



CLS Holdings USA, Inc. Investor Presentation

May 2018
OTCQB: CLSH

Disclaimer

General

This presentation has been compiled by the Company solely for information purposes. The presentation is not, and under no circumstances is to be construed to be, an offering of securities. Neither this presentation, nor its delivery to the recipient shall constitute an offer to sell, or the solicitation of an offer to buy the assets described herein. It is provided solely for use by prospective investors in considering their interest. Any sale will be made pursuant to the terms of a subscription agreement with the Company.

The information contained herein has been prepared to assist interested parties in making their own evaluation of the Company and its business and does not purport to contain all the information that prospective investors may require. Prospective investors should conduct their own investigation and analysis of the Company and its business and the information contained in this presentation as well as any additional information provided by the Company. The information contained in this presentation is not to be used for any other purpose.

Certain statutory rights for Canadian investors and key business and industry risk factors are included near the end of the presentation.

Forward-Looking Information and Risk Acknowledgement

This document contains “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (collectively, “forward-looking information”) with respect to the Company, including, but not limited to; completion of the acquisition of the Oasis Cannabis companies (Alternative Solutions, LLC) (“Oasis”), information pertaining to the Nevada state dispensary licenses, the build-out of the cultivation and processing facility (the “Facility”), the Nevada market for cannabis, the potential yield and revenue of the Facility, the commercialization of the Company’s extraction technology, the ability of the Company or Oasis to obtain additional dispensary or cultivation licenses, the expectation of legalization of cannabis in states in the United States, the future acquisition of cannabis companies in the United States, information on the slides “Future Outlook”, “Future Expansion”, “Upcoming Milestones”, “Transaction Structure” and “Pro Forma Capitalization” the application of the proceeds of the offering, and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Except for statements of historical fact, information contained herein constitutes forward-looking information.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including among other things assumptions about: completion of the Oasis transaction, completion of the build-out of the Facility, favourable equity capital markets; the ability to raise sufficient capital to advance the business of the Company; favourable operating conditions; political and regulatory stability; obtaining all required licences and permits; receipt of governmental approvals and permits and all necessary third party financing on favourable terms; sustained labour stability; stability in financial and capital goods markets; the pricing of various cannabis products; and the level of demand for cannabis products. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Disclaimer (continued)

This presentation contains "forward-looking statements" made under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 that are based on current expectations, estimates, forecasts and assumptions and are subject to risks and uncertainties. Words such as "anticipate," "assume," "believe," "estimate," "expect," "goal," "intend," "plan," "project," "seek," "target," and variations of such words and similar expressions are intended to identify forward-looking statements.

Such forward-looking statements are subject to certain risks, uncertainties and assumptions that may cause actual results to differ materially from those expressed by the forward-looking statements, including, but not limited to, the following: general economic, industry and market sector conditions; the Company's future growth and the ability to obtain additional financing to implement the Company's growth strategy; the ability to anticipate and respond to industry trends and preferences; intense competition.

In evaluating these statements, you should carefully consider these risks and uncertainties and those described under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, including but not limited to the discussion under "Risk Factors" therein, which the Company has filed with the SEC and which may be viewed at <http://www.sec.gov>.

All forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement was made, except to the extent required by applicable securities laws. The professionals listed under the heading "Corporate Information" are identified solely for informational purposes. Such professionals have not reviewed or assisted in the preparation of this presentation and the inclusion of their contact information should not be construed as an endorsement or approval of the information contained herein.

CLS has executed a definitive agreement to acquire the Oasis Cannabis companies (Alternative Solutions, LLC). The closing of the transaction is subject to the satisfaction of a number of conditions including our ability to raise cash, and as a result, there can be no assurance that we will be able to close the Oasis Acquisition. See CLS Holdings USA's filings with the SEC for additional details.

Founders and management team with diverse backgrounds and skillsets

- Successful business and healthcare professionals with extensive experience in finance, banking, and corporate law
- Unique strengths in start-ups, business management, community involvement, and organizational leadership

Key Oasis dispensary located in downtown Las Vegas

- 1 of the top 10 dispensaries supplying Clark County's 42 million annual tourists; Easy access from the strip
- Large space designed for high bandwidth with capacity of >800 customers per day
- Planning to open additional adult-use dispensaries

Cultivation / production facility at North Las Vegas Warehouse

- 22,000 sqft facility to produce up to 6,000lbs per year at full capacity; Additional 20,000 sqft expansion available
- Phased build-out conserves capital and allows CLS to respond to supply and demand dynamics

CLS' proprietary extraction and conversion process recently received Notice of Allowance from the US Patent Office

- Nevada state regulations for the limited number of new 2018 dispensary licenses favor existing experienced dispensary operators such as Oasis

- CLS to acquire Oasis Cannabis, one of the top cannabis licenses in the Nevada market
- Vertical integration of cannabis producers and retailers

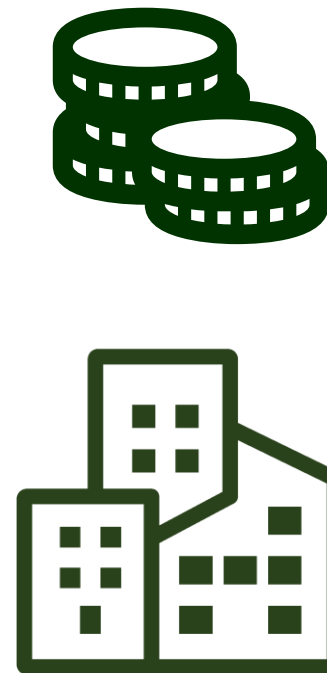


Las Vegas
OASIS
CANNABIS

- Access to the fast-growing Nevada market with projected growth of 600% through 2020
- 35 additional licenses will be issued by the state government to cannabis businesses



- Currently generating ~\$750k per month in dispensary revenues and projected to be profitable within 12 months
- Complete build-out of nearby cultivation and processing facility by year-end 2018



- Expansion opportunities to other states as a licensed producer / retailer
- Established market presence once business consolidated in Nevada
- Management team has a strong background in M&A to carry out this plan





**Consideration to
Alternative Solutions LLC:**
\$6.2M cash consideration
\$4.0M promissory note due 2019
\$6.0M share consideration

CLS Holdings USA, Inc.
Holding Company

Alternative Solutions LLC
Parent Company

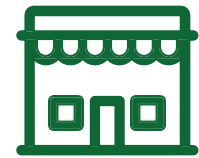
**Serenity Wellness
Center, LLC dba**
Oasis Cannabis
Dispensary / Retail Store

**Serenity Wellness
Products, LLC dba**
City Trees Fresh Cannabis
Production, Wholesale

**Serenity Wellness
Growers, LLC dba**
City Trees Fresh Cannabis
Cultivation, Wholesale



Vertically Integrated with Cultivation, Production & Dispensary Licenses In Clark County



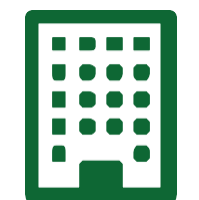
- Oasis dispensary is in close proximity to the Las Vegas Strip
- Operational since December 2015, Oasis is 1 of the top 10 dispensaries serving 42M tourists and 3M Nevada residents



- 100,000 orders processed since the commencement of Nevada recreational sales in July 2017; Average order ~\$45 per customer
- Capacity to serve over 800 customers per day



- North Las Vegas cultivation and production facility enjoys one of the most friendly jurisdictions for medical marijuana operations
- Wholesale product sales have commenced with City Trees branded product line

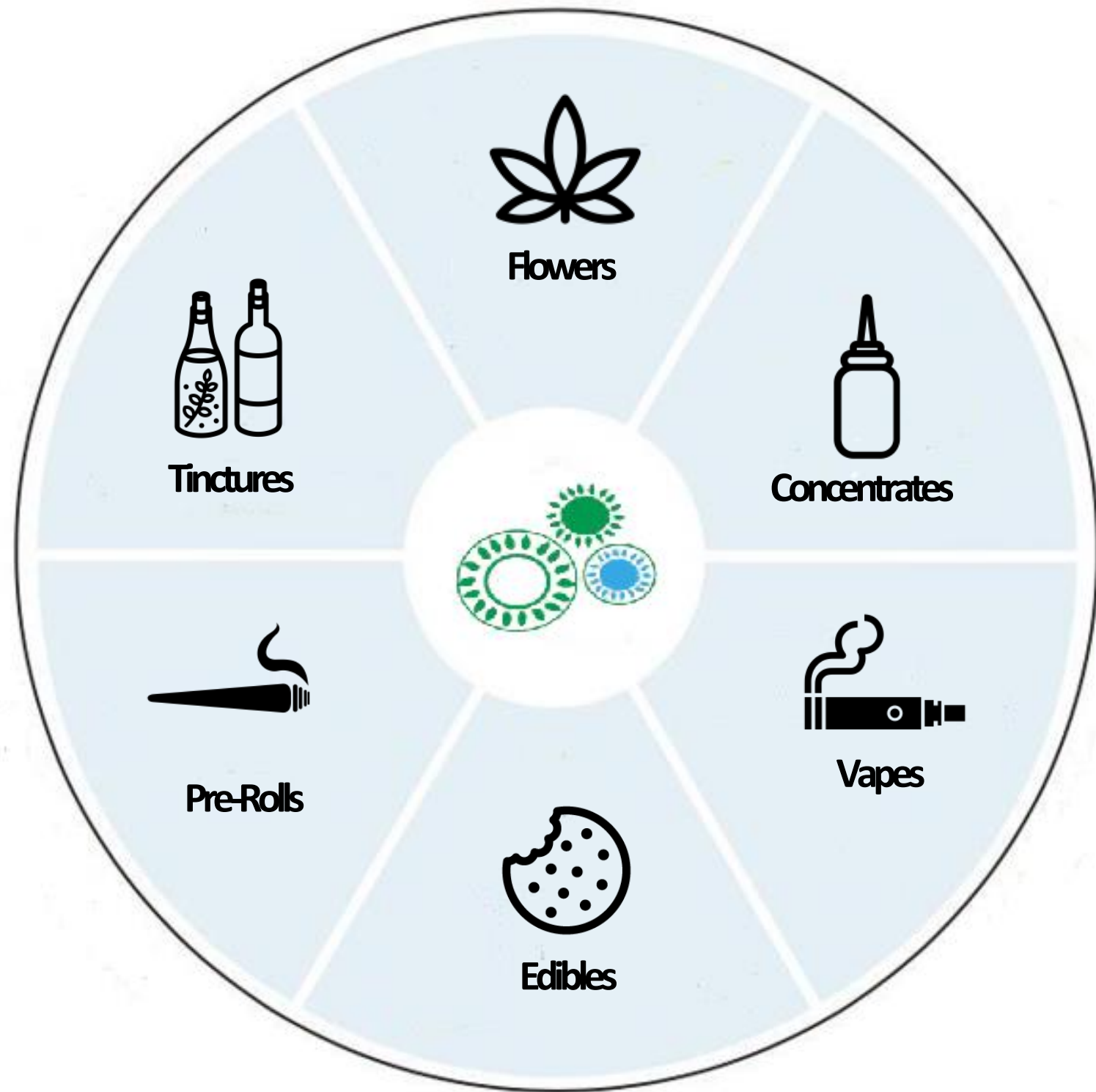


- Initial buildout of 1,150 sqft completed (to qualify for July 1st start)
- Phased build out of complete 22,000 sqft facility anticipated to produce 6,000 pounds per year



Oasis Cannabis
Dispensary

Key Product Offerings





22,000 sqft warehouse located in North Las Vegas

- Potential 20,000 sqft addition at existing facilities
- Current facility supports the entire expansion plan

18,000 sqft allocated to cultivation

- Potential for over 6,000 pounds of flower per year (full build-out)
- \$12M+ in anticipated annual revenue

Initial focus on establishing brand presence through high quality, craft cannabis; Ability to expand to meet demand

4,000 sqft allocated to concentrates, edibles and infused products

- CLS' proprietary extraction and conversion method with options for supercritical CO2 and hydrocarbon
- Potential for over \$10M in annual revenue (full build-out)



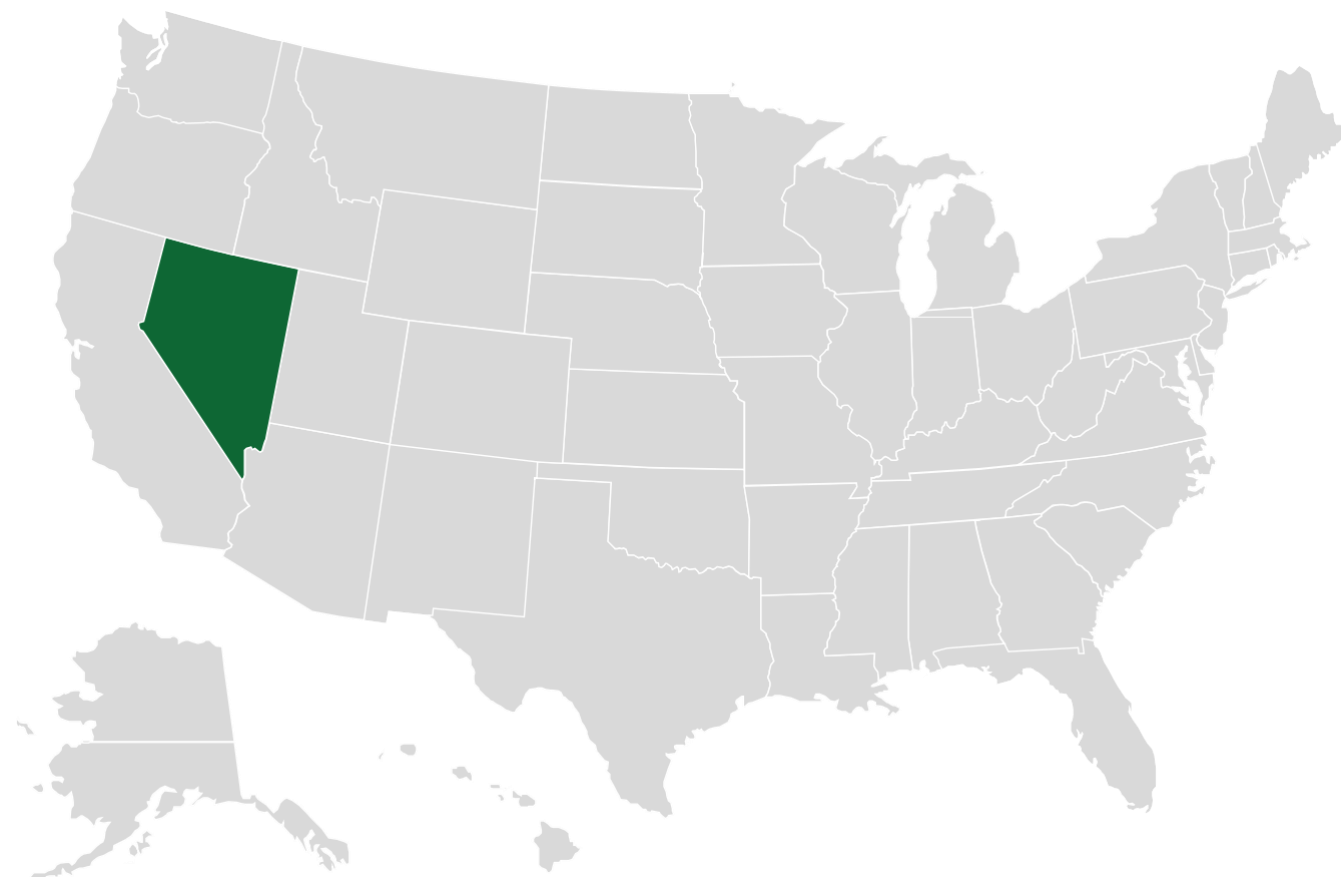
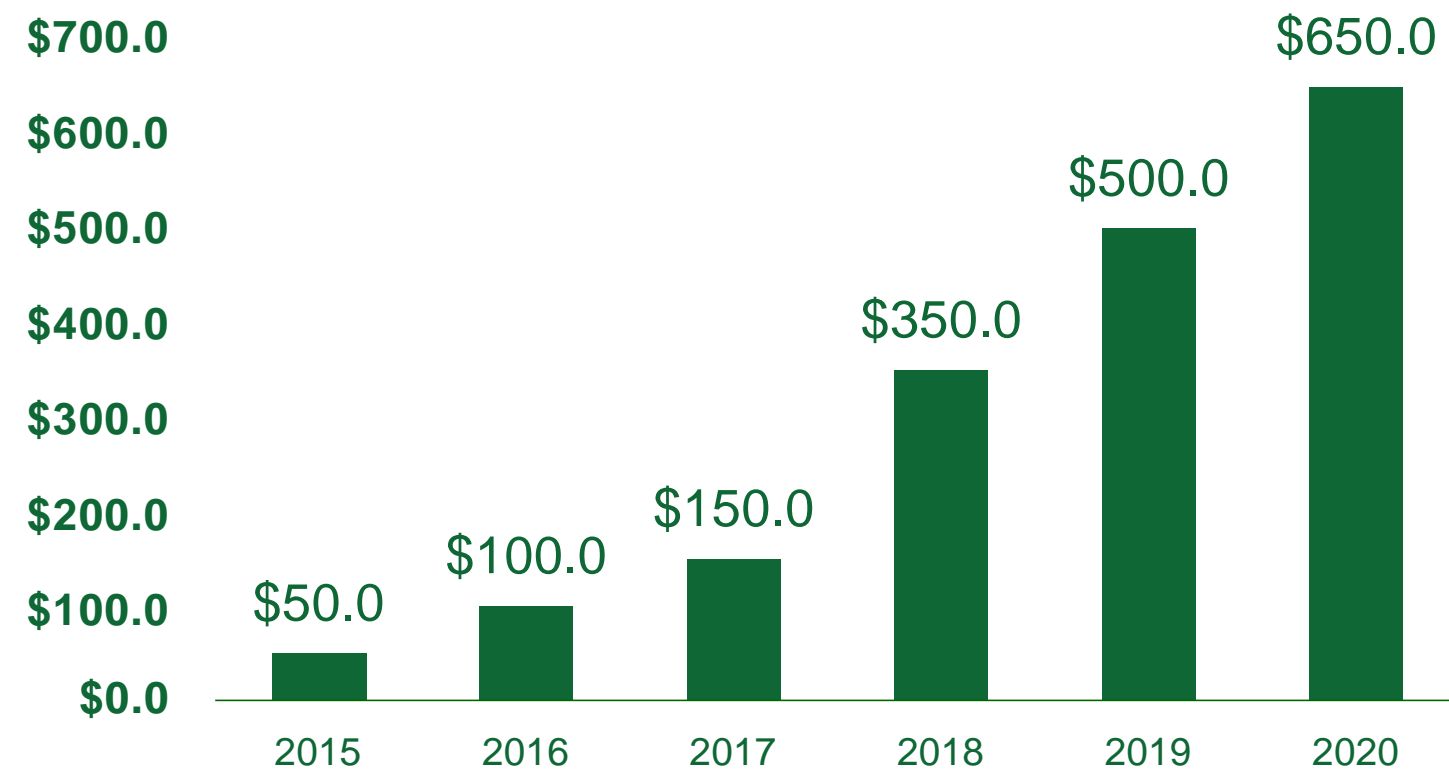
**North Las Vegas Grow/Production Facility Located At
203 E. Mayflower Avenue.**



- CLS has spent more than 3 years developing the extraction technology, which was conceived in 2014
- Proven to produce cleaner, cost effective and significantly higher yield cannabis oil from the entire cannabis plant
- Will be fully commercialized in the near future
- Revenue generated through licensing, fee-for-service, and joint venture arrangements related to its patent pending extraction method
- Great contribution to the product of CLS Holdings in the future



Past and Projected Nevada Legal Sales of Cannabis (US\$M)



Low Geographic Coverage

- Only 45 dispensary licenses issued in greater Las Vegas area

High Market Potential

- Las Vegas hosts more than 42M tourists every year
- In addition, there are 3M permanent residents in Nevada and over 50k registered patients (~1 patient per 60 residents)

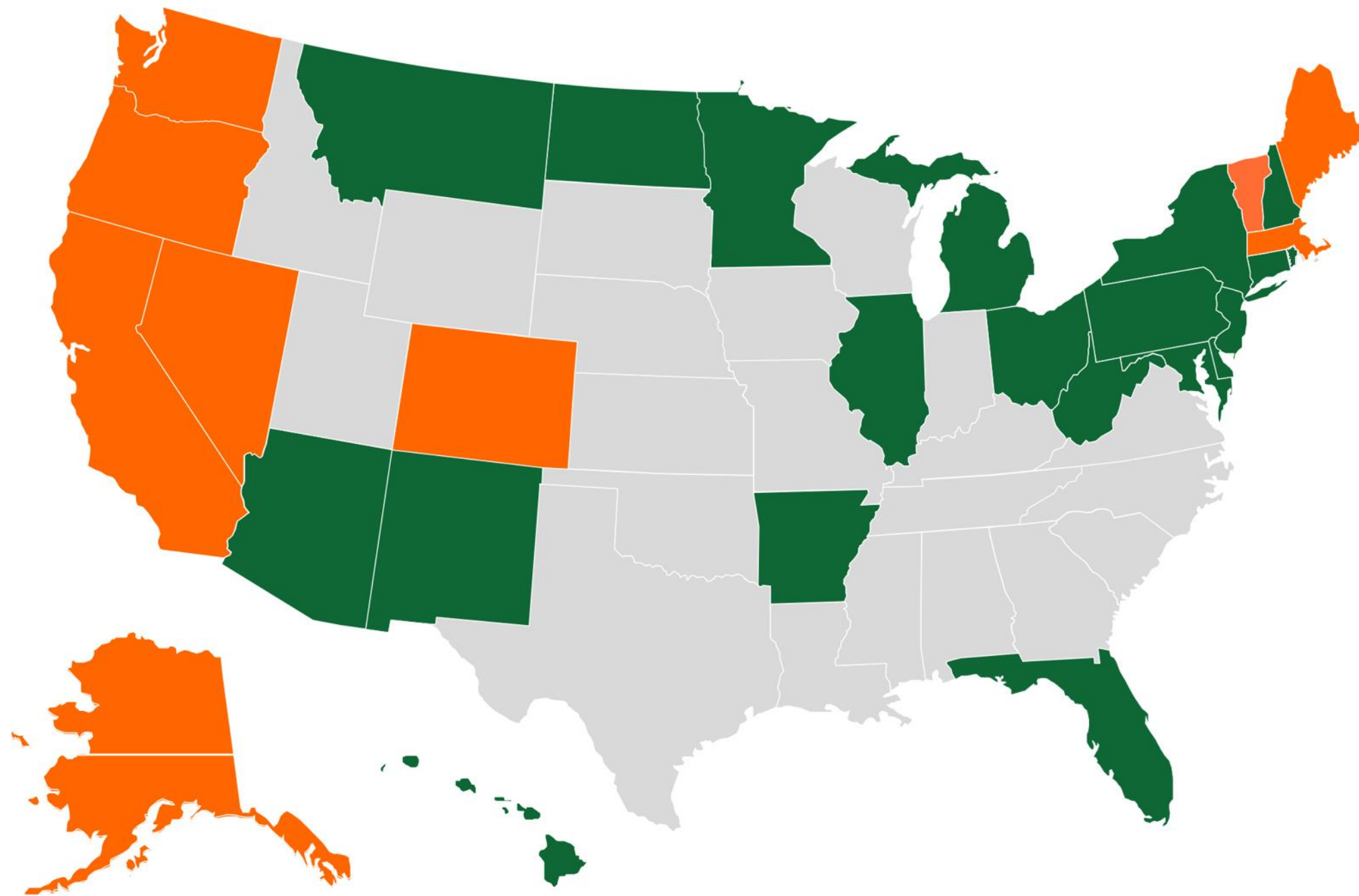
Additional Licenses Opportunities

- 35 additional dispensary licenses available in 2018
- No more allowed until July 2019 at the earliest (per statute)

Expanding Adult Use & Medical Market

Recreational Use Approved

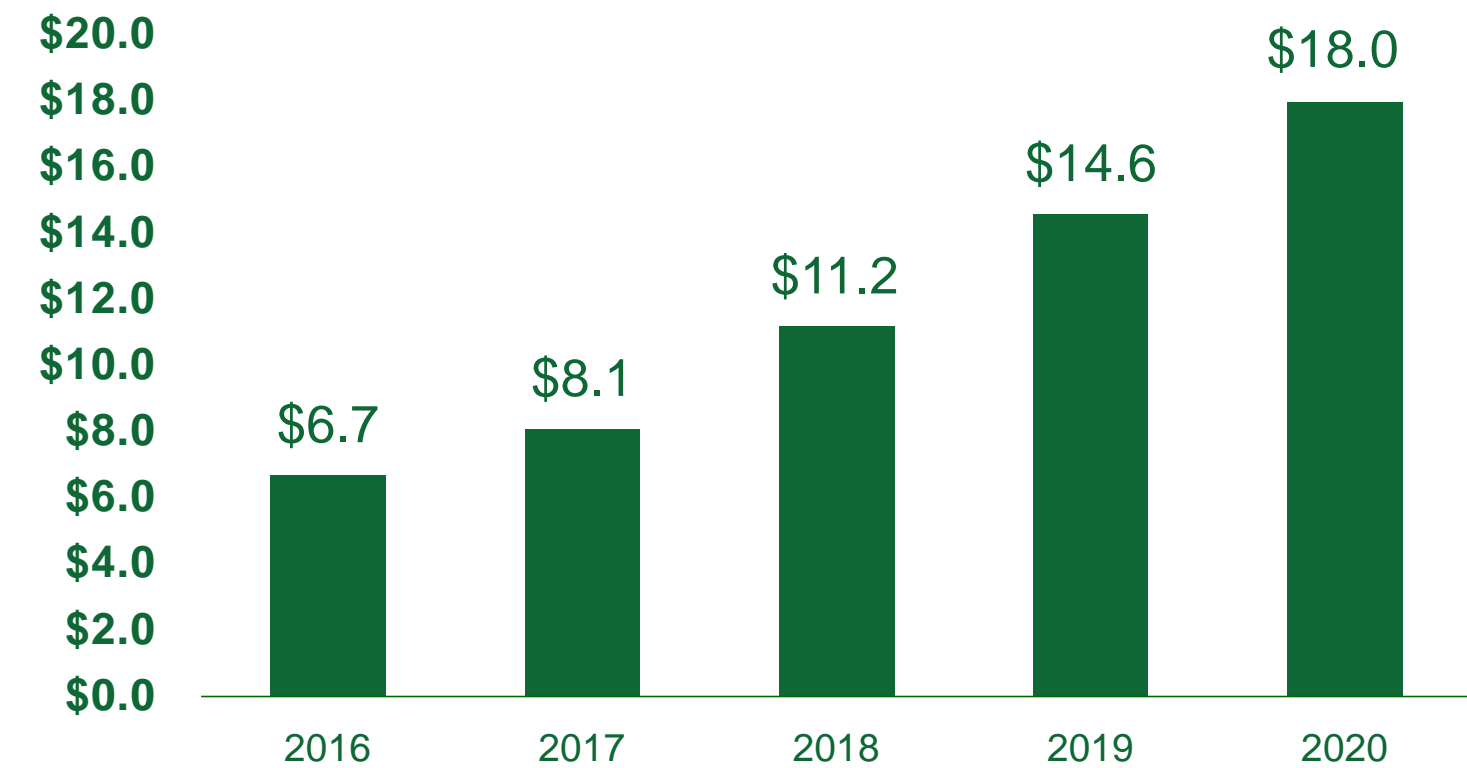
- The adult use market was approved on July 1, 2017



30 states legalized for medical use

9 states legalized for recreational

Past and Projected North American Legal Cannabis Spending (US\$B)



State-by-state legalization reform continues in the United States

Expectation that up to 15 States* will be legalized for medical and recreational in 2018/19

Source: Data from ArcView Market Research

* Source: 24/7 Wall Street & USA Today

- Management team has 120+ years of collective experience in capital markets; medical and real estate lends itself well to pursuing – and executing on – M&A transactions across the United States
- CLS is looking to acquire cannabis opportunities in the United States where medical and recreational marijuana businesses are prosperous with large potential growth and expansion. The company believes that a US\$10 million financing will be closed within the next 12 months to pursue the opportunities
- With a disciplined approach to finding, evaluating and integrating target acquisitions, CLS intends to actively pursue opportunities in the large, but highly fragmented cannabis industry

Target Criteria

- Current revenue close to \$1.0M per month
- Have capacity to reach \$4-\$5M per month
- Medical and recreational

Currently Approaching Companies in

Nevada



Oregon



Massachusetts



Maine



Opportunity 1

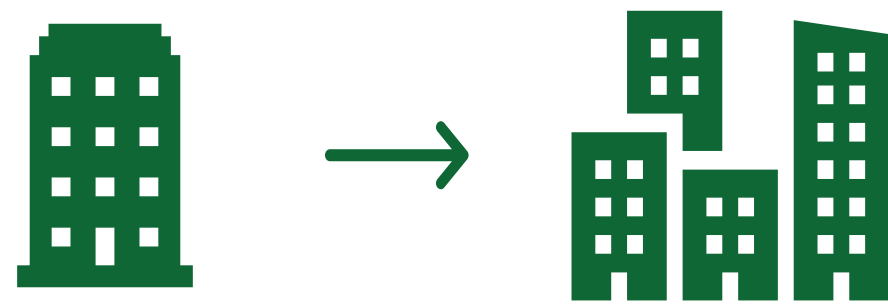
- Medical & Recreational
- State: Massachusetts (MA)
- Potential Mkt Size: USD \$2,384 million*
- Population Access: 6.86 million; 52,139 registered patients**
- Dispensary: Yes (2 dispensaries)
- Potential Revenue: USD \$50 million

**Source: Massachusetts Government MMJ Dashboard – February 2018



1. Complete the buildout of cultivation centre and laboratory

- The phase I cultivation centre will be completed in Q4 2018
- The laboratory will be finished at Q3 2018



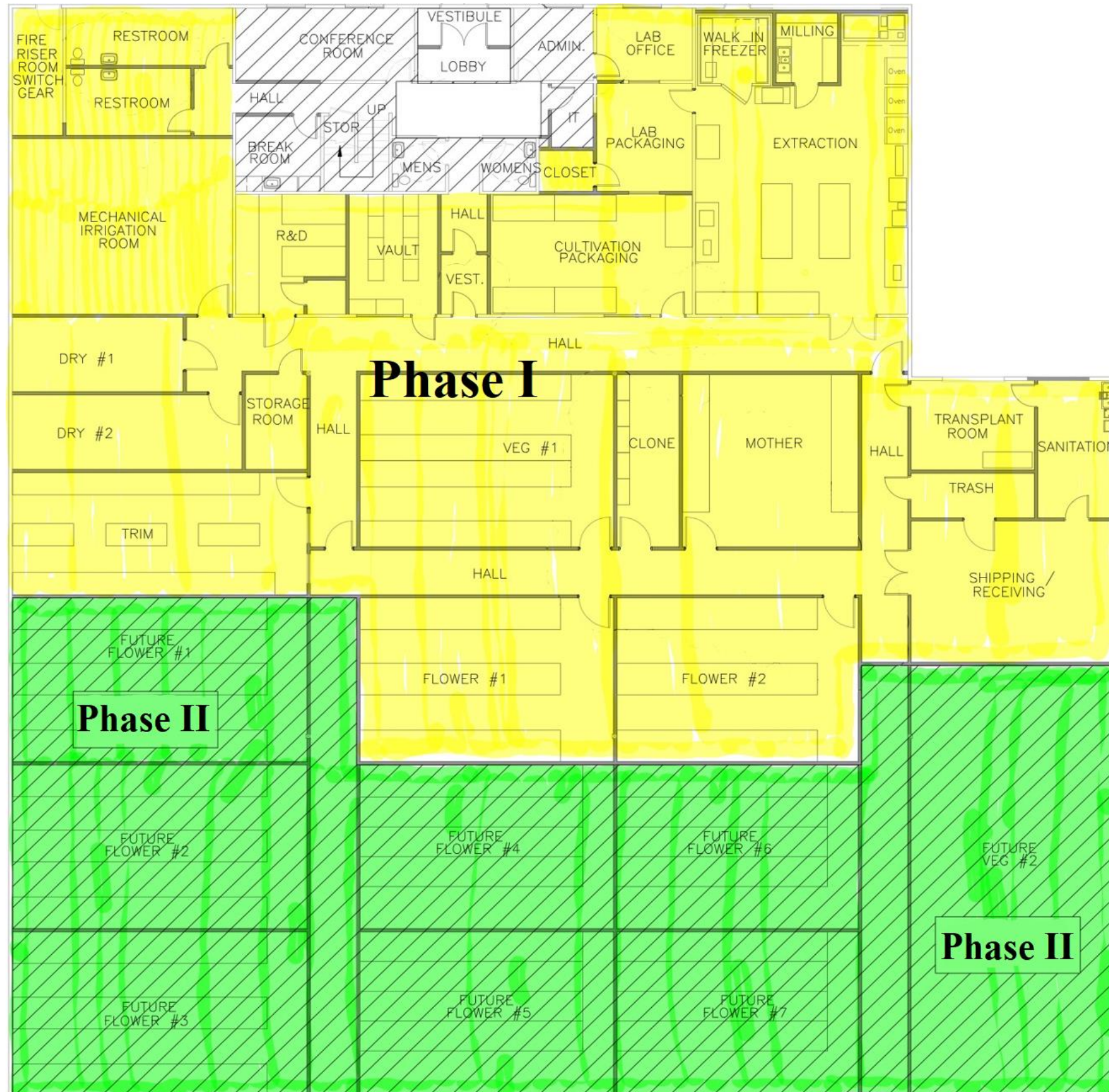
2. A further development plan for dispensaries

- Acquire or build



3. Technology licensing

- Exploit proprietary conversion and extraction process



Construction of Wholesale Facility

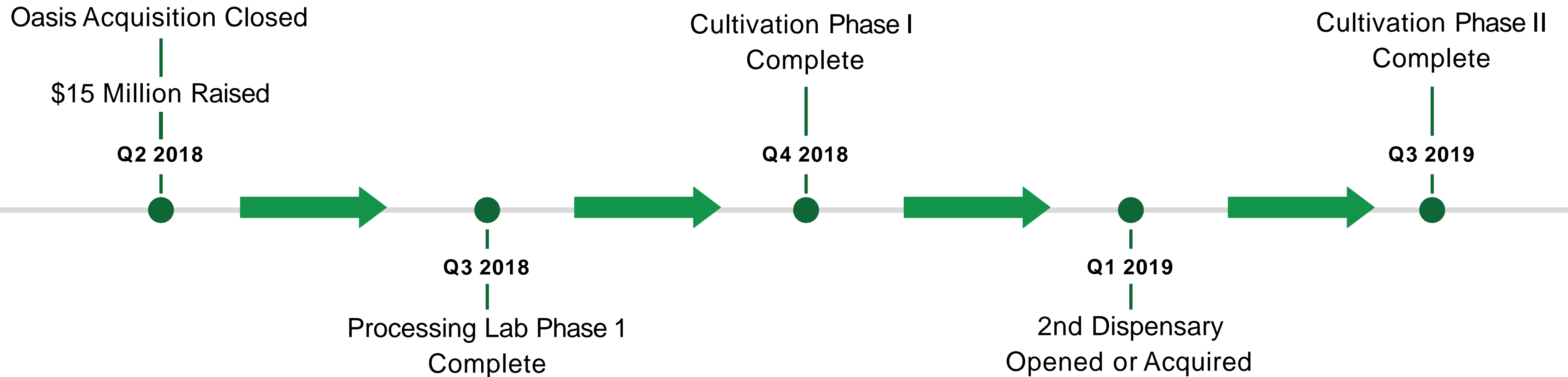
- Phase I (Currently Underway)
- Phase II (Expansion of Cultivation)

Anticipated Timeline

Commence Construction	Early Q2 2018
Complete Phase I Construction	Late Q2 2018
Facility Power / Utility Upgrades	Q4 2018
Phase I Harvest	Q4 2018
Phase II Harvest	Q3 2019

Construction Cost Estimates

Phase I	\$ 1.7 MM
Phase II	\$ 1.5 MM





Jeffrey Binder
Co-Founder,
Chairman & CEO

- Prior to founding CLS, Mr. Binder served as founder, Chairman and President of Power 3 Network, Inc., a company that develops websites and back offices for home-based businesses
- Mr. Binder has invested in and mentored several start-up and mid-stage companies, through his private holding company, JeMJ Financial Services, Inc., which he formed in 1988
- Mr. Binder received his Juris Doctorate from the National Law Center, George Washington University, in 1971, where he received the honor of membership in the Order of the Coif. He also served as a legislative assistant to Adlai Stevenson II, a United States Senator for Illinois, and practiced Law at Sonnenschein Nath & Rosenthal, LLP, Chicago, Illinois for five years.

David Lamadrid*
President, CFO, Director

- Prior to joining CLS, Mr. Lamadrid was founder and CEO of Pure Harvest Cannabis Producers, Inc.
- Served on the U.S. Senior Executive Management Team at ARRI Rental and served as CFO from 2012 through 2016
- From 2002 until 2012, Mr. Lamadrid was CFO of CytoSorbents, a publicly traded critical-care immunotherapy company treating patients with life threatening illnesses, where he was a key member of the management team that built operations from early start-up through commercialization, setting strategic direction, taking the company public, raising over \$60 million in equity, and achieving regulatory marketing approval
- Mr. Lamadrid earned an MBA in Management and Finance from the NYU Stern School of Business.

Ben Sillitoe*
COO & Director

- Mr. Sillitoe has been a leader in the local Las Vegas cannabis industry since its inception, having served on the Board of Directors for the Nevada Dispensary Association (NDA) for nearly two years. The NDA is the most influential cannabis industry association in Nevada with over 80% of state-licensed dispensaries in its membership
- Mr. Sillitoe is often interviewed for news stories and articles, and is a frequent speaker at conferences, meetings, and events. Some notable previous speaking engagements include the Marijuana Business Conference and International Management Accountants annual conferences.

Todd Swanson, M.D.*
Director of Medical &
Scientific Research

- Dr. Swanson is a co-founder of Oasis Cannabis and received his M.D. from the Washington University Medical School
- For 25 years Dr. Swanson was a practicing orthopedic surgeon in Las Vegas at his successful clinical and surgical practice
- Dr. Swanson has founded, funded, managed, and served on boards of numerous medical enterprises including a home hospice facility, drug rehabilitation center, and a medical device company

* Effective upon closing the Alternative Solutions acquisition



Andrew J. Glashow
Director

- Mr. Glashow is a Founding Partner of New World Merchant Partners and has served as a Managing Director since its inception
- Mr. Glashow is an investment banker specializing in microcap transactions in the \$5 million to \$50 million range. He has in excess of twenty years of experience in the capital markets and in all phases of business start-up and growth, including feasibility studies, business plans, equity and debt funding, private placements, reverse mergers and IPOs
- Prior to founding New World Merchant Partners, he was a partner in STAR Associates, a corporate finance firm specializing in the placement of capital for small and emerging growth companies. Mr. Glashow has served as CEO and President of multiple companies which he helped capitalize.
- Mr. Glashow is a graduate of the University of New Hampshire's Whittemore School of Business and Economics.

Raymond Keller
Founder of CLS Labs, Advisor

- Mr. Keller also contributed his intellectual property rights related to the proprietary process of extracting, cleaning and converting the cannabinoids from the cannabis plant and the associated delivery materials and systems for such cannabinoids to CLS Labs in exchange for his shares therein. Since 2009, Mr. Keller has served as the founder and Chief Executive Officer of GoodCat, LLC, an FDA-licensed laboratory that produces e-cigarette liquid for a number of distributors and brands. Mr. Keller graduated from the College of Charleston with a degree in Biology in 1989.

Frank Koretsky
Co-Founder, Director, Advisor

- Since 1995, Mr. Koretsky has served as the President of East Coast News Corp., a leading company in the adult product distribution industry. As a result of Mr. Koretsky's business experience, he brings a strong background in management, marketing and branding to the company.



Offering	<ul style="list-style-type: none"> – Private placement of special warrants to raise up to C\$10,000,000
Special Warrants	<ul style="list-style-type: none"> – Each special warrant will be automatically exercisable into 1 unit of CLS on the earlier of: <ol style="list-style-type: none"> 5 business days following the issuance of a receipt for a prospectus, and 4 months and 1 day from completion of the Oasis acquisition
Units	<ul style="list-style-type: none"> – 1 common share and 1 common share purchase warrant exercisable at a 50% premium to the issue price for 36 months from the date of listing on the CSE
Escrow Release Conditions	<ul style="list-style-type: none"> – Funds will be held in escrow until the following conditions are met: <ol style="list-style-type: none"> Completion of the Oasis acquisition (expected May 17th, 2018) Receipt of audited financial statements for Oasis for the preceding 2 years – Outside date for the escrow release conditions to be satisfied is May 31st, 2018
Prospectus Qualification	<ul style="list-style-type: none"> – CLS will obtain a receipt for a final long form prospectus, qualifying the underlying common shares, warrants and warrant shares issuable pursuant to the exercise of the special warrants
U.S. Registration Rights	<ul style="list-style-type: none"> – The special warrants and underlying securities will bear a customary U.S. restrictive legend – CLS will file a registration statement on Form S-1, concurrent with the filing of the prospectus, to register the resale of the underlying common shares, warrants and warrant shares
CSE Listing	<ul style="list-style-type: none"> – CLS will apply for the listing of its common shares on the Canadian Securities Exchange



Shares outstanding

Free-trading shares		8,269,984
Restricted shares		40,212,988
ITM conversions		3,460,000
Current CLS shares		<u>51,942,972</u>
Illustrative issue price	\$0.40	\$0.50
Shares to Oasis ¹	18,750,000	15,000,000
Underlying special warrants ²	20,000,000	16,000,000
Pro forma shares	<u>90,692,972</u>	<u>82,942,972</u>

Market value

Pro forma market cap	\$36,277,189	\$41,471,486
Cash balance	\$7,010,000	\$7,010,000
Debt outstanding	\$10,250,000	\$10,250,000
Enterprise value	<u>\$39,517,189</u>	<u>\$44,711,486</u>

Cash balance

Current CLS cash	\$100,000
Add: Near-term convertibles	\$5,750,000
Add: Special warrants (net) ²	\$7,360,000
Less: Oasis consideration	<u>-\$6,200,000</u>
Pro forma cash balance	<u>\$7,010,000</u>

Debt outstanding

Current CLS debt	\$500,000
Add: Esousa convertible	\$4,500,000
Add: Yorkville convertible	\$1,250,000
Add: Oasis promissory note	\$4,000,000
Pro forma debt	<u>\$10,250,000</u>

1. \$6.0 million share consideration to Oasis will be issued at a 20% discount to the special warrant issue price

2. Assumes C\$10 million private placement and a USD/CAD exchange rate of 0.8000. Excludes special warrants issued to the Agent for 5.0% corporate finance fee



Jeff Binder

Chief Executive Officer

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Statutory Rights for Canadian Investors

Securities legislation in certain of the provinces of Canada provides purchasers with rights of rescission or damages, or both, where an offering memorandum or any amendment to it 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. Each purchaser should refer to the provisions of the applicable securities laws for the particulars of these rights or consult with a legal advisor.

The following rights are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant securities laws and are subject to the defences contained therein. The following summaries are subject to the express provisions of the applicable securities statutes and instruments in the below-referenced provinces and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

Ontario Investors

Under Ontario securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages, or while still the owner of the securities, for rescission against the issuer or any selling security holder if the offering memorandum contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and any selling security holder will have no liability. In the case of an action for damages, the issuer and any selling security holder will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

These rights are not available for a purchaser that is (a) a Canadian financial institution or a Schedule III Bank (each as defined in National Instrument 45-106 – Prospectus Exemptions), (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada), or (c) a subsidiary of any person referred to in paragraphs (a) and (b), 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.

These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Not all defences upon which an issuer, selling security holder or others may rely are described herein. Ontario purchasers should refer to the complete text of the relevant statutory provisions

Alberta, British Columbia and Quebec

By purchasing Special Warrants of the Company, purchasers in Alberta, British Columbia and Quebec are not entitled to the statutory rights described above. In consideration of their purchase of the Special Warrants and upon accepting a purchase confirmation in respect thereof, these purchasers are hereby granted a contractual right of action for damages or rescission that is substantially the same as the statutory right of action provided to residents of Ontario who purchase Special Warrants.

Statutory Rights for Canadian Investors

Saskatchewan Investors

Under Saskatchewan securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages against the issuer, every director and promoter of the issuer or any selling security holder as of the date of the offering memorandum, every person or company whose consent has been filed under the offering memorandum, every person or company that signed the offering memorandum or the amendment to the offering memorandum and every person or company who sells the securities on behalf of the issuer or selling security holder under the offering memorandum, or while still the owner of the securities, for rescission against the issuer or selling security holder if the offering memorandum contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of one year from the date the purchaser first had knowledge of the facts giving rise to the cause of action and six years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or the others listed above. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and the others listed above will have no liability. In the case of an action for damages, the issuer and the others listed above will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

Other defences in Saskatchewan legislation include that 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 immediately gave reasonable general notice that it was so sent or delivered, or (b) 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 there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert.

No person or company, other than the issuer, is liable for any part of the offering memorandum or the amendment to 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 (a) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (b) believed there had been a misrepresentation.

Similar rights of action for damages and rescission are provided in Saskatchewan legislation in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

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 has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

No person or company, other than the issuer, is liable for any part of the offering memorandum or the amendment to 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 (a) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (b) believed there had been a misrepresentation.

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Statutory Rights for Canadian Investors

Saskatchewan Investors (continued)

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In addition, 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 by a vendor who is trading in Saskatchewan 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.

A purchaser who receives an amended offering memorandum has the right to withdraw from the agreement to purchase the securities by delivering a notice to the issuer or selling security holder within two business days of receiving the amended offering memorandum.

These rights are in addition to, and without derogation from, any other rights or remedies available at law to a Saskatchewan purchaser. The foregoing is a summary of the rights available to a Saskatchewan purchaser. Not all defences upon which an issuer or others may rely are described herein. Saskatchewan purchasers should refer to the complete text of the relevant statutory provisions.

Manitoba Investors

If an offering memorandum or any amendment thereto, sent or delivered to a purchaser contains a misrepresentation, the purchaser who purchases the security is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of the purchase and has a statutory right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, and every person or company who signed the offering memorandum. Alternatively, the purchaser may elect to exercise a statutory right of rescission against the issuer, in which case the purchaser will have no right of action for damages against any of the aforementioned persons.

No action shall be commenced to enforce any of the foregoing rights more than: (a) in the case of an action for rescission, 180 days from 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 purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the date of the transaction that gave rise to the cause of action.

Securities legislation in Manitoba provides a number of limitations and defences to such actions, including:

- a) in an action for rescission or damages, no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- b) in 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 relied upon; and
- c) in no case will the amount recoverable under the right of action described above exceed the price at which the securities were offered under the offering memorandum.

Statutory Rights for Canadian Investors

New Brunswick Investors

Under New Brunswick securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages, or while still the owner of the securities, for rescission against the issuer and any selling security holder in the event that the offering memorandum, or a document incorporated by reference in or deemed incorporated into the offering memorandum, contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of one year from the date the purchaser first had knowledge of the facts giving rise to the cause of action and six years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and any selling security holder will have no liability. In the case of an action for damages, the issuer and any selling security holder will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

These rights are in addition to, and without derogation from, any other rights or remedies available at law to a New Brunswick purchaser. The foregoing is a summary of the rights available to a New Brunswick purchaser. Not all defences upon which an issuer, selling security holder or others may rely are described herein. New Brunswick purchasers should refer to the complete text of the relevant statutory provisions.

Nova Scotia Investors

Under Nova Scotia securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages against the issuer or other seller and the directors of the issuer as of the date the offering memorandum, or while still the owner of the securities, for rescission against the issuer or other seller if the offering memorandum, or a document incorporated by reference in or deemed incorporated into the offering memorandum, contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages or rescission is exercisable not later than 120 days from the date on which payment is made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or other seller or the directors of the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer or other seller and the directors of the issuer will have no liability. In the case of an action for damages, the issuer or other seller and the directors of the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

In addition, 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.

Statutory Rights for Canadian Investors

Nova Scotia Investors (continued)

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.

These rights are in addition to, and without derogation from, any other rights or remedies available at law to a Nova Scotia purchaser. The foregoing is a summary of the rights available to a Nova Scotia purchaser. Not all defences upon which an issuer or other seller or others may rely are described herein. Nova Scotia purchasers should refer to the complete text of the relevant statutory provisions.

Prince Edward Island Investors

If an offering memorandum, together with any amendment thereto, is delivered to a purchaser and the offering memorandum, or any amendment thereto, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for damages against (a) the issuer, (b) subject to certain additional defences, against every director of the issuer at the date of the offering memorandum and (c) every person or company who signed the offering memorandum, but may elect to exercise the right of rescission against the issuer (in which case the purchaser shall have no right of action for damages against the aforementioned persons or company).

No action shall be commenced to enforce the right of action discussed above 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 any action for damages, 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.

Securities legislation in Prince Edward Island provides a number of limitations and defences to such actions, including:

- a) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves does 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 under the right of action described herein exceed the price at which the securities were offered under the offering memorandum, or any amendment thereto.