is that the exchange of frequent and/or extravagant gifts and business-related entertainment may impair the independence and/or objectivity of the recipient, which could impact investment management decisions, trading activities, or expenses incurred by an investment account to the detriment of clients.

Stornoway manages this conflict in the best interest of a client in the following manner:

- Stornoway has implemented a gifts and entertainment policy, which prohibits our representatives from accepting gifts or entertainment beyond what Stornoway consider consistent with reasonable business practice and applicable laws.
- Stornoway set maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

Proxy Voting

Conflicts of interest may arise when an adviser has the discretion to exercise voting rights arising from client portfolio holdings, and has incentives to not exercise those rights in the best interest of the client and/or where the registrant can derive benefits from the exercise of those rights that do not accrue entirely for the benefit of the client portfolio generating the voting rights (such as where the adviser has a material relationship with a proponent / opponent of a particular initiative that is the subject of the voting process, or with a service provider retained to solicit proxy votes for a proponent/opponent).

The potential impact or risk to a client regarding this conflict matter is that proxies may not be voted in the best interest of a client, and instead be voted in a manner that benefits the adviser.

Stornoway manages this conflict in the best interest of a client in the following manner:

- Stornoway has full responsibility for proxy voting and related duties in respect of Ravensource and SRFLP. In fulfilling these duties, Stornoway has proxy policies and procedures (the "Proxy Policies") to ensure that proxies for securities held by the Fund are voted consistently and solely in the best economic interests of the Fund.
- Stornoway is responsible for the oversight of the proxy voting process and has assigned a senior member of its staff to be responsible for this oversight.

- Stornoway will typically vote in favour of routine matters unless there are specific circumstances for voting against. Routine matters include: election of directors; appointment of auditors and auditor compensation; changes in capitalization; and management compensation. Proxies will, however, be voted against stock option plans considered to be excessive, undeserved or evergreen.
- How Stornoway votes the proxies or refrains from voting on non-routine matters will vary depending on the specific matter involved. For example, with respect to shareholder rights plans, Stornoway will often vote against proposals that entrench incumbency and dilute the fundamental right of ownership. Non-routine matters would also include: corporate reorganization; mergers and acquisitions; proposals affecting shareholder rights; corporate governance; and social and environmental issues.
- Deviations from the standing policy may occur on routine and non-routine matters where there is a conflict of interest. For example, if Stornoway has actual knowledge of a material conflict of interest between itself and the Stornoway Funds with respect to the voting of a proxy, Stornoway shall vote the applicable proxy in the best interests of the Stornoway Funds to avoid such conflict of interest.
- Stornoway maintains and publishes annual proxy voting records for each Stornoway Fund for the annual periods beginning July 1 in a year and ending June 30 of the following year. Copies of the proxy voting record and complete proxy voting procedures are available to investors free of charge upon request. Requests can be made by calling (416) 250 2845 or sending an email to info@stornowayportfolio.com. Investors may also send a request by mail addressed to the attention of Stornoway Portfolio Management Inc. at 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1

Advisory Service Fees from Investee Companies

Stornoway may from time to time provide business advisory services to companies or affiliates of companies that Stornoway Funds are invested in. Stornoway maintains policies to ensure that the provision of such business advisory services does not adversely impact the performance of its duties to the investment funds that it manages.

Stornoway manages this conflict in the best interest of a client in the following manner:

- To address the potential conflict of interest that would otherwise arise from receiving income for the provision of business advisory services to investee companies, Stornoway waives a portion of the management fees charged it charges in the event that a Stornoway Fund has an investment in such companies.
- The amount of waived fees is in aggregate equal to the total income received by Stornoway for providing the business advisory services. Each Stornoway Fund is

allocated waived fees equal to that Stornoway Fund share of the aggregate fair market value of all such investee company investments held by all Stornoway Funds.

- In the event that the income received for providing business advisory services exceed the fees available to be waived in any given payment period, Stornoway will increase the amount of waived fees during subsequent payment periods in order to make up for the difference.

Outside Activities

Individuals acting on behalf of the Manager may not engage in an outside activity, including acting as a director, without the Manager's prior approval. The Manager will only approve an outside activity if the activity will not interfere with the proper discharge of the individual's duties to the Manager and its clients.

At times, the Manager's representatives may participate in activities outside of their employment with the Manager, such as serving on a board of directors, participating in community events or pursuing personal outside business interests, whether paid or unpaid. In addition, a representative of the Manager may become a member of the board of directors of an issuer in which the Fund invests (an "Investee Company"). A potential conflict can arise from a representative of the Manager engaging in such activities as a result of compensation received, the time commitment required, the requirement to act in the best interests of an Investee Company, or the position held by the representative in respect of these outside activities. The potential impact and risk to the Manager's clients are that these outside activities may call into question the representative's ability to carry out their responsibilities to the clients or properly service the clients, there may be confusion which entity(ies) the representative is acting for when providing services to the clients and/or if the outside activity places the representative in a position of power or influence over the clients.

Stornoway manages this conflict in the best interest of a client in the following manner:

- Stornoway requires all representatives to disclose any proposed outside activities to us prior to engaging in such activities.
- Stornoway's Chief Compliance Officer must approve the outside activity before a representative can engage in such activity.
- Stornoway will not allow the representative to proceed with the outside activity if Stornoway determine that the outside activity will give rise to material conflicts of interest that cannot be addressed in our clients' best interest.
- A representative will only serve on the board of directors of an Investee Company where the rationale for such role is for the representative to oversee and monitor the investment held by the Stornoway Fund to ensure it is in the best interest of the Stornoway Fund.

Advisory Service Fees from Investee Companies

The Manager may from time to time provide business advisory services to companies or affiliates of companies that clients are invested in.

Stornoway maintains policies to ensure that the provision of such business advisory services does not adversely impact the performance of its duties to the investment funds that it manages.

Stornoway manages this conflict in the best interest of a client in the following manner:

- To address the potential conflict of interest that would otherwise arise from receiving income for the provision of business advisory services to investee companies, the Manager waives a portion of the management fees charged it charges in the event that a Stornoway Fund has an investment in such companies.
- The amount of waived fees is in aggregate equal to the total income received by the Stornoway for providing the business advisory services.
- Each Stornoway Fund is allocated waived fees equal to their pro rata share of the aggregate fair market value of all such investee company investments held by all Stornoway Funds
- In the event that the income received for providing business advisory services exceed the fees available to be waived in any given payment period, the Manager will increase the amount of fees waived.

Complaint Management

Addressing a complaint by a client can create a potential conflict if Stornoway has a choice between addressing the complaint in a manner that is beneficial to Stornoway or addressing the complaint in the best interests of the client. The potential risk to the client is that Stornoway acts in its own business interests.

Stornoway manages this conflict in the best interest of a client in the following manner:

- Stornoway has a client complaints management policy which applies to our activities as an investment fund manager, portfolio manager and exempt market dealer.
- Stornoway will document and respond to any complaint made to us about any product or service provided or any other trading activity by us or a representative of Stornoway. Unless you are a non-individual permitted client, Stornoway will provide you with an acknowledgment which includes a description of our obligations under applicable securities laws, and the steps you must take to avail yourself of the Ombudsman for Banking Services and Investments (“OBSI”), an independent dispute resolution mechanism, and the name and contact information for OBSI.

- If Stornoway decides to reject a complaint or make an offer to resolve a complaint, Stornoway must provide you with written notice of our decision as soon as possible and Stornoway must make OBSI available to you at our expense. OBSI can recommend compensation of up to \$350,000.

Transactions Involving Related and Connected Issuers

A conflict of interest may arise where, for example: (i) a registered firm trades in or advises with respect to its own securities or securities of its related issuers or connected issuers; (ii) a registered firm has a director, officer or principal shareholder that is a director, officer or principal shareholder of another registrant; and (iii) a registered firm causes an investment portfolio managed by it to purchase a security of an issuer in which a “responsible person” of the registered firm (or an associate of such person) is a partner, officer or director.

A “connected issuer”, in respect of the Manager, means an issuer of securities, or a selling securityholder distributing securities of the issuer, if the issuer or the selling securityholder, or a related issuer of either of them, has any relationship with (i) the Manager, (ii) a related issuer of the Manager, (iii) a director, officer or partner of the Manager, or (iv) a director, officer or partner of a related issuer of the Manager, that may lead a reasonable prospective purchaser of the securities to question if the Manager is independent from the issuer or the selling securityholder for a distribution of securities of the issuer.

A “related issuer”, in respect of the Manager, means an issuer of securities that is an influential securityholder of the Manager or of which the Manager is an influential securityholder; or where each is a “related issuer” of the same third person or company; An influential securityholder exercises influence over an issuer on the basis of direct or indirect ownership of securities aggregating more than 20% of the voting rights or entitlements to distributions of an issuer (or more than 10% if accompanied by the entitlement to nominate at least 20% of a board of directors), on the basis of controlling or being a general partner of an issuer that is a limited partnership, or on the basis of controlling or being a partner of an issuer that is a general partnership.

The Manager may engage in activities as a portfolio manager, investment fund manager and exempt market dealer in respect of securities of related issuers and connected issuers but will do so only in compliance with applicable securities laws.

As of the date hereof, the related and/or connected issuers of the Manager are set out below:

- **Stornoway Recovery Fund LP (“SRFLP”)**: SRFLP is a related and connected issuer of the Manager on the basis that (i) the Manager acts as the investment fund manager and portfolio manager of SRFLP and earns fees for managing SRFLP, (ii) the Manager acts as the principal distributor of the units of SRFLP (although no commissions are paid to the Manager in connection with the sale of such units), (iii) the Manager and the General Partner are directly or indirectly controlled by the same shareholders and the General Partner receives distributions of profits from SRFLP, and (iv) Scott Reid is officer and director of the General Partner and of the Manager.

- **RavenSource Fund (“RavenSource”):** RavenSource is a related and/or connected issuer of the Manager on the basis that the Manager is its investment fund manager and portfolio manager, and earns fees from RavenSource. RavenSource is a closed-end fund structured as an Ontario trust and listed on the Toronto Stock Exchange (RAV.UN). All of RavenSource’s publicly disclosed information, including the Portfolio Management Agreement between the Manager and RavenSource dated July 1, 2008, can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) (www.sedar.com).
- **GXI Acquisition Corp.:** GXI Acquisition Corp. (“GXI”) is a related and/or connected issuer of the Manager on the basis that Mr. Scott Reid is an independent director on the Board of Directors of GXI and is an officer and director of the Manager. GXI is an investment holding company, and is a company that SRFLP and the RavenSource are invested in. Please be advised that neither the Manager nor Scott Reid shall act as a portfolio manager or dealer to GXI.
- **Guestlogix Inc.:** Guestlogix Inc (“Guestlogix”) is a related and/or connected issuer of the Manager as Mr. Scott Reid is an independent director on the Board of Directors of Guestlogix and is an officer and director of the Manager. Guestlogix is a global provider of onboard retail and payment technology to the airline and passenger travel industry. Guestlogix is wholly-owned by GXI. Please be advised that neither the Manager nor Scott Reid shall act as a portfolio manager or dealer to Guestlogix.

From time to time, additional companies may be construed as connected issuers of the Manager where Mr. Scott Reid is an independent director on the Board of Directors of such companies and is also an officer and director of the Manager. An updated list and description of such connected issuer positions will be provided to clients upon a material change.

As an exempt market dealer, the Manager intends to sell interests in the Fund. Accordingly, there is no opportunity for a potential conflict to arise as there would be if, for example, the Manager also sold or sought investors for securities of unrelated issuers. However, the Manager is prepared to act as an adviser and as a dealer in the ordinary course of its business to and in respect of securities of any such related or connected issuer. In any such case, these services shall be carried out by the Manager in the ordinary course of its business as an adviser and a dealer in accordance with its usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.