



# KlimatX

The Planetary Carbon Credit Producer

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# PLANETARY CLIMATE SOLUTIONS

Our goals are measured in gigatons of carbon.

We are a carbon exploration company that can access and develop the highest quality forestry and marine carbon sequestration projects.

We mobilize capital to develop Nature Based Solutions on an unprecedented scale by drawing on the experience of emerging market and resource sector leaders

WE ARE SCALING CARBON CREDITS



# EXECUTIVE SUMMARY

## WHY KLIMAT X

We challenge climate change by meticulously developing jurisdictional-scale Nature Based Solutions that generate benefits for the planet and our shareholders

1

### Increasing Demand

Demand for carbon credits forecast to grow to \$30bn per year by 2030

2

### Credit Producer

We source and develop high return Nature Based Solutions that generate carbon credits for sale in the supply-starved market

3

### Strong Global Relationships

Klimat X has a highly experienced resource development team with strong relationships in key jurisdictions around the world

4

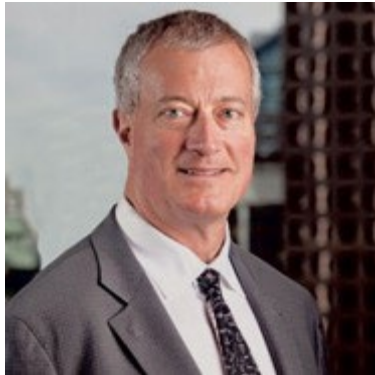
### Resource-Sector Expertise

We draw on experience from the resource sector to industrialize carbon credit production

# KLIMAT X **BOARD OF DIRECTORS**



**Paul Matysek**  
*Chairman*



**Robert Cross**  
*Director*



**Dr. James Tansey**  
*CEO & Director*



**Celia Francis**  
*Director*



**Abayomi Akinjide**  
*Director*



**Neil Passmore**  
*Director*



# KLIMAT X

## EXECUTIVE TEAM

Leading Global Exploration to Protect and Restore Natural Systems



**Dr. James Tansey**

*CEO & Director*

Experienced entrepreneur and professor at the Sauder School of Business. Founder of Centre for Social Innovation and Impact Investing and CEO of Canvas Impact Advisors. Global authority on impact investing and active in the Creative Destruction Lab.



**Matthew Roma**

*CFO*

Charter Professional Accountant (CPA) and the CEO of RW Global Consulting Corp., a private company providing corporate finance, accounting and capital advisory services to private and public companies.



**Kevin Godlington**

*Director of Operations*

Managing Director of Planting Naturals. Specializes in day-to-day upstream operations in Sierra Leone. Former member of the British Foreign Office, working in post-conflict stabilization including 12 years in the British Army



**Neil Passmore**

*Director*

Co-founder and President of Pomeroon and CEO of Hannam & Partners. Served in the British Army prior to joining J.P. Morgan as an emerging markets banker.

# NATURE BASED SOLUTIONS TO CLIMATE CHANGE

The answer for a supply  
starved market



## The Climate Challenge

We need to limit  
global warming to 2  
degrees



## Scale of Reductions

Global emissions of 36  
Gigatons per annum need to  
be reduced by at least 23  
Gigatons per annum



## Opportunity

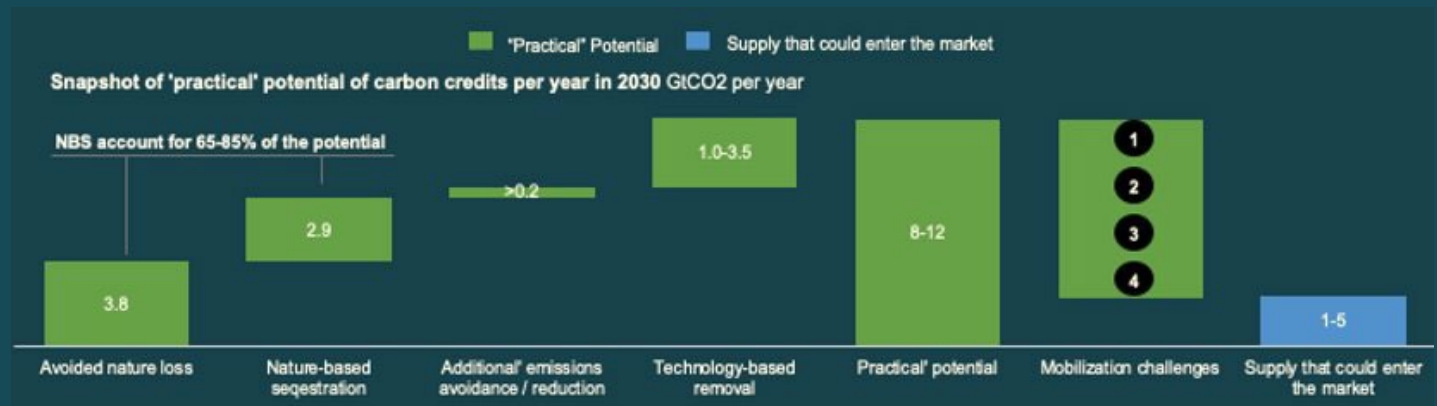
Nature Based Solutions (NBS)  
in forests and oceans will  
drive the \$30bn 2030 carbon  
credits market

The maximum amount of carbon credits that are **'practical'** to produce per year by 2030 is **8-12 GtCO<sub>2</sub>**, but only **1-5 GtCO<sub>2</sub>** per year is **realistic**. The carbon markets will be **starved for supply for decades** to come.

To reach 8-12 GtCO<sub>2</sub> by 2030, you would need to believe that 100% of the potential carbon reserves could enter the market. This is not likely due to key mobilization challenges:

- 1 Rate and complexity of scale-up
- 2 Geographic concentration
- 3 Risks
- 4 Lack of financial attractiveness

Supply that could enter the market is more likely between **1-5 GtCO<sub>2</sub>** per year



# THE PROBLEM

We need to consolidate and grow carbon credit production to an industrial scale to address persistent supply shortages

## Untapped potential

Carbon credit market could supply 8-12 GtCO<sub>2</sub> of reductions of the required 23 GtCO<sub>2</sub> annually if the market can be unlocked

## Supply constrained market

Current carbon credit markets are an order of magnitude too small: around 104 Mt annually (EcoSystem Marketplace 2020)

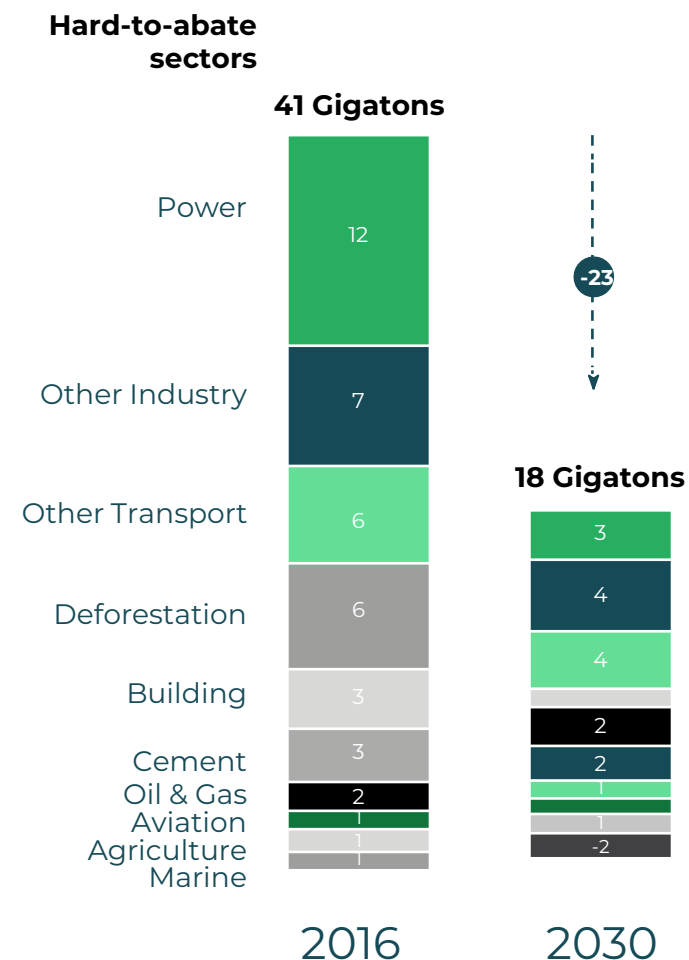
## Production is underdeveloped

Carbon credit development is fragmented and under-capitalized

## Opportunity to industrialize carbon

Compared to the natural resources sector, the carbon sequestration industry profile is like a cottage industry with the potential for significant returns to scale and from specialization

## Decarbonization Requirements by Sector





# THE SOLUTION

Industrial scale carbon credit production focusing on standardizing jurisdictional agreements and taking a portfolio approach

Focusing on Nature Based Solutions unlocks 65-85% of the credits that can be produced

Targeting highly productive, low cost jurisdictions can generate significant returns to scale

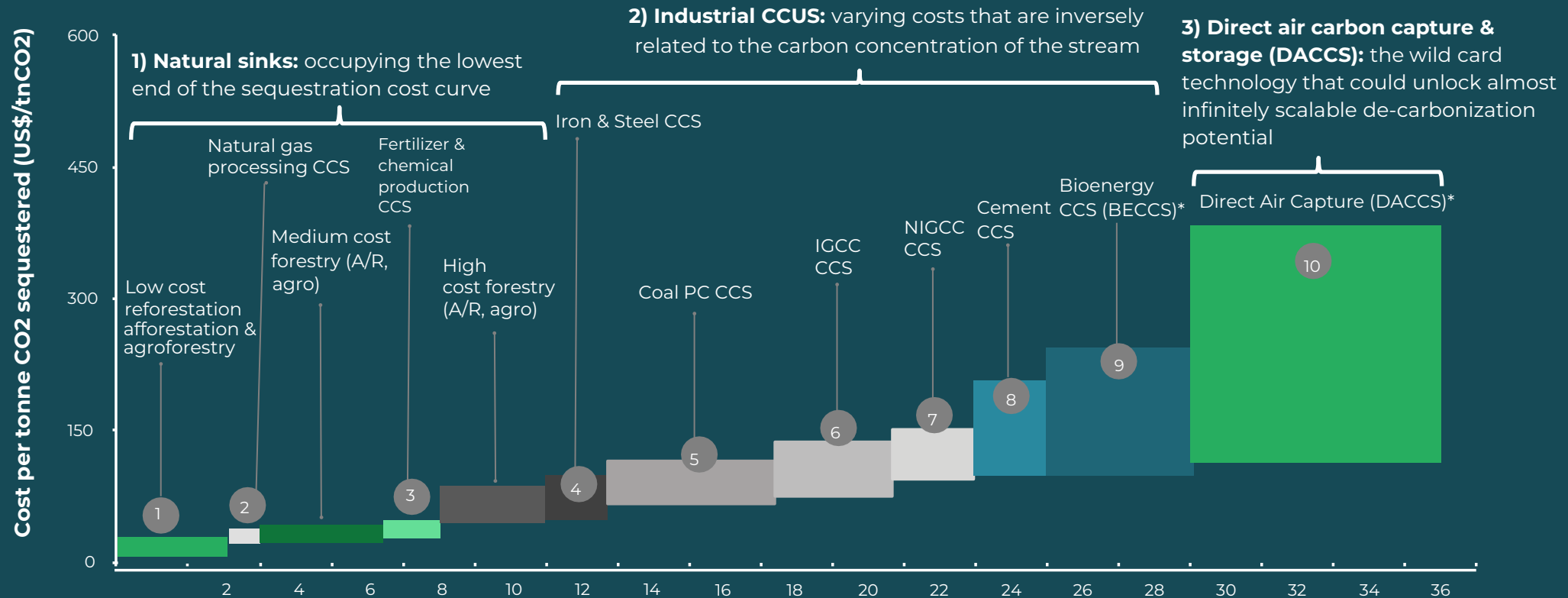
Company led by experienced carbon and resource sector leaders, working at an industrial scale within large jurisdictions at the national level

We are the industrial scale carbon exploration company and are diversified across multiple jurisdictions

# CARBON SEQUESTRATION COST CURVE

The lowest cost sources of carbon credits are nature based solutions and most of the volume is available at less than \$50/ton

**Carbon sequestration cost curve (US\$/tCO<sub>2</sub>eq) and the GHG emission abatement potential (GtCO<sub>2</sub>eq)**



\*Indicates technologies primarily in early development / pilot phase with wide variability in the estimates of costs Source: Taskforce On Scaling Voluntary Carbon Markets report, Jan-21

# SUPPLY ANALYSIS & JURISDICTIONAL APPROACH

- Busch et al 2017 predict 55Gt of NBS potential from 2020-2050 at \$20/ton from avoided deforestation and 5.7Gt from reforestation
- We target jurisdictions with high carbon credit potential and plentiful, affordable land

Selected countries: Indonesia, DRC, Peru, Columbia, Bolivia, Angola, Sierra Leone and Guyana

Top ten avoided deforestation countries: Brazil (tropical), Indonesia, the Democratic Republic of the Congo, Peru, Colombia, Bolivia, Papua New Guinea, Republic of Congo, Venezuela and Malaysia

Top ten reforestation countries: Brazil (tropical), Indonesia, the Democratic Republic of the Congo, Mexico (tropical), Angola, Colombia, India (tropical), Tanzania, Mozambique (tropical) and Thailand



Top-10 avoided deforestation countries



Top-10 reforestation countries



Common countries



# INVESTMENT SUMMARY

**A nature based carbon credit company** that is rapidly developing a globally diversified forestry and blue carbon portfolio



**Development pipeline with over 21Mt of current potential** and over 3Mt of new annual of additional potential



**Owns the carbon rights to 40-100% of 3 initial assets** and a growing portfolio



# INVESTMENT SUMMARY

The market can currently only supply **a fraction of the demand** for carbon credits because project development is fragmented and under-capitalized



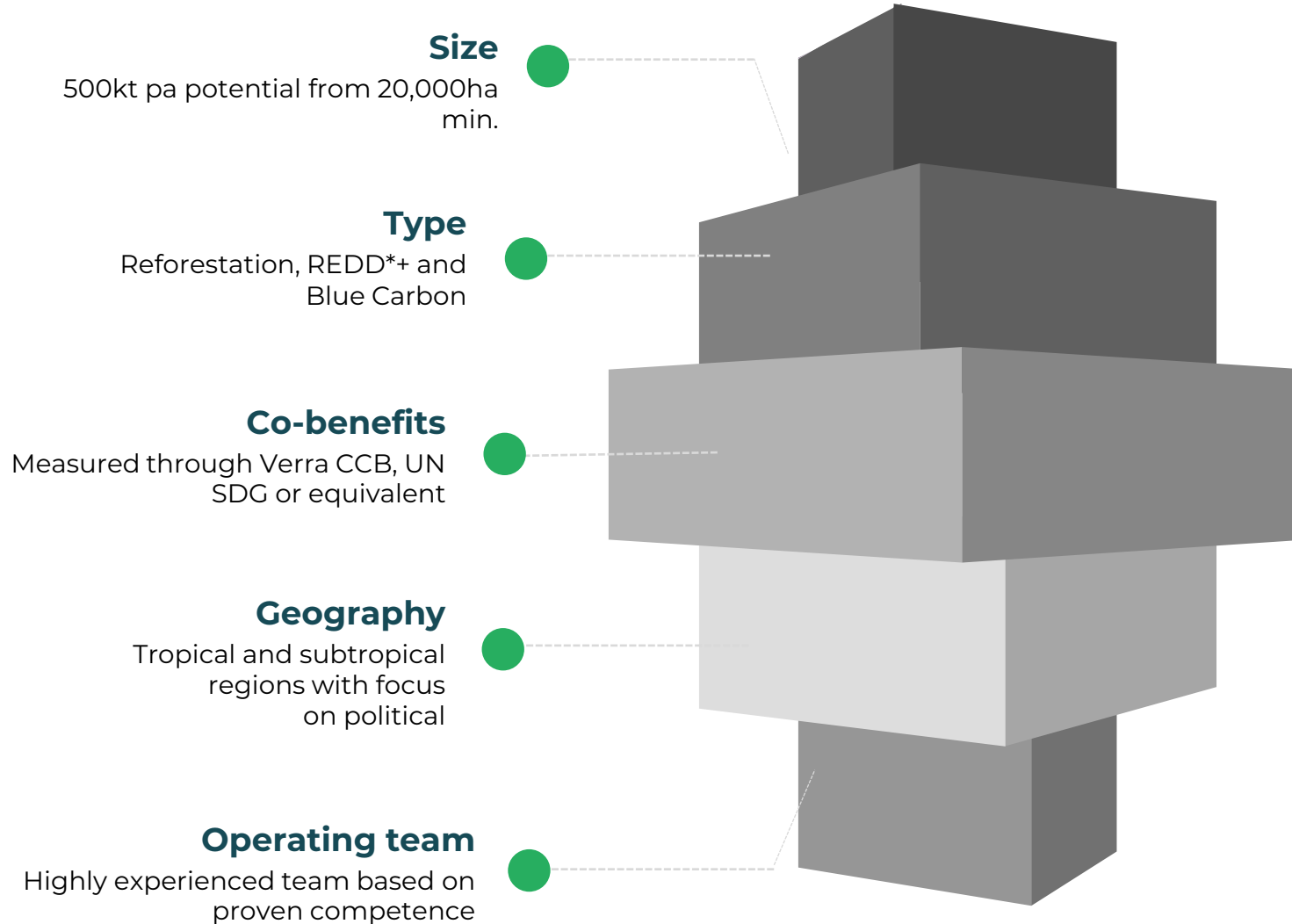
KlimatX

**Klimat X is uniquely positioned** to meet the current and long term demand for low cost credits by developing jurisdictional-scale, nature based projects



**Nature based solutions are at the low end of the cost curve** for emission abatement vs investment and provide meaningful carbon reductions now





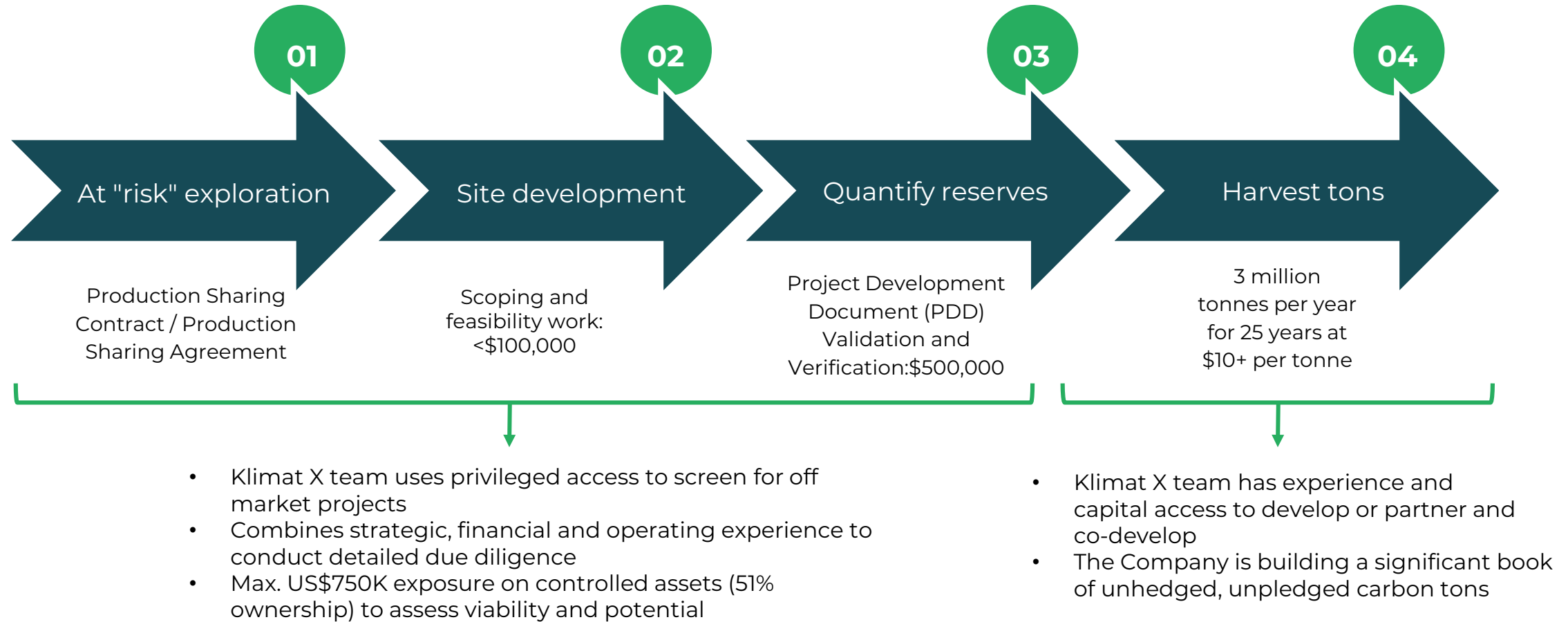
## STRATEGY AND PROJECT CRITERIA

Klimat X is a diversified operating company with controlled agro-forestry and carbon assets in three jurisdictions

\*REDD means Reducing Emissions from Deforestation and Forest Degradation



# ECONOMICS OF A TYPICAL TROPICAL FOREST PROJECT



Note: Investors are cautioned that the forward-looking statements in this slide are based on management assumptions and forecasts and are not guarantees of future performance. Actual results could differ materially from those currently anticipated due to a number of factors. See "Forward-Looking Information".

# PIPELINE SCENARIO ASSUMPTIONS

Framework to estimate the total volume of carbon credits based on best currently available information

All assumptions are dependent on full validation and verification of the projects under established Verra Protocols

Management estimates based on feasibility reports produced to date by EcoSecurities and Silvestrum Climate Associates

Projections for Pomeroon Coconut Holdings based on a valuation report produced in June 2022 by Beetle Capital, and FCA regulated company

KLX actively seeking price validation with final buyers and project finance groups prior to commencement of scaled up investment in the projects

Current pricing assumptions based on management's judgement about the direction of future carbon markets and house research on carbon pricing trends: Low, Med and High at \$15, \$20 and \$30 (USD)

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# CURRENT PROJECT STATUS

Project	Jurisdictional Agreement	Exploration	Feasibility	Draft PDD	PDD	Validation	Intervention	Verification
Sierra Leone RW 1 (25,000 ha)				Q1 2023	Q2 2023		Pilot planting underway	
Sierra Leone RW 2 (32,000 ha)				Q1 2023	Q2 2023		Pilot planting underway	
Sierra Leone Mangroves (8,000 ha)				Q1 2023	Q2 2023			
Yucatan Mangroves (5000+ ha)				Q1 2023	Q1 2023			

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# OVERALL CORPORATE PIPELINE SCENARIOS

ALL PROJECTS CONSOLIDATED			
Outputs		MEDIUM	HIGH
Cumulative Carbon Credits Generation	tCO2e	21,640,113	28,237,152
Cumulative Carbon Revenue	USD	935,186,935	1,727,056,386
Cumulative Total Revenue	USD	1,291,826,585	2,161,756,037
Cumulative Project Net Cashflow to KLX (Before Tax, After Profit Sharing)	USD	737,355,407	1,428,981,092
Project IRR (Before Tax, After Profit Sharing)		20%	27%
Project NPV (Before Tax, After Profit Sharing) @ 10% Discount Rate	USD	54,583,402	140,032,627

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# SIERRA LEONE REWILDING AND TIMBER SCENARIOS

SL REWILDING & TIMBER			MEDIUM	HIGH
Inputs				
Project Life Period	Years		50	50
Project Development Scale	Ha		25,000	25,000
Base Year Carbon Price (with 3% annual growth rate)	USD/t		20	30
Outputs				
Cumulative Carbon Credits Generation	tCO2e		12,439,849	12,439,849
Cumulative Carbon Revenue	USD		607,069,041	910,603,562
Cumulative Total Revenue	USD		851,637,547	1,155,172,068
Cumulative Project Net Cashflow to KLX (Before Tax, After Profit Sharing)	USD		543,607,219	816,788,288
Project IRR (Before Tax, After Profit Sharing)			22%	28%
Project NPV (Before Tax, After Profit Sharing) @ 10% Discount Rate	USD		32,877,141	53,914,755
Note 1: Equity Investor IRR (70% Debt Leverage @ 8% Interest Rate)			50%	59%

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# SIERRA LEONE MANGROVE SCENARIOS

SL MANGROVE		MEDIUM	HIGH
Inputs		Restoration + Conservation	Restoration + Conservation
Project Life Period	Years	60	60
Project Development Scale	Ha	8,000	8,000
Base Year Carbon Price (with 3% annual growth rate)	USD/t	20	30
Outputs			
Cumulative Carbon Credits Generation	tCO2e	4,802,238	4,802,238
Cumulative Carbon Revenue	USD	183,995,234	275,992,851
Cumulative Total Revenue	USD	183,995,234	275,992,851
Cumulative Project Net Cashflow to KLX (Before Tax, After Profit Sharing)	USD	62,070,726	117,269,297
Project IRR (Before Tax, After Profit Sharing)		30%	66%
Project NPV (Before Tax, After Profit Sharing) @ 10% Discount Rate	USD	9,749,743	19,192,129

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# YUCATAN MANGROVE SCENARIOS

MEXICO MANGROVE			MEDIUM	HIGH
Inputs				
Project Life Period	Years		30	30
Project Development Scale	Ha		10,000	25,000
Base Year Carbon Price (with 3% annual growth rate)	USD/t		20	30
Outputs				
Cumulative Carbon Credits Generation	tCO2e		4,398,026	10,995,065
Cumulative Carbon Revenue	USD		144,122,660	540,459,974
Cumulative Total Revenue	USD		144,122,660	540,459,974
Cumulative Project Net Cashflow to KLX (Before Tax, After Profit Sharing)	USD		82,368,556	370,554,602
Project IRR (Before Tax, After Profit Sharing)			13%	19%
Project NPV (Before Tax, After Profit Sharing) @ 10% Discount Rate	USD		4,154,236	40,622,829

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# GUYANA COCONUT SCENARIOS

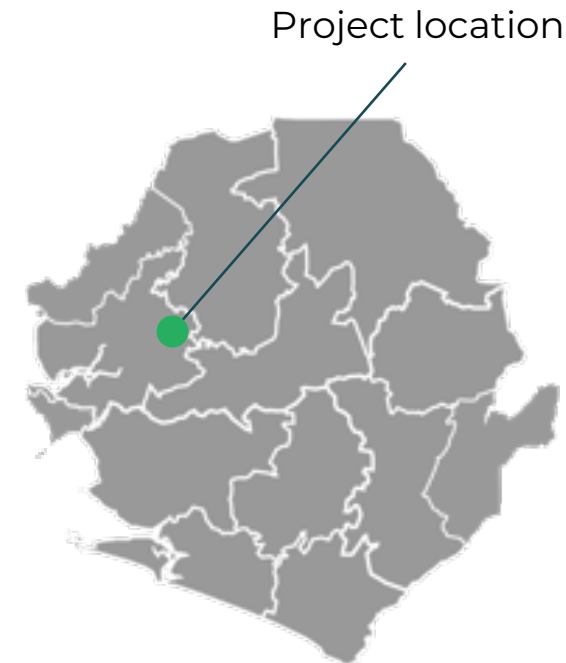
GUYANA COCONUTS			LOW	MEDIUM	HIGH
Inputs					
Project Development Scale			Stoll Estate	Stoll Estate + Hogg Island Estate	Stoll Estate + Hogg Island Estate + Coconuts Processing
Project Life Period	Years		30	30	30
Outputs					
Cumulative Carbon Credits Generation	tCO2e		-	-	-
Cumulative Carbon Revenue	USD		-	-	-
Cumulative Total Revenue	USD		66,530,000	112,071,144	190,131,144
Cumulative Project Net Cashflow (Before Tax)	USD		29,370,000	49,308,906	124,368,906
Project IRR (Before Tax)			26%	23%	44%
Project NPV (Before Tax) @ 10% Discount Rate	USD		5,039,835	7,802,283	26,302,915

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# SIERRA LEONE - REWILDING

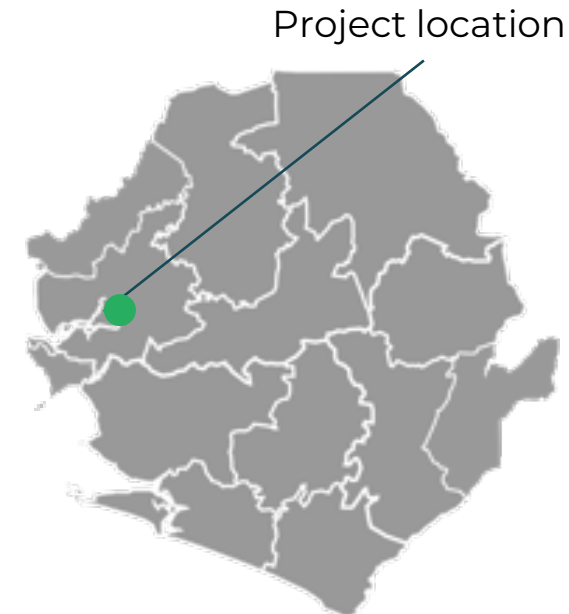
<b>History</b>	Land cleared for mining and palm plantations, now leased by Klimat X
<b>Target Size</b>	Initial 25,000ha (Phase 1) project with option to develop a further 32,000ha
<b>Klimat X Ownership</b>	51% carbon credit assignment minimum
<b>Operating Team</b>	Rewilding Africa, Miro Forestry with 15+ years in SL
<b>Project Type</b>	REDD (ARR Hardwood rewilding)
<b>Productivity</b>	10 tons/ha
<b>Status</b>	Land leased, nursery and water supply established
<b>Species Mix</b>	9 indigenous hardwoods
<b>Recurring Production</b>	Estimated 13t/ha
<b>Co-benefits</b>	1,000 jobs created (local)
<b>NGOs</b>	Namati (SL Landowner supported)
<b>UN SDGs</b>	





# SIERRA LEONE - MANGROVE

<b>History</b>	Coastal mangroves with potential for conservation and restoration from rice paddies
<b>Target Size</b>	Initial 8,000ha
<b>Klimat X Ownership</b>	100% carbon credit assignment minimum
<b>Operating Team</b>	Rewilding Africa, Miro Forestry with 15+ years in SL
<b>Project Type</b>	Mangrove restoration and conservation
<b>Productivity</b>	10-20 tons/ha
<b>Status</b>	Land surveyed, community consultation underway
<b>Species Mix</b>	Indigenous mangrove specie
<b>Recurring Production</b>	Under review
<b>Co-benefits</b>	Habitat restoration, employment and food security
<b>NGOs</b>	Namati (SL Landowner supported)
<b>UN SDGs</b>	         

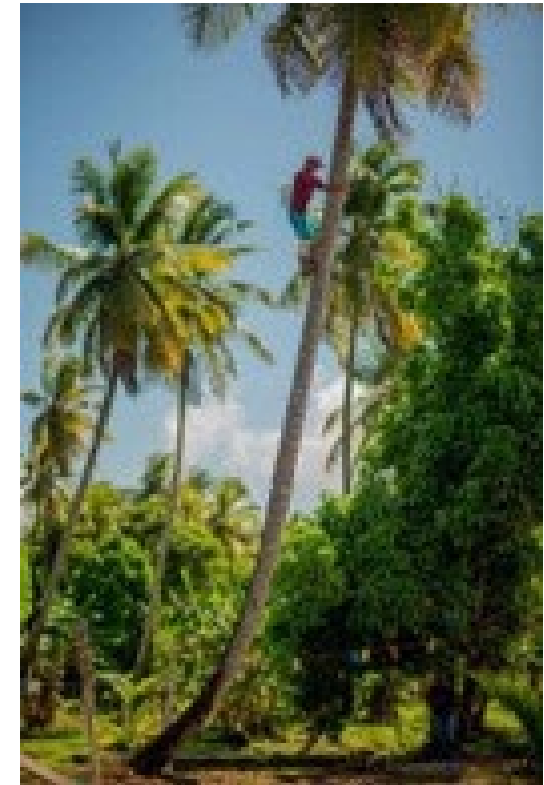
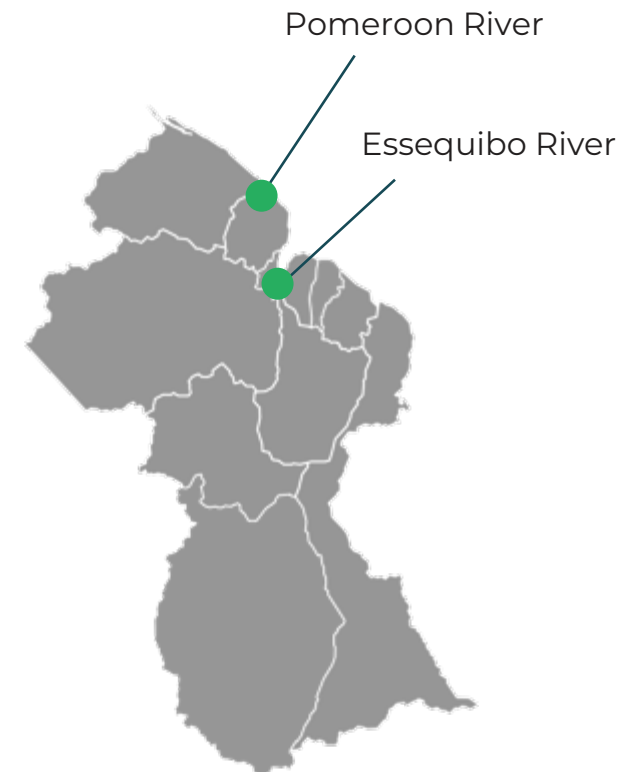










# GUYANA - AGROFORESTRY

<b>History</b>	4 year old operating company rehabilitating coconut and mixed agriculture estates
<b>Target Size</b>	c.1,000ha current and a further 10,000ha (target)
<b>Klimat X Ownership</b>	c.61% (with option to 100%)
<b>Operating Team</b>	Pomeroon trading, 5+ years in country
<b>Project Type</b>	Agroforestry
<b>Status</b>	Land leased and first assets completed with positive revenue; JV proposal with National Government to now rehabilitate former sugar estates 'within our target acreage
<b>Species Mix</b>	Coconut and tree crop focus
<b>Co-benefits</b>	Sustainable agriculture with significant domestic and regional food supply creation; 500+ jobs
<b>NGOs</b>	Caribbean Development Bank (existing supporter and funder)
<b>IRR to(Est)</b>	~21%
<b>UN SDGs</b>	





# MEXICO – MANGROVE RESTORATION

<b>History</b>	Coastal mangrove areas degraded by road infrastructure that interrupts tidal and nutrient flows resulting in loss of biomass
<b>Target Size</b>	Up to 50,000ha
<b>Klimat X Ownership</b>	Up to 80%
<b>Operating Team</b>	CMCC with Yucatan Govt. support and Federal scientists
<b>Project Type</b>	Mangrove restoration
<b>Productivity</b>	10-15 tons/ha
<b>Status</b>	Feasibility stage underway. Site visit completed
<b>Species Mix</b>	Rhizophora mangle, Avicennia germinans and Laguncularia racemosa.
<b>Recurring Production</b>	10-15tons/ha
<b>Co-benefits</b>	Significant biodiversity benefits, job creation, habitat restoration.
<b>NGOs</b>	TBD
<b>NPV</b>	TBD
<b>Levered IRR to Equity</b>	TBD
<b>UN SDGs</b>	   



# CAPITAL STRUCTURE

## OWNERSHIP DETAILS

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Management Team	c. 35% (locked-up)
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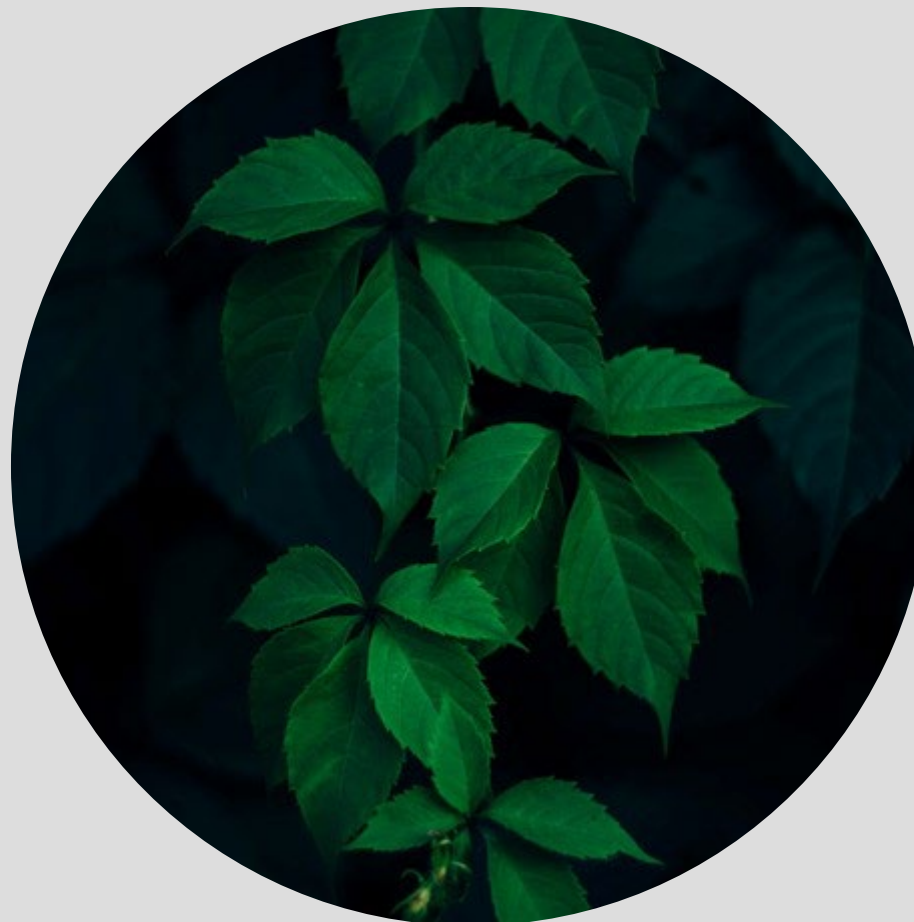
Founders	c. 25% (locked-up)
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Common Shares	87,250,040
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Warrants and Options	3,849,040
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# THANK YOU



Klimat X

**Klimat X Developments Inc.**

Dr. James Tansey, CEO  
[james.tansey@klimatx.com](mailto:james.tansey@klimatx.com)

[www.klimatx.com](http://www.klimatx.com)



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Securities legislation in certain of the provinces of Canada may deem this Presentation to be an offering memorandum and accordingly provide purchasers with statutory rights of rescission or damages, or both, in the event this Presentation contains a misrepresentation. A "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made. These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defences contained in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser. The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in certain of the provinces of Canada where that is required to be disclosed under the relevant securities legislation, and as such, is subject to the express provisions of the legislation and the related regulations and rules. The rights described below are in addition to, and without derogation from, any other right or remedy available at law to purchasers of the Securities.

## Ontario Purchasers

Ontario securities legislation provides that where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser will be deemed to have relied upon the misrepresentation and will, except as provided below, have a statutory right of action for damages or for rescission against the issuer and a selling security holder on whose behalf the distribution is made; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action. The Ontario legislation provides a number of limitations and defences to such actions, including: (a) the issuer or any selling security holder is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that the issuer or any selling security holder proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered. These rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada); (c) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or (d) a subsidiary of any person referred to in clauses (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

## New Brunswick Purchasers

New Brunswick securities legislation provides that where any information relating to an offering that is provided to a purchaser of the securities contains a misrepresentation, a purchaser who purchases the securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase. Such purchaser has a right of action for damages against the issuer or may elect to exercise a right of rescission against the issuer, in which case the purchaser shall have no right of action for damages. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action, other than an action for rescission, the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action. The New Brunswick legislation provides a number of limitations and defences to such actions, including: (a) the issuer is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

## Saskatchewan Purchasers

Saskatchewan securities legislation provides that in the event that an offering memorandum, together with any amendments thereto, or advertising and sales literature disseminated in connection with an offering of securities contains a misrepresentation, a purchaser who purchases such securities has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against: (a) the issuer and the selling security holder on whose behalf the distribution is made; (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered; (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; (d) every person who or company that, in addition to the persons or companies mentioned in clauses (a) to (c), signed the offering memorandum or the amendment to the offering memorandum; and (e) every person who or company that sells securities on behalf of the issuer and the selling security holder under the offering memorandum or amendment to the offering memorandum. If such purchaser elects to exercise a statutory right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that person or company. No such action for rescission or damages shall be commenced more than, in the case of a right of rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of any action, other than an action for rescission, before the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and

(ii) six years after the date of the transaction that gave rise to the cause of action. The Saskatchewan legislation provides a number of limitations and defences, including: (a) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

No person or company, other than the issuer, will be liable if the person or company proves that: (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; (b) after the filing of the offering memorandum or any amendment to it and before the purchase of securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it; (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; (d) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert, (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or any amendment to it fairly represented the person's or company's report, opinion or statement, or (ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of the amendment to it; or (e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true. The Saskatchewan legislation also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. The Saskatchewan legislation provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of Saskatchewan securities legislation, regulations or a decision of the Financial and Consumer Affairs Authority of Saskatchewan. The Saskatchewan legislation also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan legislation. The Saskatchewan legislation also provides that a purchaser who has received an amended offering memorandum that was amended and delivered in accordance with such legislation has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

## Nova Scotia Purchasers

Nova Scotia securities legislation provides that in the event that an offering memorandum or a record incorporated by reference in an offering memorandum, together with any amendments thereto, or any advertising or sales literature (as defined in the Nova Scotia securities legislation) contains a misrepresentation, a purchaser who purchases the securities referred to in it is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase. Such purchaser has a statutory right of action for damages against the seller (which includes the issuer) and, subject to certain additional defences, the directors of the seller. Alternatively, the purchaser while still an owner of the securities, may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser shall have no right of action for damages against the seller or the directors. No such action shall be commenced to enforce the right of action for rescission or damages more than 120 days after the date payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment). The Nova Scotia legislation provides a number of limitations and defences, including: (a) no person or company is liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, no person or company is liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

A person or company, other than the issuer, is not liable with respect to any part of the offering memorandum or any amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation. A person or company, other than the issuer, will not be liable if that person or company proves that: (a) the offering memorandum or any amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent; (b) after delivery of the offering memorandum or any amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum or any amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or (c) with respect to any part of the offering memorandum or any amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or any amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

STATUTORY AND CONTRACTUAL RIGHTS OF ACTION CONTINUED

Manitoba Purchasers

In the event that an offering memorandum, together with any amendment thereto delivered to purchasers of securities resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights it may have at law, (a) a right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum (collectively, the "Directors") and (iii) every person or corporation who signed the offering memorandum (collectively, the "Signatories"), or (b) a right of rescission against the issuer. If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum. A purchaser of securities may elect to exercise a right of rescission against the issuer, in which case the purchaser will have no right of action for damages against the issuer, Directors or Signatories. All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A person or company who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

Directors or Signatories will not be liable:

- (a) if they prove the offering memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, promptly gave general reasonable notice that it was delivered without their knowledge and consent;
- (b) if they prove that after becoming aware of a misrepresentation in the offering memorandum they withdrew their consent to the offering memorandum and gave reasonable general notice to the issuer of their withdrawal and the reasons therefore;
- (c) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("Expert Opinion"), if such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or (d) with respect to any part of the offering memoran- dum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory: (i) did not conduct an investigation sufficient to provide reasonable grounds for a believe that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

No person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of misrepresentation. In an action for damages, the issuer, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the securities were offered for sale. A purchaser of securities to whom the offering memorandum was not delivered prior to such purchase in circumstances where such offering memorandum was required to be delivered, has a right of rescission or a right of action for damages against the issuer or any dealer who failed to deliver the offering memorandum within the prescribed time. A purchaser to whom the offering memorandum is required to be sent may rescind the contract to purchase the securities by sending a written notice of rescission to the issuer not later than midnight on the second day, excluding Saturdays, Sundays and holidays, after the purchaser signs the agreement to purchase the securities. Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised:

- (a) in the case of an action for rescission, not later than 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of: (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; and
- (ii) two years from the day of the transaction that gave rise to the cause of action.

Newfoundland and Labrador Purchasers

The right of action for damages or rescission described herein is conferred by Section 130.1 of the Securities Act (Newfoundland and Labrador) (the "Newfoundland Act"). The Newfoundland Act provides, in relevant part, that where an offering memorandum contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum and (b) for rescission against the issuer. The Newfoundland Act provides a number of limitations and defences in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission: (a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum. In addition, no person or company, other than the issuer, is liable: (a) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company; (b) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

- (a) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum: (A) did not fairly represent the report, opinion or statement of the expert; or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or (d) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation. Section 138 of the Newfoundland Act provides that no action shall be commenced to enforce these rights more than: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of an action for damages, the earlier of: (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

Prince Edward Island

A "misrepresentation" for purposes of the Securities Act (Prince Edward Island) also includes an omission to state a material fact that is required to be stated by the Securities Act (Prince Edward Island). If an offering memorandum, together with any amendment to the offering memorandum, delivered to a purchaser resident in Prince Edward Island contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- 1. no action shall be commenced to enforce the foregoing rights: (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the date the purchaser first had knowledge of the facts giving rise to the cause of the action, or (ii) three years after the date of the transaction that gave rise to the cause of the action;
- 2. no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- 3. no person or company (other than the issuer) will be liable if it proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after the delivery of the offering memorandum and before the purchase of the securities by the investor, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- 4. no person or company will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
- 5. in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- 6. in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Québec Purchasers

If there is a misrepresentation in this Presentation, the purchaser has a statutory right to apply to have the contract rescinded or the price revised, without prejudice to the purchaser's claim for damages and the purchaser has a statutory right to sue for damages against: (a) the Corporation and every officer or director of the Corporation; (b) any dealer under contract to the Corporation; (c) any person who is required to sign a certificate, in accordance with the conditions prescribed by regulations; and (d) any expert whose opinion, containing a misrepresentation, appeared, with his consent, in the Presentation.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has a right to sue. In particular, they have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Securities. If the purchaser intends to rely on the rights described in (a), (b), (c) or (d) above, the purchaser must do so within strict time limitations. No action may be commenced to enforce such right unless the right is exercised: (a) in the case of rescission or revision of the price, within three years from the date of the transaction; and (b) in the case of damages, within three years of the date on which you acquired knowledge of the facts giving rise to the action, except upon proof that the plaintiff acquired such knowledge more than three years after the date of the transaction as a result of the negligence of the plaintiff, subject to a maximum period of five years from the date of the filing of the investor presentation. In addition for rescission or revision of the price or damages against the Corporation, the defendant may defeat the application only if it is provided the plaintiff knew, at the time of the transaction, of the alleged misrepresentation.