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# Account Terms, Conditions & Disclosure Booklet

(Effective as of September 15, 2008)

# Table of Contents

<b>PART 1: INTRODUCTION</b> .....	<b>1</b>
<b>PART 2: DEFINITIONS, INTERPRETATION, LANGUAGE AND APPLICATION</b> .....	<b>1</b>
<b>Definitions</b> .....	<b>1</b>
<b>Format; Construction</b> .....	<b>1</b>
<b>Language</b> .....	<b>1</b>
<b>Application; Advice</b> .....	<b>2</b>
<b>Severability</b> .....	<b>2</b>
<b>Other Agreements</b> .....	<b>2</b>
<b>PART 3: GENERAL ACCOUNT TERMS AND CONDITIONS</b> .....	<b>2</b>
<b>Agreement with Respect to Accounts</b> .....	<b>2</b>
<b>Haywood as Agent</b> .....	<b>2</b>
<b>Account Information and Verification</b> .....	<b>2</b>
<b>Capacity, Authority and Affiliation</b> .....	<b>2</b>
<i>Individual Customers</i> .....	<b>2</b>
<i>Corporate Customers</i> .....	<b>2</b>
<i>Unincorporated Customers</i> .....	<b>2</b>
<i>Affiliation</i> .....	<b>2</b>
<b>Joint Accounts (Personal Accounts Only)</b> .....	<b>2</b>
<i>Liability</i> .....	<b>2</b>
<i>Instructions From Joint Clients</i> .....	<b>2</b>
<i>Delivery of Property and Information To Joint Clients</i> .....	<b>2</b>
<i>Legal Ownership of the Account</i> .....	<b>3</b>
<i>Death of One Client</i> .....	<b>3</b>
<b>In-Trust” Accounts</b> .....	<b>3</b>
<i>Obligations of “In Trust For” Accounts</i> .....	<b>3</b>
<i>Trust Agreements</i> .....	<b>3</b>
<i>Majority of Nominee</i> .....	<b>3</b>
<i>Death of Trustee</i> .....	<b>3</b>
<b>Execution of Orders</b> .....	<b>3</b>
<i>Trading Instructions</i> .....	<b>3</b>
<i>Trading Rules</i> .....	<b>3</b>
<i>Accepting or Refusing Orders or Requests</i> .....	<b>3</b>
<b>Payment and Delivery</b> .....	<b>3</b>
<i>Delivery</i> .....	<b>3</b>
<i>Currency of Account</i> .....	<b>3</b>
<i>Risks of Leveraged Trading</i> .....	<b>4</b>
<b>Trade Confirmations and Statements</b> .....	<b>4</b>
<i>Trade Confirmations</i> .....	<b>4</b>
<i>Statements</i> .....	<b>4</b>
<b>Holding of Cash And Securities</b> .....	<b>4</b>
<i>Segregation of Cash Balances</i> .....	<b>4</b>
<i>Rights Relating to Securities</i> .....	<b>4</b>
<i>Withdrawal of Securities</i> .....	<b>4</b>
<i>Haywood’s Right to Use Securities</i> .....	<b>4</b>
<b>Fees &amp; Charges</b> .....	<b>4</b>
<i>Payment of Fees and Other Charges</i> .....	<b>4</b>
<i>Debit and Credits to the Account</i> .....	<b>4</b>
<i>Haywood’s Right to Combine Accounts</i> .....	<b>4</b>
<i>Payment of Interest</i> .....	<b>4</b>
<b>Indebtedness to Haywood</b> .....	<b>4</b>
<i>Payment of Indebtedness</i> .....	<b>4</b>
<i>Granting of Security Interest for Debts Owing (clients governed by the laws of a Province other than Quebec)</i> .....	<b>5</b>
<i>Hypothecate for Debts Owing (clients governed by the laws of Quebec)</i> .....	<b>5</b>
<i>Haywood’s Rights to Limit Potential Losses</i> .....	<b>5</b>
<i>Correction of Errors</i> .....	<b>5</b>
<i>Costs of Enforcement</i> .....	<b>5</b>
<i>Haywood’s Rights Cumulative</i> .....	<b>5</b>
<b>Trading Authorization and Powers of Attorney</b> .....	<b>5</b>
<i>Grant of Trading Authorization</i> .....	<b>5</b>
<i>Grant of Power of Attorney</i> .....	<b>5</b>
<i>No Appointment of Haywood Employees or Affiliates</i> .....	<b>5</b>
<b>Protection of Personal Information</b> .....	<b>5</b>
<i>Privacy Policy</i> .....	<b>5</b>
<i>Collection of Personal Information</i> .....	<b>6</b>
<i>Third-party Sharing of Personal Information</i> .....	<b>6</b>
<i>Sharing of Personal Information Pursuant to Applicable Laws, Rules and Regulations</i> .....	<b>6</b>
<i>Protecting Your Password</i> .....	<b>6</b>
<i>Your Rights Regarding Personal Information</i> .....	<b>6</b>
<b>Limitation of Liability</b> .....	<b>6</b>
<i>General</i> .....	<b>6</b>

Access .....	6
Information Providers.....	6
<b>Governing Law and Dispute Resolution.....</b>	<b>6</b>
Regulation and Oversight .....	6
Governing Law.....	7
Forum for Disputes.....	7
Enforcement of Your Rights in Jurisdictions Where Haywood Does Not Have an Office .....	7
<b>Miscellaneous.....</b>	<b>7</b>
Communications .....	7
Proprietary Interest .....	7
Unclaimed Property.....	7
Currency Conversion.....	7
No Waiver of Rights.....	7
Successors; Assignment .....	7
Changes, Additions or Amendments to Account Agreements .....	7
Termination.....	8
<b>PART 4: MARGIN AGREEMENT .....</b>	<b>8</b>
Grant of Margin.....	8
Margin Requirements; Additional Margin.....	8
Haywood's Right to Cancel.....	8
Payment On Demand.....	8
Other Terms .....	8
<b>PART 5: OPTIONS TRADING AGREEMENT .....</b>	<b>8</b>
Risk Acknowledgement .....	8
Compliance .....	8
Business Hours .....	8
Execution of Orders.....	8
Instructions.....	8
Closing Position in Account .....	8
Exercise and Assignments of Exercise Notices .....	9
Covenants as Security for Options Trading.....	9
Other Miscellaneous Covenants .....	9
Other Terms .....	9
<b>PART 6: REGISTERED ACCOUNTS.....</b>	<b>9</b>
Declaration of Trust.....	9
Authorization and Indemnity .....	9
Contributions.....	9
Tax Treatment.....	9
Group Plan.....	9
Foreign Content.....	9
<b>PART 7: COMMUNICATION WITH BENEFICIAL OWNERS OF SECURITIES - FORM 54-101F1 – EXPLANATION TO CLIENTS.....</b>	<b>9</b>
<b>PART 8: RISK DISCLOSURE STATEMENT FOR FUTURES &amp; OPTIONS .....</b>	<b>10</b>
<b>PART 9: EXPLANATION OF THE LIMITATION OF BENEFITS ARTICLE AND TREATY STATEMENT .....</b>	<b>12</b>
<b>PART 10: TRADING OF CANADIAN LISTED SECURITIES-BEST EXECUTION PROCEDURES.....</b>	<b>12</b>

## PART 1: INTRODUCTION

Thank-you for choosing Haywood Securities Inc.

This Account Terms, Conditions and Disclosure Booklet explains how your Account (as defined below) will be operated as well as how additional optional features and services such a margin and options trading operates. If you select and are eligible for such additional service(s) please read the additional terms and conditions that apply as they contain important information regarding your relationship with Haywood. You will also find important disclosure and explanations regarding your Account and the services provided by Haywood.

If you have any questions regarding any of the Account Agreements (as defined below) including this Account Terms, Conditions and Disclosure Booklet, please contact your Haywood Investment Advisor directly.

## PART 2: DEFINITIONS, INTERPRETATION, LANGUAGE AND APPLICATION

### 2.1. Definitions.

For the purposes of the Account Agreements (defined below), the following words and phrases will have the meanings set out below:

“*Account*” means all and any one of your accounts with Haywood, including accounts previously opened, opened concurrently or in the future or from time to time closed and then reopened, renumbered or re-designated;

“*Account Agreements*” means all and any one of the investment account agreement, margin agreement and/or option agreement made or deemed to have been made as set out herein, together with the Account Application Form and all other agreements related thereto, as applicable, as amended or replaced from time to time;

“*Account Application Form*” means the Haywood Securities Inc. – Investment Account Application Form that is delivered with this booklet as amended or replaced from time to time;

“*Applicable Laws, Rules and Regulations*” means the laws and regulations of any jurisdiction or any order of a court of competent jurisdiction therein, the regulations, policies and orders of any applicable governmental or regulatory authorities together with the constitutions, by-laws, rules, rulings, regulations, customs, and usage’s of the Investment Industry Regulatory Organization of Canada or the exchanges or markets (including any successor marketplaces) and their clearinghouses, if any, where Transactions are executed, or if the Transaction is not executed on any exchange or other market, it will be subject to the usage’s and customs prevailing among brokers with respect to similar Transactions;

“*Collateral*” means: (a) all Securities in which you have an interest which either come into the possession of Haywood or its agents or which Haywood is shown on the records of any clearing or similar agency as being the owner of or having an interest in, at any time or from time to time, whether in the Account or not; (b) any dividends, interest and capital distributions on or in respect for the foregoing Securities and any proceeds derived directly or indirectly from any sale or other disposition of or dealing with such Securities, including any payment related thereto or proceeds of proceeds therefrom; and (c) any cash, including free credit balances, which may at any time and from time to time be in any Account or in any other account at Haywood in which you have an interest;

“*Electronic Device*” means any device that allows you to use or access a Service or Account including, but not limited to, a personal computer;

“*Electronic Instruction*” means any instruction regarding your Account or any Service that is transmitted through an Electronic Device;

“*Information Provider*” means any entity providing Haywood, either directly or indirectly, with information or processing any such information and includes, but is not limited to, stock exchanges, news

service providers and stock alert message providers or any such provider or processor of data or information;

“*Haywood*” means Haywood Securities Inc. including any successor thereto;

“*Obligations*” includes any: (a) indebtedness incurred by you (including margin); and (b) debt or liability owing to Haywood by you, regardless of how the debt or liability arose; whether in the Account or in any other Account you may maintain with Haywood either alone or jointly with others, or by reason of any guarantee which you have given Haywood (including any guarantee which you have given for the account of any other person, whether or not any amount owing relates to the Collateral pledged);

“*Password*” means the combination of numbers and/or letters selected from time to time, for your use alone, as a means of identifying you and enabling you to access an Account or Service;

“*Personal Information*” means any information about an you individually and includes information with respect to your name, address, age, gender, income, marital status, finances, employment, Transaction and Service related details arising from the Accounts and Services, together with your personal references and identification numbers, including, but not limited to, your social insurance number;

“*Registered Plan*” means a registered retirement income fund, registered education savings plan or registered retirement savings plan, as the case may be, as defined under the *Income Tax Act* (Canada), and its regulations, and applicable provincial tax legislation to the extent not inconsistent with the *Income Tax Act* (Canada), both as amended from time to time;

“*Securities*” or “*Security*” includes, without limitation, shares, bonds, debentures, notes, warrants, rights, options, special warrants, installments receipts, deposit receipts, subscription receipts and all other instruments commonly referred to as a “security”;

“*Services*” means financial or investment or other ancillary services offered from time to time by Haywood;

“*Trading Instructions*” means instructions relating to the purchase, sale, execution or expiration of any Transactions;

“*Transactions*” includes, without limitation, the purchase or sale of, other otherwise dealing in, Securities whether or not on margin and whether or not as a short sale.

“*You*”, “*your*” and “*yours*” means the client who has applied for the Account or any Service by completing the Account Application Form, or if the account is a joint account the clients who applied for the Account or any Service by completing the Account Application Form;

In the Province of Quebec, the expression “*jointly and severally*” or any similar expression means solidarity.

### 2.2. Format; Construction

The headings used in the agreements set out herein are for convenience of reference only and do not in any way affect their interpretation unless the context otherwise requires. Words in the singular include the plural and vice versa and words in one gender include all genders.

### 2.3. Language

It is acknowledged and agreed that the Account Application Form, Account Agreements and all related documents, notices and other communications; together with such other forms, documents, notices and other communications as may from time to time be required by Haywood, be in English. **Il a été convenu et nous sommes d'accord à ce que le formulaire de demande de compte, les conventions de compte et tous les documents, avis et autres communications s'y rattachant, ainsi que tous les autres formulaires, documents, avis et autres communications qui peuvent être requis de temps à autre par Haywood soient rédigés en anglais seulement.**

## 2.4. Application; Advice

You acknowledge and agree that the agreements set out herein applies to all of your Accounts with Haywood. You acknowledge and confirm that Haywood has not provided and will not provide you with any legal, tax or accounting advice and that you are solely responsible for obtaining such advice from time to time with respect to any Transactions and the administration of your Accounts.

## 2.5. Severability

In the event any term or provision of the Account Agreements, as amended from time to time, is deemed invalid or void, in whole or in part by any court of competent jurisdiction, the remaining terms and provisions of the Agreement will remain in full force and effect.

## 2.6. Other Agreements

The terms, rules, procedures, fees and charges set out in any written or computer-generated instructions, manuals or other such documents relating to an Account or any Service form part of the Account Agreements.

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## PART 3: GENERAL ACCOUNT TERMS AND CONDITIONS

### 3.1. Agreement with Respect to Account

By executing and delivering the Account Application Form and executing or directing the execution of Transactions in the Account you acknowledge and agree to the terms and conditions set out in the Account Agreements and that such terms and conditions will govern all matters pertaining to any Account you may have with Haywood, including any future Account or any Account which you may have an interest in alone or jointly. You further acknowledge and agree that such terms and conditions will apply if your Account is temporarily closed and reopened, Haywood should designate an Account with a different number or there is more than one accountholder or if any of the accountholders are a corporation or other entity.

### 3.2. Haywood as Agent

By executing and delivering the Account Application Form you have appointed Haywood as your agent to execute Transactions on your behalf. You acknowledge and confirm that Haywood is acting in the capacity of agent only and not in a fiduciary capacity on your behalf. Haywood neither accepts nor assumes any liability or responsibility under the Account Agreements or otherwise other than to act honestly and in good faith and without wilful misconduct or gross negligence. In particular, unless otherwise agreed in writing, Haywood will have no obligation to exercise discretion in the purchase or sale of Securities or impart any material information in respect of any of the Securities of which Haywood or any of its employees or representatives is or becomes aware.

### 3.3. Account Information and Verification

You confirm and represent to Haywood that the information on the Account Application Form is full, true and correct and you acknowledge that Haywood and its representatives may rely on that information for all purposes in respect of the Account. You agree to notify Haywood, in writing, immediately of any change in such information which might reasonably be expected to affect the advice of Haywood where sought or given. You further acknowledge and agree that Haywood may take all reasonable and customary steps to comply with the *Proceeds of Crime Act (Money Laundering) and Terrorist Financing Act* (Canadian money laundering legislation), including ascertaining and confirming the identity of any person authorized to trade the Account, and that you will fully and promptly comply with any reasonable request from Haywood in that regard.

### 3.4. Capacity, Authority and Affiliation

#### *Individual Customers*

If you are signing as a natural person or as agent for a natural person, you confirm and represent to Haywood that you have reached the age of majority and have the power and capacity to enter into the Account

Agreements and perform your obligations thereunder and that the Account Agreements constitute legal, valid and binding obligations on you, enforceable against you in accordance with the terms therein. If you woman married prior to 1970 and resident in the Province of Quebec, you confirm and represent to Haywood that you are married under the regime of separation as to property under the laws of Quebec or you confirm that your husband has also signed the applicable Account Application Form.

#### *Corporate Customers*

If you are signing on behalf of a corporation or society, you confirm and represent to Haywood that such corporation or society has the power and capacity to enter into the Account Agreements and to effect the Transactions contemplated therein and that your execution and delivery of the Account Agreements: (i) has been duly authorized by all necessary corporate action on the part of the corporation or society, as the case may be; (ii) has been duly and validly executed and delivered by the corporation or society, as the case may be; and (iii) constitutes legal, valid and binding obligations of the corporation or society, as the case may be, enforceable against it in accordance with the terms thereof.

#### *Unincorporated Customers*

If you are signing on behalf of a partnership, trust or another form of unincorporated organization, you confirm and represent to Haywood that such partnership, trust or other form of unincorporated organization has the power and capacity to enter into the Account Agreements and to effect the Transactions contemplated therein and that your execution and delivery of the Account Agreements: (i) has been duly authorized by all necessary action on the part of the partnership, trust or other form of unincorporated organization, as the case may be; (ii) has been duly and validly executed and delivered by the partnership, trust or other form of unincorporated organization, as the case may be; and (iii) constitutes legal, valid and binding obligations of the partners, trustees, beneficiaries or members, as the case may be, enforceable against them in accordance with the terms thereof.

#### *Affiliation*

Unless you have advised Haywood otherwise and provided the necessary documentation, you confirm that you are not employed by, affiliated with, or an officer or director of, a business or member registered under any Applicable Laws, Rules and Regulations. If your current situation changes, you will notify Haywood immediately and obtain the necessary approval from your employer.

### 3.5. Joint Accounts (Personal Accounts Only)

#### *Liability*

You are each jointly and severally liable for the Account obligations and any loss, claim, damage, expense or liability arising from the agreements set out herein or any authorization, promise or instruction which any of you give to Haywood and you agree to indemnify Haywood against any such loss, claim, damage, expense or liability arising from the agreements set out herein or any authorization, promise or instruction which either of you give to Haywood, including all legal expenses which Haywood may incur.

#### *Instructions From Joint Clients*

Haywood may take instructions from any one of you, without notice to the other(s), to trade, withdraw funds or Securities or otherwise deal with the Account or do any other activity permitted under the Account Agreements, however, Haywood reserves the right to restrict activity at any time in the Account or to require joint written instructions by all of you with regards to any Transaction or the transfer or withdrawal of funds and Securities and Haywood will not be liable for any loss that may result from accompanying delay, if any.

#### *Delivery of Property and Information To Joint Clients*

Haywood may deliver Securities, money or other property relating to the Account, give margin calls and provide confirmations, statements, or other information about the Account to any one of you, without notice to the other(s), and such delivery or communication by Haywood is sufficient delivery or communication to all of you.

### *Legal Ownership of the Account*

If the legal ownership of the Account has been designated to be in the form of a "joint account with right of survivorship" (not applicable to accountholders resident in the Province of Quebec) the following terms apply: (a) each of you assign the money and Securities in the Account and all income and interest earned on them to all of you; (b) all money and Securities in the Account and all income and interest earned on them is your joint property with right of survivorship. This means that if one of you should die, all property in the Account will automatically become the property of the survivor(s) and the survivors' rights and obligations under the agreements set out herein will stay the same, including the right to continue to deal with the Account.

If the legal ownership of the Account has been designated to be in the form of a "tenants-in-common" all money and Securities in the Account and all income and interest earned on them is your joint property in equal proportion to the number of accountholders unless Haywood is advised otherwise and if one of you should die, the deceased's interest will pass to the deceased's heirs under the will or the laws of intestacy (where the deceased has no will). The agreements set out herein will continue to apply to the survivors and the representatives and heirs of the deceased provided, however, that Haywood will only continue to deal with the Account on the joint instructions of the survivor and the representatives and heirs of the deceased, as the case may be.

For an Account opened in the Province of Quebec, the Civil Code of Quebec and other laws will apply upon the death of one of you.

### *Death of One Client*

Haywood is authorized, prior to receipt of written notice of the death of one of you, to execute orders and deal with the Account as though the death had not occurred.

If anyone of you dies, the survivor(s) will immediately notify Haywood in writing. Haywood is authorized to take such steps or require such documentation (including but not limited to a certified copy of the death certificate, a letter of direction and notarized copy of any of the Grant of Probate, Letters of Administration or Certificate of Appointment of Estate Trustee, as applicable) or restrict Transactions in the Account as Haywood deems prudent or advisable and Haywood will not be liable for any loss that may result from accompanying delay, if any.

The deceased's estate will remain liable, jointly and severally with the survivor(s), for any debit balance or other liabilities in connection with the Account.

### **3.6. "In-Trust" Accounts**

#### *Obligations of "In Trust For" Accounts*

If any Account has been designated an "in trust for" account for or on behalf of a nominee, you acknowledge and agree that: (a) all Trading Instructions for such Account will come from you, as trustee, exclusively; (b) you will be liable to Haywood for all liabilities and obligations respecting the Account; and (c) Haywood may deal with you as if you were the beneficial owner. You will indemnify and save Haywood harmless from all responsibility and liability in regards to your investment decisions and instructions in such Account.

#### *Trust Agreements*

Haywood has no responsibility to observe the terms of any trust, whether written, verbal, implied or constructive that may exist between you, as trustee, and the nominee which Haywood does not have actual, confirmed notice of.

#### *Majority of Nominee*

Subject to any written trust agreement referred to above, you understand and acknowledge that upon the nominee reaching the age of majority under the laws of the jurisdiction in which the trust is deemed resident, the nominee will be absolutely entitled to the "in trust for" Account and Haywood will thereafter abide by the instructions of such nominee in respect of such Account.

### *Death of Trustee*

In the absence of a duly appointed substitute trustee, the personal representative of your estate, whose appointments made or confirmed by the applicable court of competent jurisdiction, will be constituted as a substitute trustee for the purposes of the Account Agreements and Haywood will accept Trading Instructions from the substitute trustee, and such substitute trustee will be bound by the Account Agreements.

### **3.7. Execution of Orders**

#### *Trading Instructions*

You must provide Haywood with any Trading Instructions either verbally or in writing and any Trading Instruction must specify the Security, the quantity and/or amount, and the price (which may be given as "Market" which will mean at the price obtainable in the market where the order is to be executed at the time the order reaches such market). Haywood is not responsible for the price at which a market order is executed. You are responsible for all Trading Instructions given by you or by persons you have authorized to trade on your behalf. You acknowledge that a Trading Instruction is final, and you cannot object to the order at a later date. If Haywood acts on Trading Instructions from you or persons you have authorized to trade on your behalf, you agree to indemnify Haywood for any loss, liability or expense that may arise as a result of Haywood's compliance with such instructions.

#### *Trading Rules*

Each Transaction carried out on your behalf will be subject to the Applicable Laws, Rules and Regulations.

#### *Accepting or Refusing Orders or Requests*

Haywood may in Haywood's sole and arbitrary discretion refuse, without incurring any liability whatsoever, to execute any Trading Instruction, order or other direction for any reason including, without limitation, the nature of the Transaction requested; your financial position; if Haywood determines that it would be imprudent to execute it because of Haywood's assessment of the state of the Account; adverse potential claims against the Account; if you should die and probate or letters of administration are not secured; or otherwise for Haywood's own protection.

### **3.8. Payment and Delivery**

#### *Delivery*

You must have funds in your Account by settlement date or by such earlier time as specified by Haywood. Actual delivery of Securities in deliverable form is required immediately for any Securities sold at your direction. You confirm and represent to Haywood that all sales made in the Account will be "long" sales unless you have specified otherwise at the time of giving the Trading Instruction.

If you do not pay for or deliver Securities to Haywood as required under the agreements set out herein, Haywood may, without prior notice to you, do whatever Haywood considers is necessary in order to avoid or minimize any potential loss or inconvenience to Haywood including, without limitation, any or all of the following: (a) sell out all or a portion of the Securities in your Account; (b) borrow the Securities necessary to make delivery; (c) settle and then reverse the trade; (d) assign any Securities purchased to other accounts of Haywood; (e) refuse to accept any further trading orders from me unless the cash is in the Account at the time the order is placed; (f) suspend your trading privileges, or terminate the agreements set out herein; and you agree will pay to Haywood and indemnify and save it harmless from any loss or expense incurred by Haywood in connection with the borrowing, purchase or late delivery.

#### *Currency of Account*

Haywood may transfer funds on deposit in the Canadian dollar component of the Account to cover any Transactions that require settlement in U.S. dollars, or vice versa.

### *Risks of Leveraged Trading*

If you intend to purchase Securities using, in whole or in part, borrowed money, you acknowledge that 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. You confirm that you are aware of the risks involved in leveraged trading.

### **3.9. Trade Confirmations and Statements**

#### *Trade Confirmations*

Trade confirmations will be sent to you after each Transaction in accordance with Section 3.16 - Communications. You will promptly examine every trade confirmation sent to you and advise Haywood of any errors. If you do not object within 15 days from the date the trade confirmation is considered to be given and received, then Haywood may consider the Transaction authorized, correct and complete, and you cannot object to it at a later date. Non-receipt or late receipt of a trade confirmation will not in any way relieve you of your obligation to settle all Transactions on settlement date or maintain margin, if applicable.

#### *Statements*

You will promptly examine every statement or written advice relating to your Account sent to you and advise Haywood of any errors. If you do not object within 45 days from the date the statement or written advice provided by Haywood is received or deemed to have been received; then Haywood may consider that all Transactions shown on the statement or written advice were authorized by you, all amounts charged to you are properly chargeable to you and there is no money or Securities owing to you which are not shown. You agree that you cannot object to the statement or written advice at a later date.

### **3.10. Holding of Cash And Securities**

Your cash and Securities will be held at Haywood's head office or any of Haywood's branch offices or at any other place or with any other custodian which Haywood in its discretion considers appropriate and in so holding your cash and Securities, Haywood assumes no higher degree of care than that exercised by Haywood in the custody of its own cash and Securities. All Securities will be registered in Haywood's name or the name of Haywood's nominee whenever possible and will be held and dealt with in accordance with securities industry practice and any requirements or recommendations of any securities commission or stock exchange in Canada.

#### *Segregation of Cash Balances*

Except with respect to a Registered Plan, Haywood does not have to segregate or hold any cash balances separately. Therefore, cash may be mixed with Haywood general funds and used for the general purposes of Haywood business, and the cash will be a debt owing to you by Haywood.

#### *Rights Relating to Securities*

You are responsible to know the rights relating to Securities held in your Account including, without limitation, rights of redemption or exchange, any expiry of rights or warrants, tender offers, instalment receipts, partial calls and conversions. Haywood will not be liable if Haywood fails to contact you about any of these rights. If your Account is credited with the amount of any interest or dividend payable on any Security, or in respect of the maturity of any Security and final payment from the issuer is not received, then such credit may be reversed.

#### *Withdrawal of Securities*

Haywood is not obligated to return to you the same Securities as those deposited with or received by Haywood for your Account. If you want to withdraw Securities, you will receive Securities of an equivalent amount of the same type. If you want delivery to be made to a third party, then you agree to give Haywood written instructions. Haywood may charge a fee for registration and delivery of Securities.

### *Haywood's Right to Use Securities*

At any time when you have a short position or you are in debt to Haywood:

- (a) any Securities held by Haywood for your Account may, without notice to you, be pledged or repledged by Haywood as security for any of Haywood's indebtedness, whether for more or less than the amount due by you to Haywood and either separately or together with other Securities Haywood may, without notice to you, loan such Securities either separately or together with other Securities; and
- (b) any Securities held by Haywood for your Account may, without notice to you, be used by Haywood for making delivery against a sale, whether a short sale or otherwise and whether such sale is for your Account or that of another customer, or for a sale to any account that Haywood or Haywood's partners or directors may have a direct or indirect interest in.

### **3.11. Fees & Charges**

#### *Payment of Fees and Other Charges*

You will pay all commissions, fees, charges, expenses and taxes in respect of Transactions or Service in your Account (including sales made by Haywood under Section 3.12) and all fees, charges, expenses and taxes in respect to the administration of your Account, together with any interest, when due, at the rates charged by Haywood as set out in Haywood's Schedule of Fees and Charges, from time to time, or as may be specifically agreed between you and Haywood. All such commissions, fees, expenses and taxes are due and payable when incurred or charged by Haywood. You are responsible for charges against your Registered Plan Account, if the foreign content of your Account exceeds the allowable limit.

#### *Debit and Credits to the Account*

Haywood will credit to the Account any interest, dividends or other monies received in respect of Securities held in the Account as well as any monies (net of all commissions, fees, expenses and taxes) received as proceeds from transactions in Securities for the Account, and may debit all amounts due and owing by you to Haywood, including any commissions, fees, expenses and taxes, to the Account.

#### *Haywood's Right to Combine Accounts*

If you have more than one Account with Haywood, Haywood may, without prior notice and at any time, combine those accounts whether in respect of Securities or money, and make such adjustments between those accounts as Haywood thinks fit. For example, Haywood may transfer any credit balance from one account to offset any debit balance in another account. Haywood may do this with respect to any account in which you have an interest, whether jointly or otherwise and including an account guaranteed by you, but not in respect of accounts held within a Registered Plan.

#### *Payment of Interest*

Haywood will pay you interest on credit balances held in the Account at such rates and in such manner as Haywood may determine from time to time. You will pay Haywood interest on debit balances held in the Account at a rate which is 3% per annum above the average prime lending rate of the main branches of the Bank of Montreal and Royal Bank of Canada in Vancouver, British Columbia, or at such rates and in such manner as Haywood may determine from time to time. Haywood may debit the Account monthly with the interest owing.

### **3.12. Indebtedness to Haywood**

#### *Payment of Indebtedness*

You will pay all Obligations to Haywood, including interest, on demand. If you do not pay Haywood in full any amount owing to Haywood immediately after it is due, you will be in default of the agreements set out herein. If no margin facility has been granted to you, and if a debit occurs in the Account, the debit must be paid immediately.

*Granting of Security Interest for Debts Owning (clients governed by the laws of a Province other than Quebec)*

If you are not resident in the Province of Quebec, you deliver over, transfer, assign, hypothecate and pledge to Haywood, and grant Haywood a security interest in the Collateral, as continuing collateral Security for any Obligations and you will not give, transfer, assign or pledge to any one else a security interest in the Collateral without Haywood's written consent.

*Hypothecate for Debts Owning (clients governed by the laws of Quebec)*

If you are resident in the Province of Quebec, you deliver over, hypothecate and pledge to Haywood the Collateral for the amount of One Hundred Million Dollars, with interest from the date hereof at a rate which is **3% per annum** above the average prime lending rate of the main branches of the Bank of Montreal and Royal Bank of Canada in Vancouver, British Columbia. Haywood may sell or take the Collateral hereby hypothecated and pledged in payment for any Obligations without giving prior notice or observing any time limits prescribed in respect of such taking in payment or such sales in the Civil Code of Quebec. The foregoing stated amount of the hypothec and pledge and foregoing rate of interest is inserted to comply with requirements of the Civil Code of Quebec and represents the maximum amount for which the Collateral is hypothecated and pledged. It does not represent the amount of your indebtedness and liabilities secured by the hypothec and pledge from time to time or the amount of any credit available to you by Haywood.

*Haywood's Rights to Limit Potential Losses*

If you are in default of the agreements set out herein; become bankrupt or insolvent or if any of the Collateral becomes subject to execution, garnishment, attachment or other process; or if the value of the Collateral is jeopardized by any of a fall in the market price of the Securities in the Account, generally unfavourable market conditions; or by the occurrence of any event that might adversely affect the market price of the Securities pledged, you grant to Haywood the right and power of attorney to (without notice to you or demand for any additional margin) do any or all of the following:

- (a) sell any or all of the Securities in any Account held by Haywood for you either individually or jointly with others;
- (b) buy any or all Securities necessary to cover short sales for the Account;
- (c) cancel any or all Trading Instructions with respect to the Account;
- (d) refuse to allow any further margin or short purchases, apply the proceeds against the debt owing to Haywood and close the Account, or;
- (e) offset any credit balance against any debit balance.

Haywood may decide which Securities are to be sold or bought and any such sales or purchases may be made by Haywood without prior notice to you upon any exchange or other market or by public or private sale on such terms and in such manner as Haywood, in Haywood's sole discretion, may decide is advisable. You irrevocably authorize any of Haywood's officers as your attorney to execute and deliver all documents, and to fill in all blanks in signed powers of attorneys or transfers, as is necessary in order to complete the transfer of the Securities or any part of them. The balance of proceeds may be held by Haywood, and may be applied on account of your Obligations to Haywood when and in such manner as Haywood decides. You will remain liable for, and pay to Haywood, any remaining Obligations to Haywood.

*Correction of Errors*

Haywood may, at any time, correct any error in implementing a Trading Instruction at market by filling such Trading Instruction at the market price in effect at the time such Trading Instruction should have been implemented.

*Costs of Enforcement*

You will pay Haywood all costs and expenses (including legal fees on a solicitor and client basis) plus reasonable administration charges

imposed by Haywood for the collection of all or any of your Obligations to Haywood.

*Haywood's Rights Cumulative*

All remedies, rights, liens or security interests of Haywood arising by law, the agreements set out herein or otherwise are cumulative and do not replace or limit any other remedy, right, lien or security interest of Haywood. Haywood may follow any remedy to which Haywood is entitled by law, the agreements set out herein or otherwise, concurrently or successively, at Haywood's discretion. You agree that the exercise of any such remedy, right, lien or security interest by Haywood is reasonable and necessary for Haywood's protection, having regard to the nature of Securities markets, especially their volatility.

**3.13. Trading Authorization and Powers of Attorney**

*Grant of Trading Authorization*

If you have granted or at any time grant trading authorization over the Account to any person by instrument in writing provided to Haywood, then that agent only has the authority to give Haywood Trading Instructions for the purchase and sale of Securities, on margin or otherwise, and to confirm those Transactions and NOT to (a) receive cash or Securities from the Account; (b) receive trade confirmations, statements or other Account documentation; (c) sign agreements on your behalf; (d) open other accounts with Haywood on your behalf; or (e) agree to changes in the terms and conditions attaching to any Account. It is your responsibility to monitor the actions of your agent, Haywood is not required to notify you of the actions of your agent or send you any notices regarding such actions. You and your heirs, executors, administrators, successors and permitted assigns are bound by the actions of your agent. You acknowledge and confirm that Haywood may deal with the agent until Haywood receives written notice from you that the agent's authority has been revoked or Haywood receives written proof that the agent's authority has been otherwise terminated at law (for example, by your death or incapacity). You further agree to ratify and confirm all instructions given by the agent and to indemnify Haywood and hold Haywood harmless against any loss, liability or expense (including legal fees on a solicitor and client basis) suffered by Haywood in acting on the instructions of the agent.

*Grant of Power of Attorney*

If you have granted or at any time grant a power of attorney over the Account to any person by completing Haywood form of Power of Attorney or otherwise by any form acceptable to Haywood at its sole discretion, then that attorney has all the power and authority that you would have unless otherwise limited on the face of the document granting such power of attorney. It is your responsibility to monitor the actions of your attorney, Haywood is not required to notify you of the actions of your attorney or send you any notices regarding such actions. You and your heirs, executors, administrators, successors and permitted assigns are bound by the actions of your attorney. You acknowledge and confirm that Haywood may deal with the attorney until Haywood receives written notice from you that the attorney's authority has been revoked or Haywood receives written proof that the attorney's authority has been otherwise terminated at law (for example, by your death or incapacity). You further agree to ratify and confirm all instructions given by the attorney and to indemnify Haywood and hold Haywood harmless against any loss, liability or expense (including legal fees on a solicitor and client basis) suffered by Haywood in acting on the instructions of the attorney.

*No Appointment of Haywood Employees or Affiliates*

Without the written authorization of a senior officer of Haywood trading authority cannot be granted to any employee of Haywood or any of its affiliates or subsidiaries. If you wish to provide additional authority to an agent, you acknowledge that you will need to provide Haywood with a duly executed power of attorney.

**3.14. Protection of Personal Information**

*Privacy Policy*

Haywood Securities Inc. respects your privacy and the confidentiality of your personal information. As part of our commitment to you,

Haywood has adopted policies and procedures designed to protect your privacy and prevent misuse of your personal information. To obtain a copy of Haywood's Privacy Policy or if you have any questions about how such policy applies to your personal information collected by Haywood, you may contact Haywood's Privacy Officer or a Compliance Officer directly in writing, at 20<sup>th</sup> Floor Commerce Place, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6, or by telephone at (604) 697-7108, toll free at 1-800-663-9499

#### *Collection of Personal Information*

You acknowledge and agree that Haywood may, from time to time, collect and maintain on file Personal Information for the purposes of complying with Applicable Laws, Rules and Regulations, maintaining the Account and providing the Services set out herein or from time to time offered to you by Haywood or for any purpose otherwise set out below or permitted by law. You acknowledge and agree that Haywood may obtain Personal Information from a variety of sources including, without limitation, records maintained by Haywood with respect to the Account, Services or otherwise, credit reporting agencies, other financial institutions and references provided by you. You authorize Haywood to collect such Personal Information upon opening or continuing an Account and during the course of maintaining the Account and providing Services to you. If you cease to be a client of Haywood's or the Account Agreement is otherwise terminated, you acknowledge and agree that Haywood may keep your Personal Information in its files for so long as it is needed for the purposes set out below or for so long as it may be required by Applicable Laws, Rules and Regulations.

#### *Third-party Sharing of Personal Information*

You acknowledge and agree that Haywood may make Personal Information available to its employees, third party service providers and other financial institutions or credit reporting agencies. Such Personal Information will only be used to verify your identity and perform background checks, facilitate Transactions, the operation of the Account and the provision of any Services including, without limitation, order entry and clearing services, the granting of margin, if applicable, Transaction settlement and trade confirmations and statement delivery.

Information related to your social insurance number may be shared by Haywood with governmental authorities for tax purposes or credit reporting agencies to ensure the accurate matching of credit history files. Other than as stated above or as permitted or required by law, Haywood will not share any Personal Information with other persons without your consent.

#### *Sharing of Personal Information Pursuant to Applicable Laws, Rules and Regulations.*

You acknowledge and confirm that in certain circumstances, the law may require or permit Haywood to disclose Personal Information without your knowledge or specific consent such as circumstances where disclosure may be required to comply with a subpoena, warrant, or court order, or if requested by a government institution which has the lawful authority to obtain the information. Further, you acknowledge and agree that Haywood may disclose Personal Information without your knowledge or specific consent to regulatory organizations or exchanges to which Haywood is subject including the Investment Industry Regulatory Organization of Canada for the purposes of any audit or investigation relating to the Account, any account in which you have an interest, whether jointly or otherwise including an account guaranteed by you, Haywood's business generally or if Haywood believes, in good faith, that disclosure is otherwise necessary or advisable to protect its interests.

#### *Protecting Your Password*

You agree to keep your Password absolutely confidential and to ensure that your Password is never disclosed, accidentally or otherwise, to anyone else at any time. You acknowledge and agree that Haywood is not responsible for the unauthorized use of your Password, and you agree to indemnify and hold Haywood harmless against all claims, losses and expenses incurred by Haywood as a result of the unauthorized use of your Password and acknowledge that you will be liable for all losses that occur if your Password is used to enter into a trade or some other Transaction. If you become aware of or suspect any unauthorized use of your Password, you agree to notify

Haywood's Compliance Department immediately by telephone and you will not be responsible for unauthorized use of your Password after you have so notified Haywood.

#### *Your Rights Regarding Personal Information*

You will have a right to obtain access to your Personal Information on file with Haywood and information about Haywood's use and disclosure of such Personal Information, or to otherwise make inquiries about Haywood's privacy policies, by making a request in writing by written correspondence directed to Haywood Securities Inc. at 20<sup>th</sup> Floor, Commerce Place, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6 (Attention: Privacy Officer) or by e-mail at [cdunlap@haywood.com](mailto:cdunlap@haywood.com). Haywood will amend any incorrect or out of date information as appropriate.

### **3.15. Limitation of Liability**

#### *General*

Haywood is not responsible for any loss, costs, damages or any failure to obtain any profit in connection with your Account or any Service, however caused, unless there was wilful misconduct by Haywood or Haywood otherwise was grossly negligent. Notwithstanding the foregoing, you will not hold Haywood liable for any indirect, special or consequential damages.

#### *Access*

If you requested access to Haywood's Client Centre at [www.haywood.com](http://www.haywood.com), Haywood will use reasonable commercial efforts to provide such access to the Client Centre through an Electronic Device. Notwithstanding the foregoing, and without limitation, Haywood will not be liable to you or others for any loss including any failure to obtain a profit, costs or damages which you may incur if access to Haywood's Client Centre or website, or access to your Account through an Electronic Device, is not available or is delayed due to: (a) periods of increased volume or market activity or to allow for systems maintenance, updates or for any other reasonable cause; (b) acts beyond Haywood reasonable control including but not limited to acts of God, strikes, postal interruptions, lockouts, riots, acts of war or terrorism, epidemics, fire, communication line failures, power failures, equipment or software malfunction, earthquakes or other disasters; or (c) government restrictions, exchange or market rules, suspension of trading.

#### *Information Providers*

Information provided to you through Haywood's Services or any Electronic Device may have been independently obtained from various Information Providers and is believed by Haywood to be reliable and accurate. Haywood makes no warranty or representation, express or implied, and disclaims and negates all other warranties or liability concerning the accuracy, completeness or reliability of, or any failure to update, by such information or the Services. In no event will Haywood or the Information Providers be liable to you or to others for any loss, damage or injury of any type caused or contributed to in any way by such information or the Services. For example, and without limitation, Haywood and the Information Providers will not be liable if the information: (a) does not meet your specific needs; (b) is delayed or is not available at any particular time or for any particular purpose; or (c) is not timely, in sequence, accurate, complete or suitable for any purpose. For greater certainty, Haywood nor any other party will be liable for the accuracy or timeliness of any quotation provided through an Electronic Device or otherwise. "Real time" quotes provided through an Electronic Device particularly in time of high volumes of trading and market volatility may not be reflective of a current trading price of a Security.

The terms of the foregoing paragraph may be enforced against you by any of the Information Providers.

### **3.16. Governing Law and Dispute Resolution**

#### *Regulation and Oversight*

All Transactions in Securities for the Account or any Services provided will be subject to Applicable Laws, Rules and Regulation. For example, all Transactions for the Account are subject to the regulations and policies in force from time to time of the Investment

Industry Regulatory Organization of Canada and the relevant stock exchange.

#### *Governing Law*

The Account Agreements will be governed by and interpreted in accordance with the laws of the province of Canada where the Haywood office that services the Account is located and the laws of Canada applicable therein.

#### *Forum for Disputes*

You acknowledge and agree that the Account Agreements are deemed to have been performed in the province of Canada where the Haywood office that services the Account is located and any and all disputes in connection with the operation of the Account or any Transaction or intended Transaction in the Account or arising out of or relating to the Account Agreements will, subject to Haywood clients resident in jurisdictions set out in the following section, be determined exclusively by the courts in such province of Canada. You attorn (meaning consent, recognize or agree to be subject) and submit to the jurisdiction of the courts in the province of Canada where the Haywood office that services the Account is located. You acknowledge and agree that service of process or of papers and notices by Haywood upon you by mail or personal delivery, addressed to your most recent address on file at Haywood's offices, will be accepted by you as, and deemed to be, sufficient service in the circumstances.

#### *Enforcement of Your Rights in Jurisdictions Where Haywood Does Not Have an Office*

Haywood has attorned to the non-exclusive jurisdiction of the courts and securities commissions, if any, of the following provinces and territories in which Haywood does not have a place of business, and has appointed the respective firms as Haywood's agent for service in such provinces and territories:

Saskatchewan	MacPherson Leslie & Tyerman Attention: Douglas A. Ballou 1500 – 1874 Scarth Street Regina, Saskatchewan, S4P 4E9
Manitoba	Aikins MacAulay & Thorvaldson Attention: Mr. James A. Ferguson 30 <sup>th</sup> Floor, Commodity Exchange Tower 360 Main Street Winnipeg, Manitoba, R3C 4G1
Quebec	Desjardins Ducharme LLP Attention: Michel Rochefort Tour de la Banque Nationale 600 de La Gauchetiere Street Montreal, Quebec, H3B 4L8
Nova Scotia	Stewart McKelvey Stirling Scales Attention: Mr. Lawrence J. Stordy 800 – 1959 Upper Water Street Halifax, Nova Scotia, B3J 2X2
New Brunswick	Stewart McKelvey Stirling Scales Attention: Mr. Darrell J. Stephenson Suite 1000, Brunswick House 44 Chipman Hill, P.O. Box 7289 Postal Station A Saint John, New Brunswick, E2L 4S6
Newfoundland	Stewart McKelvey Stirling Scales Attention: Mr. Neil L. Jacobs Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's, Newfoundland, A1C 5V3

You acknowledge that, because Haywood does not have a place of business in the provinces and territories listed above, you may have difficulty in enforcing any legal rights you have against Haywood.

#### **3.17. Miscellaneous**

#### *Communications*

Communications may take the form of notices, margin calls, demands, reports, statements and trade confirmations.

Unless otherwise provided for in the Account Agreements Haywood may, at Haywood discretion, communicate with you by contacting you by telephone, facsimile, mail or personal delivery. Trade confirmations and statement may, if you have so consented, be sent to you by facsimile or Electronic Device. It is your responsibility to keep your contact information up to date. All mail will be sent to the most recent address maintained by Haywood on file for you. Haywood has the right to refuse to mail communications to certain addresses including addresses outside of Canada. You acknowledge and agree that all communications mailed to you will be deemed to be given and received on the third business day after such communications were sent, whether or not you actually received them. All communications by telephone, facsimile, Electronic Device or personal delivery will be considered to be given and received on the date of transmission, whether or not you actually received them.

#### *Proprietary Interest*

Market data and other information provided through the Services is proprietary to Haywood, the appropriate Information Provider(s) and Haywood licensor(s) and is protected by applicable copyright law. Certain names, words, titles or logos displayed while providing the Services are proprietary to Haywood, Information Provider(s) or Haywood licensor(s) and are protected by applicable trademark law. You will not reproduce, sell, distribute, publish or commercially exploit such proprietary property without the express written consent of Haywood, as applicable.

#### *Unclaimed Property*

If your Account or the Securities in your Account become unclaimed property within the meaning of any applicable legislation governing unclaimed property, Haywood may sell any or all of the Securities in your Account for the purpose of converting your Account holdings to cash.

#### *Currency Conversion*

If Haywood need to convert funds into another currency in order to sell or purchase Securities, Haywood may convert funds using the spread Haywood prevailing then the rate of exchange which is used will be the rate in effect on the trade date unless agreed otherwise.

#### *No Waiver of Rights*

Any failure or refusal by Haywood in any one or more instances to insist upon strict performance of any of the terms of the Account Agreements or to exercise any right or privilege arising under the Account Agreements will not preclude Haywood from requiring by reasonable notice at a later date that you duly perform your obligations or preclude Haywood from exercising such a right or privilege under reasonable circumstances, nor will waiver by Haywood of a default be construed as an amendment of the Account Agreements or waiver of any later default.

#### *Successors; Assignment*

The Account Agreements are binding on my heirs, executors, administrators and successors. You cannot transfer or assign any of your rights or obligations under the Account Agreements to anyone else. Haywood's rights and obligations under the Account Agreements may be assigned if Haywood undertakes a reorganization or restructuring, amalgamates with another entity or Haywood's retail brokerage business is acquired by another entity.

#### *Changes, Additions or Amendments to Account Agreements*

Unless otherwise provided for in the Account Agreements, Haywood may change the Account Agreements at any time by giving you 30 days written notice. You acknowledge and agree that the first Transaction in the Account following notification of a change to the Account Agreements constitutes your acceptance of the change as of the effective date set out in the notice. Unless the context otherwise so requires, a reference to the Account Agreements will include a

reference to such Account Agreements as amended or varied from time to time.

#### *Termination*

Haywood may terminate the Account Agreements at any time without notice. You may terminate the Account Agreements at any time by actual delivery confirmed by an officer of Haywood of written notice to Haywood Securities Inc. at 20<sup>th</sup> Floor, Commerce Place, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6 (Attention: Compliance) but such termination will not affect any existing liabilities or indebtedness to Haywood.

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## **PART 4: MARGIN AGREEMENT**

If you have requested in writing, and Haywood has agreed to grant, a margin facility, the following constitutes the additional agreements (the "Margin Agreement") between you and Haywood with respect to your margin facility:

### **4.1. Grant of Margin**

If you wish to purchase Securities and have insufficient funds in your Account at the time of settlement, Haywood may lend amounts to you from time to time not exceeding the available loan value of Securities in your Account (as determined by Haywood in accordance with Applicable Laws, Rules and Regulations and Haywood's rules, policies and usual practice) and Haywood will charge those loans to the Account.

### **4.2. Margin Requirements; Additional Margin**

You acknowledge and agree that margin Transactions for Accounts will be subject to Applicable Laws, Rules and Regulations and Haywood's rules, policies and usual practice and that foregoing may be enacted, amended or repealed which may effect outstanding positions. You will maintain such margin as Haywood may, in its absolute discretion, request from time to time. For example, if you do not have sufficient cash and Securities in your Account to meet Haywood's margin requirements at the time you place an order or if there is a decline in the market value of Securities in the Account, you will deposit additional cash or marginable Securities sufficient to meet the necessary margin by such date as Haywood may require. However, Haywood retains the right to require additional margin at any time for any reason and you unconditionally agree to deliver to Haywood either cash or additional marginable Securities as Haywood may require.

### **4.3. Haywood's Right to Cancel**

Haywood may, in its absolute discretion, reduce or cancel the undrawn portion of the margin facility or refuse to grant any additional margin, at any time, without notice.

### **4.4. Payment On Demand**

All moneys owing on the margin facility are repayable on demand.

### **4.5. Other Terms**

The terms of this Margin Agreement form part of and are incorporated into the Account Agreements so that all terms of Part 3 - General Account Terms & Conditions are applicable to margin dealings. You acknowledge and agree that Haywood may sell any or all of the Securities in the Account or use any such Securities in accordance with Haywood's rights under such General Account Terms & Conditions and that such rights can be exercised without notice to you or demand for any additional margin. If there is a discrepancy between this Margin Agreement and the General Account Terms & Conditions, the terms specified under this Part 4 will apply.

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## **PART 5: OPTIONS TRADING AGREEMENT**

If you have requested in writing, and Haywood has permitted you to trade, in Options, the following constitutes the additional agreements (the "Options Trading Agreement") between you and Haywood with respect to your Transactions in Options:

### **5.1. Risk Acknowledgement**

You acknowledge and confirm that you have received, read and understood the Risk Disclosure Statement Futures and Options at Part 8 of this booklet, and that you are aware of the nature of the risks involved in both the purchase and the writing of Options, whether or not undertaken in combination with the purchase or sale of other Options or Securities. You also acknowledge that you are aware of and understand the rights and obligations associated with put and call option contracts and you are financially able to assume such risks and to sustain any losses resulting from Option trading.

### **5.2. Compliance**

You acknowledge and agree that Transactions in Options will be subject to Applicable Laws, Rules and Regulations and Haywood's rules, policies and usual practice and that foregoing may be enacted, amended or repealed which may effect outstanding positions. For example, Applicable Laws, Rules and Regulations and/or the internal rules and policies of Haywood may provide for position limits, exercise limits, margin requirements and requirements for cash-only trades during certain periods, such as the last ten days prior to expiry of an Option. You will comply with all such rules, limits and requirements which are now in effect or which from time to time may hereafter be passed or adopted. Haywood may, at its discretion and unless otherwise specified herein without notice to you, take any actions with respect to the Account as are necessary to comply with the Applicable Laws, Rules and Regulations that from time to time may hereafter be passed or adopted.

### **5.3. Business Hours**

Haywood will be open during local business hours but may execute orders at any time when the applicable exchange is open for trading, whether or not Haywood is then open for other client business.

### **5.4. Execution of Orders**

Haywood will have sole discretion to determine whether or not to accept any order from you for a trade in an Option. Haywood may execute orders for you acting as principal on the other side of a transaction or as part of larger transactions for you and others and may act for other clients on the other side of a transaction as Haywood may deem advisable, subject, however to Applicable Laws, Rules and Regulations. You understand that Haywood or Haywood's affiliates may act as principal or market maker on the other side of a Transaction or as part of larger Transactions for the Account, and you agree to pay Haywood the applicable commissions on these Transactions.

#### *Instructions*

You agree to provide Haywood with complete instructions as to the sale, close out or exercise of any Option or as to any other action to be taken in connection with such Option. With respect to expiring Options, you agree to instruct Haywood by no later than 1:00 p.m. PST on the business day preceding the expiry of the Option or by such other time as Haywood may require. Haywood may take any action with respect to an Option that Haywood, in its sole discretion, determines should be taken if you fail to give Haywood complete and timely instructions, but Haywood has no obligation to take any actions without your instructions.

#### *Closing Position in Account*

You agree that in the case of any insolvency, death or attachment of any property; or if the client is a corporation or society, within two days of learning of such client's dissolution or winding-up; Haywood may, with respect to any open positions, close out such positions and take such steps as Haywood considers necessary to protect it against loss.

### Exercise and Assignments of Exercise Notices

You acknowledge and agree that the exercise and assignments of exercise notices received by Haywood will be allocated by Haywood to existing options accounts on a first-in, first-out basis, and in the event of any alteration in such method of allocation, Haywood will notify you in writing at least 48 hours prior to the implementation of such alteration.

#### 5.5. Covenants as Security for Options Trading

In addition to any other term of condition herein, you acknowledge and agree that you will not sell or otherwise remove from Haywood's possession, without Haywood's prior written consent, during the life of any Option which you have written and with respect to which Haywood has acted as agent, the corresponding underlying Security which is long in the Account; any Security exchangeable for or convertible into such underlying Security; any cash; any escrow receipt or any other form of security, which are in Haywood's possession as security for the performance of your obligations in respect of such Option, until such time as such Options are assigned and met or have expired. If such Option is assigned, Haywood may deliver the underlying Security that is in your Account to a clearing member of the Clearing Corporations. If you do not acquire the underlying Security necessary to meet such Option after it is exercised, Haywood may use any Security which is exchangeable for or convertible into such necessary underlying Security, any cash, any escrow receipt or any other form of security which is in your Account to acquire the necessary underlying Security or Haywood may acquire the underlying Security at its own expense and you will be indebted to Haywood for the expenses Haywood may incur in so doing. Haywood may then deliver such underlying Security to a clearing member of the Clearing Corporations to fulfill your obligations. The term "Clearing Corporations" means The Option Clearing Corporation, Canadian Derivatives Clearing Corporation, International Options Clearing Corporation B.V. and any other options clearing corporation;

#### 5.6. Other Miscellaneous Covenants

You acknowledge and agree that:

- (a) you will not establish an Option position with one firm and, while maintaining it, have the same position closed out through another firm.
- (b) you will not exceed in aggregate, either with Haywood or elsewhere, either personally or in concert with others, any exercise or position limits, including limits or restrictions on short positions, under Applicable Laws, Rules and Regulations and/or the internal rules and policies of Haywood. You acknowledge that and consent to Haywood is required to report any position or exercise limit that is in violation to the regulatory authorities and consent to Haywood reporting such violation with respect to the Account.

#### 5.7. Other Terms

The terms of this Option Trading Agreement form part of and are incorporated into the Account Agreements so that all terms of Part 3 - General Account Terms & Conditions and Part 4 - Margin Agreement are applicable to Options trading. You acknowledge and agree that Haywood may sell any or all of the Securities in the Account or use any such Securities in accordance with Haywood's rights under such General Account Terms & Conditions and that such rights can be exercised without notice to you. If there is a discrepancy between this Options Trading Agreement and the other terms and conditions incorporated herein, the terms specified under this Part 5 will apply.

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## PART 6: REGISTERED ACCOUNTS

If you have requested Haywood, and Haywood has agreed, to open or continue an Account or provide any Services with respect to a Registered Plan the following constitutes the additional agreements between you and Haywood with respect to such Accounts:

#### 6.1. Declaration of Trust

You acknowledge and confirm that you have read, understood signed and delivered to Haywood the Declaration of Trust provided to you and you agree to be bound by the terms of the Declaration of Trust and request that the Registered Plan be registered in accordance with the *Income Tax Act* (Canada), and any applicable provincial income tax legislation.

#### 6.2. Authorization and Indemnity

You authorize the Trustee named in the Declaration of Trust to appoint Haywood as its agent to provide any services or assistance which the Trustee may require and will indemnify and save the Trustee and Haywood harmless from all responsibility and liability in regards to your investment decisions and instructions.

#### 6.3. Contributions

You acknowledge and agree that all contributions/property transferred to the Registered Plan will be invested in accordance with the terms and conditions of the Account Agreements and the Registered Plan and be held in your Account subject to the terms and conditions of the Declaration of Trust. Such contributions/property transferred to the Registered Plan will be valued according to its market value as determined by Trustee's agent on the date the agent accepts the transfer.

#### 6.4. Tax Treatment

You understand that any amounts which you receive from the Registered Plan will be taxable for you and your spouse, as the case may be.

#### 6.5. Group Plan

If the Registered Plan is designated a group Registered Plan, you authorize your employer (or your spouse's employer, for a spousal RRSP) to act as your agent for administering the Registered Plan, including delivering to the Trustee your payroll contributions, certain lump sum contributions and certain written directions or requests.

#### 6.6. Foreign Content

You acknowledge and agree that you are solely responsible for ensuring that all investments in your Registered Plan are qualified investments and do not constitute foreign property in excess of the foreign property limits under the applicable tax legislation and for any tax consequences of your investment decision.

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## PART 7: COMMUNICATION WITH BENEFICIAL OWNERS OF SECURITIES - FORM 54-101F1 - EXPLANATION TO CLIENTS

Based on your instructions, the Securities in the Account may or may not be registered in your name. If such Securities are not registered in your name they will be registered in Haywood's name or the name of another person or company holding your Securities on Haywood's behalf. The issuers of the Securities in the Account may not know the identity of the beneficial owner of these securities.

Haywood is required under Applicable Laws, Rules and Regulations to obtain your instructions concerning various matters relating to your holding of Securities in the Account.

#### Disclosure of Beneficial Ownership Information

Securities law permits reporting issuers and other persons and companies to send materials related to the affairs of the reporting issuer directly to beneficial owners of the reporting issuer's securities if the beneficial owner does not object to having information about it disclosed to the reporting issuer or other persons and companies. The Communication with Beneficial Owners of Securities - Form 54-101F1 - Client Response in the Account Application Form allows you to tell us if you **OBJECT** to the disclosure by Haywood to the reporting issuer or other persons or companies of your beneficial ownership information, consisting of your name, address, electronic mail address, securities holdings and preferred language of communication. Securities

legislation restricts the use of your beneficial ownership information to matters relating to the affairs of the reporting issuer.

If you **DO NOT OBJECT** to the disclosure of your beneficial ownership information, please mark the first box in Part 1 of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form. In those circumstances, you will not be charged with any costs associated with sending securityholder materials to you.

If you **OBJECT** to the disclosure of your beneficial ownership information by Haywood, please mark the second box in Part 1 of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form. If you do this, all materials to be delivered to you as a beneficial owner of securities will be delivered by Haywood and Haywood will charge a fee to you for each such delivery in the amount of \$5.00.

#### Receiving Securityholder Materials

For the purposes of this section “proxy-related materials” include financial statements and annual reports that are proxy-related materials; and “routine business” means (i) consideration of the minutes of an earlier meeting; (ii) consideration of financial statements of the reporting issuer or an auditors’ report on the financial statements of the reporting issuer; (iii) election of directors of the reporting issuer; (iv) the setting or changing of the number of directors to be elected within a range permitted by corporate law if no change to the constating documents of the reporting issuer is required in connection with that action; or (v) reappointment of an incumbent auditor of the reporting issuer.

For securities that you hold through the Account, you have the right to receive proxy-related materials sent by reporting issuers to registered holders of their securities in connection with meetings of such securityholders. Among other things, this permits you to receive the necessary information to allow you to have your securities voted in accordance with your instructions at a securityholder meeting. If you **OBJECTED** to the disclosure of your beneficial ownership information by Haywood under item (a) of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form, you will not receive such materials unless you or the issuer agrees to pay the fee set out above with respect to such delivery by Haywood.

In addition, reporting issuers may choose to send other securityholder materials to beneficial owners, although they are not obliged to do so.

Securities law permits you to decline to receive securityholder materials. The three types of materials that you may decline to receive are:

- (a) proxy-related materials, including annual reports and financial statements, that are sent in connection with a securityholder meeting;
- (b) annual reports and financial statements that are not part of proxy-related materials; and
- (c) materials that a reporting issuer or other person or company sends to securityholders that are not required by corporate or securities law to be sent to registered holders.

Item (b) of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form allows you to receive all materials sent to beneficial owners of securities or to decline to receive the three types of materials referred to above.

If you want to receive **ALL** materials that are sent to beneficial owners of securities, please mark the first box under item (b) of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form. If you want to **DECLINE** to receive the three types of materials referred to above, please mark the second box under item (b) of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form.

*(Note: Even if you decline to receive the three types of materials referred to above, a reporting issuer or other person or company is entitled to deliver these materials to you, provided that the reporting issuer or other person or company pays all costs associated with the sending of these materials. These materials would be delivered to you*

*through your intermediary if you have objected to the disclosure of your beneficial ownership information to reporting issuers.)*

#### Preferred Language of Communication

Item (c) of the Communication with Beneficial Owners of Securities - Form 54-101F1 – Client Response in the Account Application Form allows you to tell Haywood your preferred language of communication (English or French). You will receive materials in your preferred language of communication if the materials are available in that language.

#### Electronic Delivery of Documents

Securities law permits Haywood to deliver some documents by electronic means if the consent of the recipient to the means of delivery has been obtained. Your electronic mail address, if you have one, can be provided in Account Application Form. If the client wishes to receive documents by electronic delivery from Haywood, you must consent to such delivery in the appropriate section of the Account Application Form or in a separate consent provided by Haywood on request.

#### Contact

If you have any questions or want to change your instructions in the future, please contact your account representative or Haywood’s Compliance Department. Copies of Form 54-101F2 - Client Response Form are available from your Investment Advisor.

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## PART 8: RISK DISCLOSURE STATEMENT FOR FUTURES & OPTIONS

*Haywood is not registered to trade in futures, therefore, any reference to futures in the following text is not applicable.*

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

#### Futures

##### 1. Effect of “Leverage” or “Gearing”

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”.

A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

##### 2. Risk-Reducing Orders or Strategies

The placing of certain orders (e.g. “stop-loss” order, where permitted under local law, or “stop-limit” orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as “spread” and “straddle” positions may be as risky as taking “simple”, “long” or “short” positions.

## Options

### 3. Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

### Additional Risks Common to Futures and Options

#### 4. Terms and Conditions of Contracts

You should ask Haywood about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect to options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

#### 5. Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the previous section on Futures). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-

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#### 6. Deposited Cash and Property

You should familiarize yourself with the protection accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### 7. Commission and Other Charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### 8. Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

#### 9. Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

#### 10. Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house, any part or all of the shares represented by Options term provider, and/or member firms.

Such limits may vary; you should ask the firm with which you deal for details in this respect.

#### 11. Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

#### 12. Off-Exchange Transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. Haywood may be acting as your counter party to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.

Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

### PART 9: EXPLANATION OF THE LIMITATION OF BENEFITS ARTICLE AND TREATY STATEMENT

The Internal Revenue Service of the United States of America has recently effected changes that impact all clients investing in U.S. securities. The changes will impact U.S. withholding tax on U.S. source investment income and are effective January 1, 2001. **Please note that this document/explanation is not intended for natural persons (individuals) resident in Canada, the Federal, Provincial or Municipal Government or any agency of any such government.**

**This explanation is meant to assist certain clients in obtaining only a general understanding of their requirements under the new withholding tax rules. It is not intended to be, nor should it be construed to be, legal or tax advice to any client, prospective or otherwise. You are encouraged to consult tax or legal expertise for further clarification, if required.**

The changes impact certain clients that currently claim reduced rates of withholding tax on investment income earned on U.S. securities under the Canada-U.S. Income Tax Convention 1980, (herein after referred to as the "Treaty") as amended by the Protocols signed on June 14, 1983, March 28, 1984, March 17, 1995 and July 29, 1997. In order to continue enjoying the reduced Treaty rate of withholding tax on U.S. investment income received after January 1, 2001, certain clients must certify that they are eligible for Treaty Benefits. Failure to certify the Treaty Statement above would result in the application of non-treaty rate withholding (generally 30%) on the client's U.S. source investment income. This is in comparison to Treaty reduced rates of generally 15% on U.S. source dividends and 10% on U.S. source interest.

As part of the certification process, affected clients are asked to certify the Treaty Statement set out in the Account Application Form.

The reference to section 894 of the Code and the regulations thereunder, refers to the Internal Revenue Service Income Tax Code and the related Income Tax Regulations. The Limitation of Benefits ("LOB") Article, found in Section XXIX-A of the Treaty defines who can sign the Treaty Statement. Certification of the Treaty Statement indicates that the recipient of U.S. source income meets the definition of "qualifying person" as set forth in Article XXIX-A of the Treaty. Treaty benefits may still be available to clients that are not "qualifying persons", if that person satisfies other tests stipulated in the Treaty.

#### Qualifying Persons

Listed below are various entities that could meet the definition of "qualifying person" under Article XXIX-A of the Treaty. These entities could continue to enjoy reduced withholding rates once they certify the LOB Treaty statement. **Please note that there are various tests which must be met by each entity in order to be classified as "qualified person". This is not intended to be an exhaustive list:**

- (a) Publicly Traded Companies or Trusts;
- (b) Subsidiaries of Publicly Traded Companies or Trusts;
- (c) Private Companies and Unlisted Trusts;

- (d) Estates resident in Canada;
- (e) Not-for-Profit Organizations;
- (f) Registered Retirement Savings Plans, Registered Retirement Income Funds, LIRAs, Pension Funds, etc.

#### Non-Qualifying Persons

A person that is a resident of Canada but does not fit into one of the categories for "qualifying persons" listed above, may still be entitled to treaty benefits if either the Active Business Test or Derivatives Tests (as defined in Article XXIX-A of the Treaty) are met.

### PART 10: TRADING OF CANADIAN LISTED SECURITIES-BEST EXECUTION PROCEDURES

#### Background and Purpose

Haywood Securities uses all reasonable efforts to ensure that its clients achieve the best execution of their orders to buy or sell Canadian listed securities that are quoted or traded on Canadian marketplaces. With the emergence of Multiple Marketplaces in Canada, effective March 9, 2006, Haywood has instituted certain procedures that may affect the manner in which its clients' Canadian securities trades are executed. This notice outlines these procedures.

#### Definitions

In this notice:

**Alternative Market(s)** means a Canadian marketplace that Haywood has access to which facilitates the purchase and sale of Canadian listed securities that are also listed on the Default Market.

**Best Market** means the marketplace with the best bid (buy price) or offer (sell price) for a client order, unless in the reasonable judgment of Haywood's trading staff the current or historical liquidity of the marketplace that has the best bid or offer will not likely be sufficient to ensure that the order has the best chance of execution. In such event, "Best Market" will mean an Alternative Market that Haywood has access to and can thereby facilitate the best execution of a client order.

**Good Through Order ("GTO")** means an order that is valid until filled or cancelled or until the close of business on a specified expiry date. Typically such orders are *limit orders* as discussed below.

**Limit Order** means an order to buy or sell a security at a specific price or "better". A *limit buy* order permits the purchase of shares at the limit price or lower. A *limit sell* order permits the sale of shares at the limit price or higher.

**Market Order** means an order to buy or sell securities at the prevailing market price. By definition, any order that does not have a specific price limit is a market order.

**Multiple Marketplaces** means the Default Market and the Alternative Market(s).

**Open or Good Till Cancelled ("GTC")** means an order that is valid until filled or cancelled. Typically such orders are *limit orders* as discussed below.

**Default Market** means (unless otherwise notified by Haywood): (a) for securities listed on the Toronto Stock Exchange ("TSX") and trading on one or more Alternative Market, the Default Market will be the TSX and (b) for securities listed on the TSX Venture Exchange ("TSX-V") and trading on one or more Alternative Market, the Default Market will be the TSX-V.

**Special Terms Orders ("STO")** means orders that have special terms that are executable in the regular marketplace.

**Stop Loss Sell Order** means an order that is specifically used in connection with a sell order where the limit price is below the existing market price. The order becomes effective when the stock price trades at or below the order limit price.

**Stop Loss Buy Order** means an order that is specifically used in connection with a buy order where the limit price is higher than the existing market price. The order becomes effective when the stock price trades at or above the order limit price.

#### Hours of Operation for Trading in Listed Canadian Securities

Haywood's trading staff will be available for order execution of Canadian listed securities during the public trading hours of the TSX and the TSX-V which are normally between the hours of 6:30 a.m. and 1:00 p.m. Pacific Standard Time ("PST"), Monday to Friday, excluding Canadian statutory holidays. Haywood's trading staff may be available for order execution prior to 6:30 a.m. PST or after 1:00 p.m. PST, however Haywood does not undertake to guarantee order execution services for Canadian listed securities outside of the normal trading hours of the TSX and TSX-V.

**Default Marketplace**

Unless otherwise expressly agreed between a client and his or her Haywood Investment Advisor an order received: (a) prior to the opening of the Default Market will be routed to the opening sequence of the Default Market for execution at the opening; and (b) an received after the close of the Default Market will be entered the following business day to route to the opening sequence of the Default Market.

If a client expressly directs that an order be executed on an Alternative Market, the order will be valid for the duration of the hours of operation of the Alternative Market and Haywood will not assume any responsibility or liability to cancel or otherwise change the terms of the order until the opening of the Default Market the following day.

**Day Orders**

All orders received that are not specified as GTC or GTO will be considered a Day Order. A Day Order will only be valid if received during, and only for the duration of, the hours of the Default Market, unless expressly agreed between the client and his or her Investment Advisor that the Day Order should be posted to an Alternative Market. In such an event, the Day Order will be valid for the duration of hours of operation of the Alternative Market. Haywood will not assume any responsibility or liability to cancel or otherwise change the terms of the order after the closure of the regular continuous market trading of the Default Market. If a Day Order is received during the hours of operation of the Default Market, the order will be entered into the Best Market at the time of entry.

**GTC or GTO**

GTO and GTC orders will be posted on the Default Market and will only be considered live during the hours of the Default Market, unless the client and his or her Investment Advisor expressly agree to post the GTC or GTO order on an Alternative Market. In such circumstances the order will be valid for the hours of the Alternative Market, however, Haywood will not assume any responsibility or liability to cancel or otherwise change the terms of the order until the opening of the Default Market the following day.

**Market Orders**

Market orders will be traded as required between the Default Market and any Alternative Market in an effort to achieve the best execution for the client, however, unless expressly agreed to between the client and his or her investment advisor, market orders will only be considered valid during the hours of operation of the Default Market.

**Limit Orders and Stop Loss Orders**

For the purposes of best execution, Limit Orders and Stop Loss Orders will be handled in the same manner as Day Orders.

**Special Terms Orders**

STO will only post to the Special Terms market of the Default Market, unless the order can be immediately executed on an Alternative Market. Regardless, STO will only be considered live during the hours of operation of the Default Market.

**Trade Confirmation**

If Multiple Marketplaces were used to facilitate the execution of a client order this will be disclosed on the resulting trade confirmation notice.

**Amendments**

From time to time Haywood may make changes to this Trading Policy. Any changes will be posted on Haywood website @ [www.haywood.com](http://www.haywood.com).