TRILAND METALS

Product and Service Risk Disclosure

PART I: INTRODUCTION

This Product and Service Risk Disclosure is for use by professional clients of Triland Metals Limited ("**TML**") only and must not be used by any other person or entity. TML cannot disclose all the risks and other significant aspects of the products you may purchase, sell or subscribe for from or through us ("**products**"), but this disclosure document is intended to give you information on and a warning of the risks associated with them so that you are reasonably able to understand the nature and risks of the services and of the specific types of investments being provided and, consequently, to take investment decisions on an informed basis. You should also read any product/transaction specific disclosures that may be included in any product/transaction specific documentation provided to you.

You must not rely on any contained in this Product and Service Risk Disclosure as investment or any other type of advice, nor as a recommendation to enter into any of the services or invest in any of the products listed below. Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not deal in these or any other products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the product and/or service is suitable for you in light of your circumstances and financial position and, where necessary, you should seek appropriate independent advice in advance of any investment decisions.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment. In any of the situations described below, the use of leverage (which has the effect of magnifying potential positive or negative outcomes) may significantly increase the impact on you of any of the risks described.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created, structured or drafted. The specific risks of a particular product or transaction will depend upon the terms of the product or transaction and the particular circumstances of, and relationships between, the relevant parties involved in such product or transaction. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any financial products you should be aware of the guidance set out below.

PART II: PRODUCTS AND INVESTMENTS

Set out below is an outline of the major categories of risk that may be associated with certain generic types of financial instruments, which should be read in conjunction with Parts III and IV.

1. Derivatives, including options, futures, swaps and forward rate agreements

The risks set out in 1.1 – 1.5 below may arise in connection with all types of derivative contract, whether it is in the form of a listed instrument, an OTC instrument, or a securitised product such as a note or a certificate.

1.1. Derivatives Generally

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest. If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("**OTC**"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the counterparty and, like any contract, are subject also to the particular terms of the contract, as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions may not be standardised and no centralised pricing source may exist (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered. You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of 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 asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. 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 assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

1.2. Futures/Forwards/Forward rate agreements

Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. See further sections 1 and 2 of Part IV below.

1.3 Options

There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position (as explained in 6.2 above) and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Depending on the type of option entered into, there may be increased exposure to market risk (see Part III: Generic Risk types, paragraph 4 – Market Risk below) when compared to other financial products. There are several option styles including (but not limited to) American-, European- and Bermuda-style. An American-style option may be exercised at any time prior to its expiration. A European-style option may only be exercised on a specific date, its expiration date. A Bermuda-style option may be exercised on certain specified dates during the term of the transaction.

If you buy an American-style call option and the relevant market price of the underlying asset never rises above the strike price on the option (or if you fail to exercise the option while such condition exits), the option will expire unexercised and you will have lost the premium you paid for the option. Similarly, if you buy an American-style put option and the relevant market price for the underlying asset does not fall below the option strike price (or if you fail to exercise the option while such condition exists), the option will not be exercised and you will have lost the premium you paid for the put option.

Purchasing European-style or Bermuda-style options may carry additional market risk since the option could be "in-the-money" for part or substantially all of the holding period but not on the exercise date(s). A call option is "in-the-money" if the strike price is lower than the relevant market price for the underlying asset. A put option is "in-themoney" if the strike price is higher than the relevant market price for the underlying asset.

It is even possible for the holder of an exercised, "in-the-money" option to lose money on an option transaction. Such a situation exists whenever the value received under the option fails to exceed the purchaser's costs of entering into the option transaction (the premium and any other costs and expenses).

If you are a potential writer of an option, you should consider how the type of option affects the timing of your potential payment and delivery obligations thereunder. As the writer of a European-style option, the timing of any payment and delivery obligations is predictable. Absent early termination, no settlements will be necessary prior to the expiration date. As the writer of an American-style option, however, you must be certain that you are prepared to satisfy your potential payment and delivery obligations at any time during the exercise period (possibly quite soon following the sale of the option).

1.4 Contracts for differences

Certain derivatives are referred to as contracts for differences. These can e.g. be options and futures on an index of an exchange. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred to in 1.2 and 1.3 above. Transactions in contracts for differences may also have a contingent liability.

1.5 Swaps

A swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an "underlying" (such as currencies, interest rates or commodities, or more intangible items). A swap agreement may also be combined with an option. Such an option may be structured in two different ways. On the one hand, "swaptions" are transactions that give the purchaser of the swaption the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a pre-agreed swap agreement. On the other hand, "caps", "floors" and "collars" enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation on the value or level of an underlying.

A major risk of off-exchange derivatives, (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant financial instrument. The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

PART III: GENERIC RISK TYPES

1. General

The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance. The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage. The risk types set out below could have an impact on each type of investment.

2. Liquidity

The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price. In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back or redeem the relevant product and there may therefore be zero liquidity in the product. In other cases, early termination, realisation or redemption may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

3. Credit Risk

Credit risk is the risk of loss caused by borrowers, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating.

4. Market Risk

The price of investments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector, political and economic factors. These can be totally unpredictable.

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from those of the home market of the investor. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in overseas exchange rates.

Price volatility in markets can be extreme. Price discrepancies, low trading volumes and wide pricing spreads can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country or an industry becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Certain markets may lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty and regulation found in other markets. They may also be affected by sector, economic and political risk. It may be difficult to employ certain risk and legal uncertainty management practices, such as forward currency exchange contracts or derivatives. The impact of the imposition or removal of foreign exchange controls at any time should be considered, as well as potential difficulties in repatriation of assets. The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an particular market, sanctions, war and revolution should also be considered.

5. Clearing House Protections/Settlement Risk

On many exchanges, the performance of a transaction may be "guaranteed" by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed. There is, typically, no clearing house for off-exchange OTC instruments which are not traded under the rules of an exchange.

Settlement risk is the risk that a counterparty does not deliver the security or commodity (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. Settlement risk increases where different legs of the transaction settle in different time zones or in different settlement systems where netting is not possible.

6. Insolvency

The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent or, indeed, investments or commodities not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the counterparty to off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

7. Currency Risk

In respect of any foreign exchange transactions and transactions in derivatives and commodities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions. The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

8. Interest Rate Risk

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security will worsen due to an interest rate increase. This could impact negatively on other products. Interest income on floating rate instruments cannot be anticipated.

9. Commodity Risk

The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. The prices of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities.

10. Regulatory/Legal/Structural Risk

All investments could be exposed to regulatory, legal or structural risk. Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors. For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock and commodity exchanges and over-the-counter markets. The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts. In the case of many products, there will be no legal or beneficial interest in the obligations or securities of the underlying reference entity but rather an investor will have a contractual relationship with the counterparty only and its rights will therefore be limited to contractual remedies against the counterparty in accordance with the terms of the relevant product. In all cases the legal terms and conditions of a product may contain provisions which could operate against your interests. For example, they may permit early redemption or termination at a time which is unfavourable to you, or they may give wide discretion to your counterparty to revise the terms. In other cases there may be limits on the amounts in relation to which rights attaching to securities or commodities may be exercised and in the event that you hold too many (or too few) securities or commodities, your interests may be prejudiced and should scrutinise these carefully.

11. Operational Risk

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also impact on shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

12. Conflicts

In the ordinary course of their respective businesses, TML and its affiliates may be subject to various actual and potential conflicts of interest which may operate against your interests.

PART IV: TRANSACTION AND SERVICE RISKS

1. Contingent Liability Investment Transactions

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you must be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

2. Collateral

If you deposit collateral as security with a firm, the way in which it will be treated will vary according to the type of transaction and where it is traded and the terms of the relevant contract you have entered into with us. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a regulated market (see 4 below), with the rules of that exchange (and the associated clearing house) applying, or trading on another exchange or, indeed, off-exchange. Deposited collateral is likely to lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from the firm how your collateral will be dealt with.

2.1. Effect of absolute title transfer

Where your collateral is subject to total title transfer to us, you should note that:

(a) The assets cease to be your assets and you will no longer have a proprietary claim over them. They will not be held subject to the rules of the FCA's Client Assets Sourcebook or of another applicable regulator in safe custody (where they are financial instruments) or subject to FCA's Client Money Rules or other applicable client money protection (where they are cash). The assets become our assets and we can deal with them in our own right;

(b) You will have an unsecured contractual claim against us for re-transfer of equivalent assets; and

(c) As a result, the assets will not be subject to a trust or otherwise insulated in our insolvency. And, in such event, you may not receive back everything so transferred to us and you will only rank as a general creditor. The FCA's Client Money Distribution Rules which are set out in the CASS 7A of the FCA Handbook ("**Client Money Distribution Rules**") will not apply to these assets where they are cash and you will not be entitled to share in any distribution under the Client Money Distribution Rules. **YOU SHOULD NOTE THAT TML DOES NOT OFFER OF PROVIDE ANY CLIENT MONEY PROTECTION OR SAFE CUSTODY ARRANGEMENTS IN ANY CIRCUMSTANCES TO ANY OF ITS CLIENTS UNDER ANY APPLICABLE LAWS OR OTHERWISE.**

3. Off-Exchange Transactions

FCA has categorised certain exchanges as recognised or designated investment exchanges. A list of these exchanges can be found on the FCA website. Transactions which are traded elsewhere may be exposed to substantially greater risks.

4. Limited Liability Transactions

Before entering into a limited liability transaction, you should obtain from the firm a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction. The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

5. Commissions/Transaction Costs

Before you begin to trade, you should obtain details of all commissions and other charges for which you must be liable. When products are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the commodity. These incidental costs may significantly reduce or even exclude the profit potential of the products. For instance, firms may charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, you must take into account that you may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of products (direct costs), you must also take into account any follow-up costs. You should inform yourself about any additional costs incurred in connection with the purchase, custody or sale of an investment before investing. The effect of transaction costs may result in the issue price of such securities falling below the market value when trading starts.

6. Suspensions of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

7. Cash and Property

You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for transactions, particularly in the event of a firm insolvency or bankruptcy. Except as specifically provided in the relevant terms operating between you and us, we will not be liable for any acts or omissions of any third party. In the event of insolvency or default of a third party, you may not recover all property or money you are or believe you may be entitled to. In some jurisdictions compensation schemes may offer protections in connection with investments to certain types of claimants in the event that they suffer a financial loss as a consequence of a person being unable to meet its liabilities. You are likely to be afforded significantly less protections as a professional client of TML.

We will, where possible and where we are required to do so under applicable laws, rules and regulations, direct that certain property, cash or assets you transfer to us is deposited with a third party, and that (in such case) it is identifiable separately from our property and from those belonging to that third party (for instance, by differently titled accounts or other equivalent measures that achieve the same level of protection). However, in some jurisdictions it may not be possible under national law for your property to be separately identifiable from our assets or those of the third party. In these circumstances, there is a risk that your property could be withdrawn or used to meet the obligations of the third party or lost altogether if the third party fails. Further, on our failure (i.e. the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy, or any equivalent procedure in any relevant jurisdiction), your property may not be protected from claims made on behalf of our general creditors, the third party may challenge your rights to any property and you may need to share in a shortfall. We may from time to time register or record cash or commodities in the name of a third party or in our own name. If property is registered in our name, the property in question may not be segregated from our property and in the event of our failure (i.e. the appointment of a liquidator, receiver or administrator or trustee in bankruptcy, or any equivalent procedure in the jurisdiction in question), your property may not be protected from claims made on behalf of our general creditors. Your property may be held in an omnibus account by a third party. Property that is held in an omnibus account may be pooled or comingled with property belonging to our other clients or clients of the third party. There is a risk that the property could be withdrawn to meet the obligations of other clients, or that the balance of property does not reconcile with the quantity that we or the third party are required to hold. In the event of a shortfall, you may share in that shortfall and as a result may not receive your full entitlement of property.

8. Non-Readily Realisable Investments

Both exchange listed and traded and off-exchange investments may be non-readily realisable. These are investments in which the market is limited or could become so. Accordingly, it may be difficult to assess their market value and/or to liquidate your position.

9. Strategies

Particular investment strategies will carry their own particular risks. For example, certain strategies, such as 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.