



**More flexible** than bank debt.  
**Less expensive** than venture capital

*For companies that have **nailed** their value proposition we help them **scale** their business.*

## Corporate Overview

November 2022

# Disclaimer

This presentation is confidential and is being provided to you solely for your information and may not be reproduced, in whole or in part, in any form or forwarded or further distributed to any other person. Any forwarding, distribution or reproduction of this presentation in whole or in part is unauthorized. By accepting and reviewing this presentation, you acknowledge and agree: (i) to maintain the confidentiality of this presentation, the information contained herein and all other information received in connection with your evaluation of a potential investment in Flow Capital Corp. (the "**Company**"); (ii) to protect such information in the same manner you protect your own confidential information, which shall be at least a reasonable standard of care; and (iii) to not utilize any of the information contained herein or otherwise received except to assist with your evaluation of a potential investment in the Company. You will be liable for any damage caused by or resulting from any unauthorized disclosure or use of the information contained herein.

This presentation does not contain, nor does it purport to contain, a summary of all the material information concerning the Company or the terms and conditions of any potential investment in the Company. If and when you determine to proceed with discussions and investigations regarding a possible investment in the Company, you are urged to carry out independent investigations in order to determine your interest in investing in the Company.

Neither the delivery of this presentation nor any sale of securities by the Company shall under any circumstances imply that the information set forth or incorporated by reference herein is correct as of any date subsequent to the date hereof. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information set out herein, and nothing contained in this presentation is, or shall be relied upon as, a promise or representation, whether as to the past or future.

Each person receiving this presentation acknowledges that: (a) such person has not relied on the Company in connection with its investigation of the accuracy of such information or its investment decisions; and (b) no person is authorized in connection with any offering made hereby to give any information or make any representation other than as contained in this presentation and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

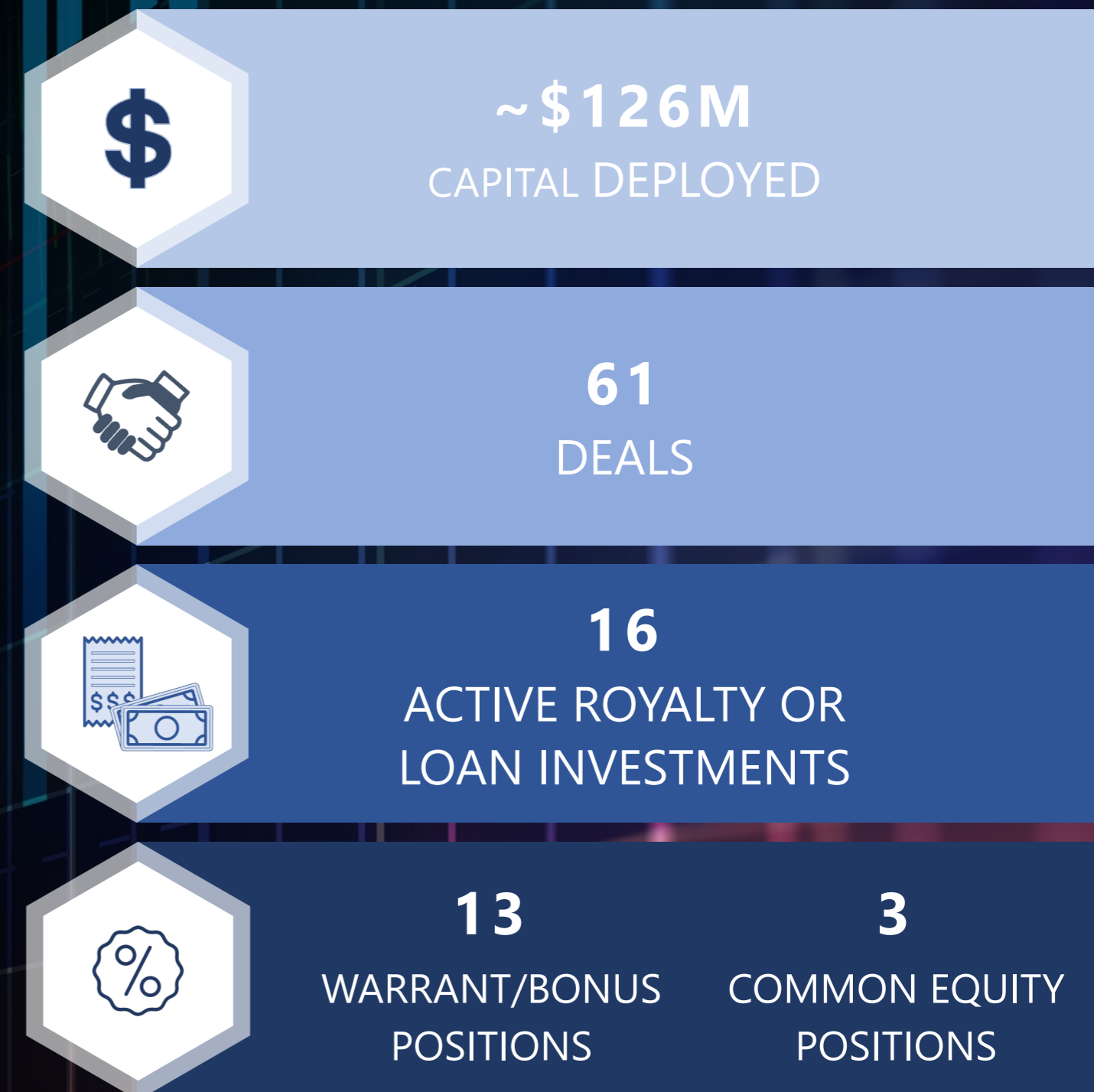
**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:** This presentation includes information, statements, beliefs and opinions which are forward-looking, and which reflect current estimates, expectations and projections about future events. Statements containing the words "believe", "expect", "intend", "should", "seek", "anticipate", "will", "positioned", "project", "risk", "plan", "may", "estimate" or, in each case, their negative and words of similar meaning are intended to identify forward-looking information. By its nature, forward-looking information involves a number of known and unknown risks, uncertainties and assumptions concerning, among other things, the expected return on investment, the performance of the underlying investments in the Company, and the timing or quantum of distributions to be made by the Company, that could cause actual results or events to differ materially from those expressed or implied by such forward-looking information. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking information contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. Although the Company have attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information contained in this presentation is based on the Company's current estimates, assumptions, expectations and projections, which the Company believes are reasonable as of the current date. The Company cannot give any assurance that these estimates, assumptions, expectations and projections will prove to have been correct. You should not place undue reliance on forward-looking information contained in this presentation. Forward-looking statements contained in this presentation are made as of the date of this presentation and, except as required by applicable law. Historical information contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular, historical results should not be taken as a representation that such trends will be replicated in the future. All forward-looking information in this presentation is expressly qualified in its entirety by this cautionary statement.

**CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION:** To the extent any forward-looking information in this presentation, or in documents incorporated by reference herein, constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable securities laws, such information is being provided to demonstrate the potential benefits of the offering described herein and you are cautioned that this information may not be appropriate for any other purpose and you should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading "Cautionary Note Regarding Forward-Looking Information".

# Empowering Entrepreneurs Of The Modern Economy

Flow Capital (TSX-V:FW) generates repeatable and recurring revenue and cash flow, with downside protection and equity upside potential.

We offer a robust platform for growth by investing in companies that fuel the growth of all modern economies.



# Management and Board of Directors



Alex Baluta  
CEO

Alex has over twenty-seven years of professional experience in Canada and the US in investment banking, equity research, mergers and acquisitions, operations, consulting, and entrepreneurship. Alex was a top-ranked equity research analyst in Canada in the early 2000s, focused on the software sector. His primary focus throughout his career has been advising, analyzing, operating, and investing in small and medium-sized enterprises, primarily in high-growth technology sectors. He currently serves as Chief Executive Officer and Board Member at Flow Capital.



Gaurav Singh  
CFO

Gaurav brings over 15 years of experience including several board and executive positions across a portfolio of small-cap Canadian public and private companies. He has undertaken leadership roles in corporate finance, strategy, trade-policy advocacy, and start-up operations across the Technology, Media, Mineral Resources, and Professional Services sectors, in India, Europe, and North America. He holds an MSc. in Finance from London Business School, U.K., and a Bachelor of Commerce from Delhi University, India.



Arin Minasians  
VP Corporate Development

Arin is focused on building strategic relationships with other lenders, investment banks, venture capital firms, and investors with the goal of matching opportunities with capital. Prior to joining Flow Capital, Arin worked as a Private Banker at two of Canada's largest banks where he developed relationships with some of Canada's most prominent families and business owners. Arin has a Bachelor of Commerce, specializing in Finance, from the Ted Rogers School of Management at Ryerson University and holds the Certified Financial Planner designation.



Vernon Lobo  
Executive Chairman

Vernon was founder and Managing Director of Mosaic Venture Partners, an early-stage venture capital fund. Through 26 years in the investment industry, Vernon helped build several companies from startup to acquisition or public listing, eight of which achieved valuations in excess of \$100 million. Earlier in his career, Vernon was a consultant with McKinsey & Company and software engineer at Nortel Networks. He holds a BSc in Engineering from the University of Waterloo and an MBA from Harvard where he was a Baker Scholar.



Catherine McLeod-Seltzer  
Director

Catherine has raised more than \$600 million in working capital for mining exploration in the past 20 years, and has been directly involved in more than \$4 billion in corporate transactions. Her leadership and financial expertise, access to capital, and respect in building companies have been invaluable assets to the companies she is involved in and have created significant wealth for shareholders. Catherine's directorships in other publicly traded companies include Kinross Gold Corporation and Major Drilling Group International.



Alan Torrie  
Director

Alan Torrie brings extensive executive, financial, and director experience to the Flow Capital Board. He has held several senior executive roles, including as the former President and Chief Executive Officer of Morneau Shepell and MDS Diagnostics. He currently serves as a Chair of the Board of Extendicare and is a Director and member of the Audit Committees and Governance Committee of Green Shield Canada. He previously served as a Director of Trillium Health Partners, Cynapsus Therapeutics, and Appleby College.



Michael Zych  
Director

Michael Zych is the former Global Head of Fixed Income, Global Banking, and Markets for Scotiabank, where he had overall responsibility for the strategy and execution of the fixed income business. At Scotiabank, his oversight included trading, sales, and origination of fixed income products globally as well as credit and interest rate derivatives. Mr. Zych has built, led, and managed teams in eleven countries across North America, Latin America, Europe, and Asia. He was a member of both the Global Banking and Markets' Strategy Committee and Human Investment Committee. Mr. Zych retired from Scotiabank in 2015 and has since been actively engaged with the startup ecosystem as a successful advisor and angel investor.

**What Do We Do? We lend money to high growth companies.**



**Flow Capital provides investors with access to a diversified portfolio of high growth, new economy companies.**



**\$1-7 Million**

PER COMPANY

## Our Investment Parameters

---

**Stage:**

High-growth, revenue-generating companies;  
Annual Revenue greater than \$4 million;  
or Annual Recurring Revenue greater than \$2.5  
million (US\$)

**Sectors:**

Primarily tech or other high-growth sectors;  
Good fit for asset-light companies;  
No real estate or primary resources

**Amount:**

\$1-5 million first tranche;  
Up to \$7 million in total

**Regions:**

United States; Canada; United Kingdom

**Structures:**

Venture Debt & Revenue-Based Financing

**Use of Funds:**

Growth

**Sponsorship:**

Open to VC-funded and  
founder-bootstrapped companies

**Governance:**

Independent Board

**Profitability:**

Not required but must show a clear  
path to profitability; or follow-on  
investments

**Security:**

Senior Secured

**Intangible:**

Strong management team;  
Strong product-market fit;  
Customer validation;  
High-growth

# High-Growth and Extensive Tech-Exposure in Revenue-Generating Portfolio With Warrant Upside

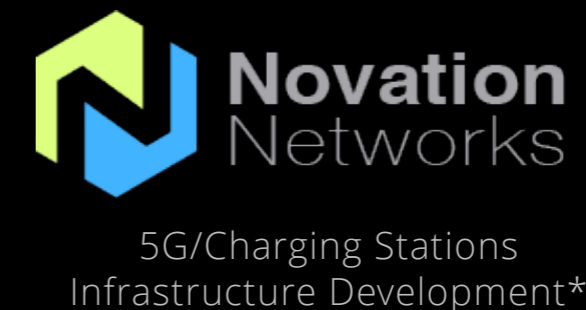
## TECH



## TECH-ENABLED/ECOMMERCE



## OTHER



## ADDITIONAL NON-REVENUE-GENERATING TECH WARRANT POSITIONS



\*Flow Capital has a warrant position or bonus fee tied to equity gains, in these companies.

# Business model

---

- We lend money to high growth, revenue generating, often venture sponsored, companies
- “Venture Debt” or “Growth Debt” is a **\$20Bn per year**<sup>1</sup> market
  - Is a component of over 40% of Venture Capital deals <sup>1</sup>
  - Is the fastest growing source of funding to high growth companies<sup>1</sup>
  - Fills the gap between bank debt and equity funding
- We evaluate upwards of 1,000 opportunities per year, and close on less than 1%
- Senior Secured, most often in 1<sup>st</sup> position - Focus on principal protection
- Our loans represent a small portion of the total value of the company
- We participate in equity upside through warrants



# Why We Focus on High Growth Companies

---

- **More Downside Protection**

Our loans represent a small proportion of the overall enterprise value (<20%) of the investee, and the equity value below us increases disproportionately with growth.

- **More Exit Alternatives**

As companies scale, additional alternatives open up for continued funding. Venture Capital sponsors provide additional protection.

- **More Warrant Upside**

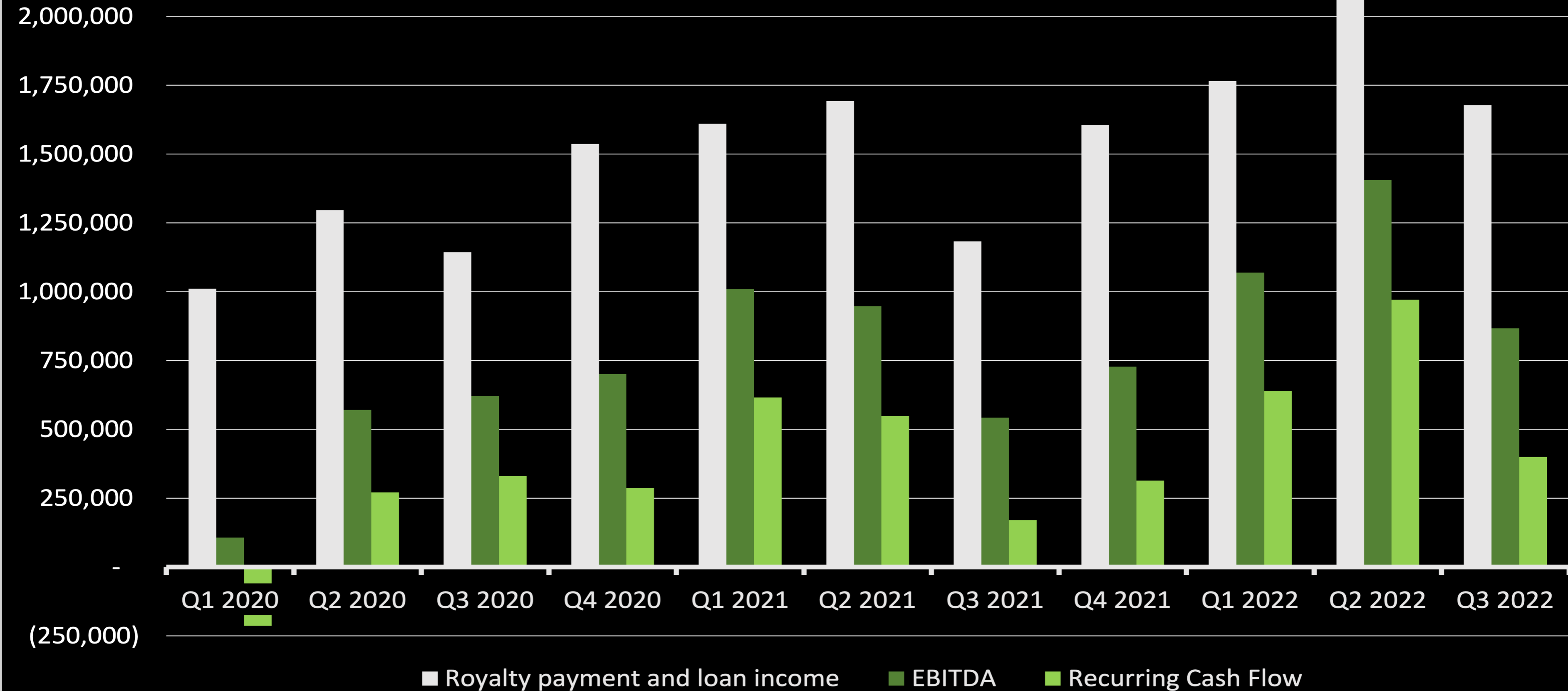
Equity value in high growth companies tends to increase significantly over time.

## Why Invest In Flow Capital?

---

- Publicly Traded (TSX-V:FW), high disclosure threshold
- Proven model, proven team, strong governance and board
- **Strong Financials: ~\$7.1M in revenue<sup>1</sup>, >\$4M in Adj. EBITDA<sup>1</sup> and \$2.3M in Adj. FCF<sup>1</sup>**
- Strong ROE (over 30%) on every incremental dollar invested
- Well capitalized with over \$29.9M in common equity
- Management ownership (approx. 26%) and alignment
- Robust pipeline

# Generating Strong Cash Flows from Recurring Revenue



- Adjusted and normalized as per management estimates.
- These figures are not IFRS.
- Refer to Risk Factors in Appendix

# Summary Snapshot

## Q3 2022

TOTAL ASSETS	CASH	TRAILING 12 MTH RECURRING REVENUE <sup>1</sup>	# OF SHARES
\$52.9M	\$9.5M	\$7.1M	31.4M
LONG-TERM DEBT	ACTIVE INVESTMENT PORTFOLIO <sup>2</sup>	TRAILING 12 MTH FREE CASH FLOW <sup>1</sup>	MARKET CAP @ Nov 28, 2022
\$19M	\$38.9M	\$2.3M	\$18.5M
SHAREHOLDERS' EQUITY	EQUITY PORTFOLIO <sup>2</sup>	TAX LOSSES CARRIED FORWARD <sup>3</sup>	MANAGEMENT OWNERSHIP <sup>4</sup>
\$29.9M \$0.95/share	\$4.09M	\$40.1M	~26.4%

<sup>1</sup>Adjusted and normalized as per management estimates, these figures are not IFRS

<sup>2</sup>Valuations are reviewed by auditors on a quarterly basis. A valuation by an independent 3<sup>rd</sup> party (Richter) is performed for annual results, and reviewed by Auditors

<sup>3</sup>Inherited from previous management

<sup>4</sup>Fully Diluted

# How to invest in Flow

## Participate in the Growth of High-Growth Companies

### PREFERRED SHARE

- Target Yield: 9.20%, paid quarterly
- Currency: C\$
- Term: 6 Years
- Issue Price \$3.00
- Limit of \$5,435,000 available
- Redemption Rights: 1/3 of holdings on 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> anniversary
- Accredited Investors Only

### COMMON EQUITY

#### **PURE UPSIDE TORQUE**

(and currently at a discount to book value)

Participate in the upside from our common equity positions as well as the growth in revenue and free cash flow

## Summary Highlights

---

- Publicly Listed (TSX:V) with a **high disclosure threshold** & **quarterly reporting**.
- Independent Board of Directors with **strong focus** on **Governance**.
- Management & Board own **26%**<sup>1</sup> of **common equity**.
- Generating **~\$7.1M** in **Revenue**<sup>2</sup>, **>4M** in **Adj. EBITDA**<sup>2</sup> and **\$2.3M** in **Adj. Free Cash Flow**<sup>2</sup>.
- Strong **Return on Equity** of over **30%** on every incremental dollar invested.
- **Book value increase** of **41% YoY** and **73%** over previous **8 quarters**.
- Addressing a **\$20 billion market**<sup>3</sup>, by providing low **LTV**, **senior secured debt** to high quality, **revenue generating**, growth companies.

<sup>1</sup>Fully Diluted

<sup>2</sup>Adjusted and normalized as per management estimates, these figures are not IFRS

<sup>3</sup>Pitchbook Venture Debt a Maturing Market in VC 2021

## Contact Us

---

- **Alex Baluta**  
Chief Executive Officer  
[alex@flowcap.com](mailto:alex@flowcap.com)
- **Gaurav Singh**  
Chief Financial Officer  
[gaurav@flowcap.com](mailto:gaurav@flowcap.com)
- **Arin Minasians**  
VP Corporate Development  
[arin@flowcap.com](mailto:arin@flowcap.com)

# Appendix

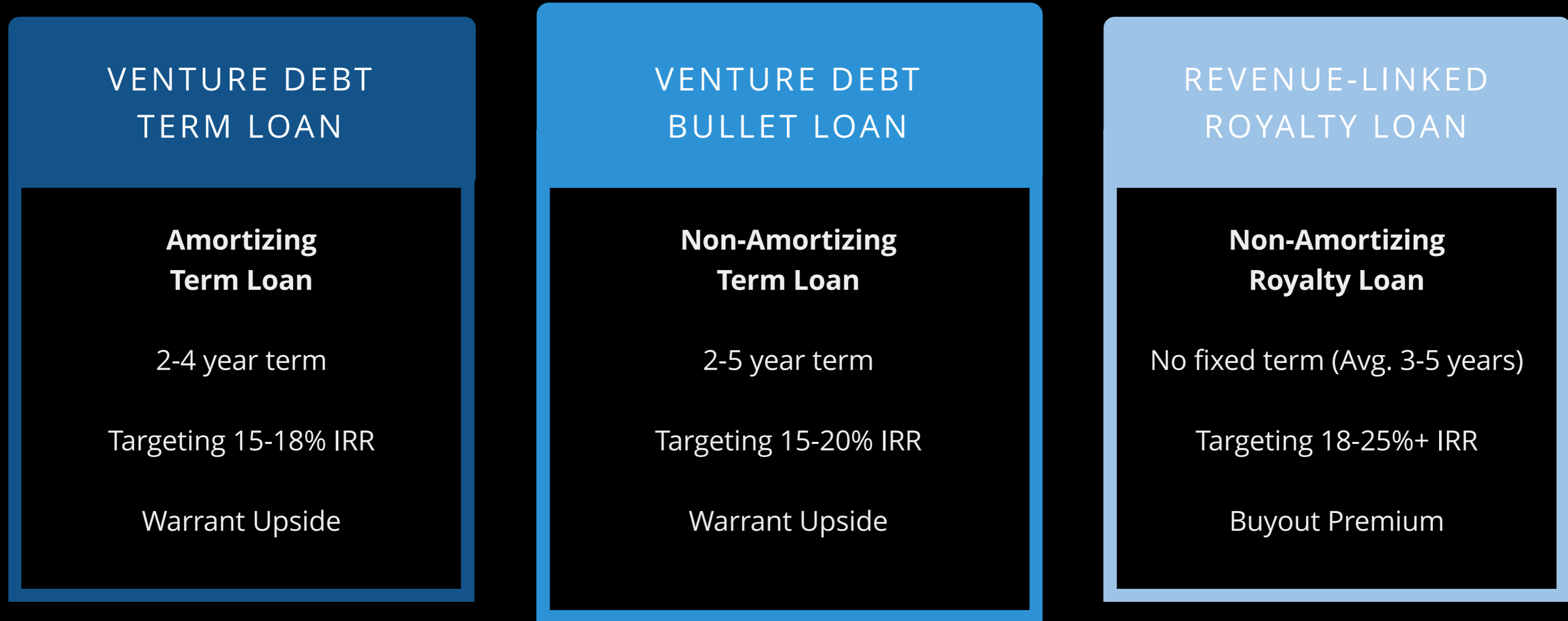
---





## 3 Types of Investment Structures

Generating consistent recurring revenue with multiple sources of additional upside.



### OUR PROCESS:

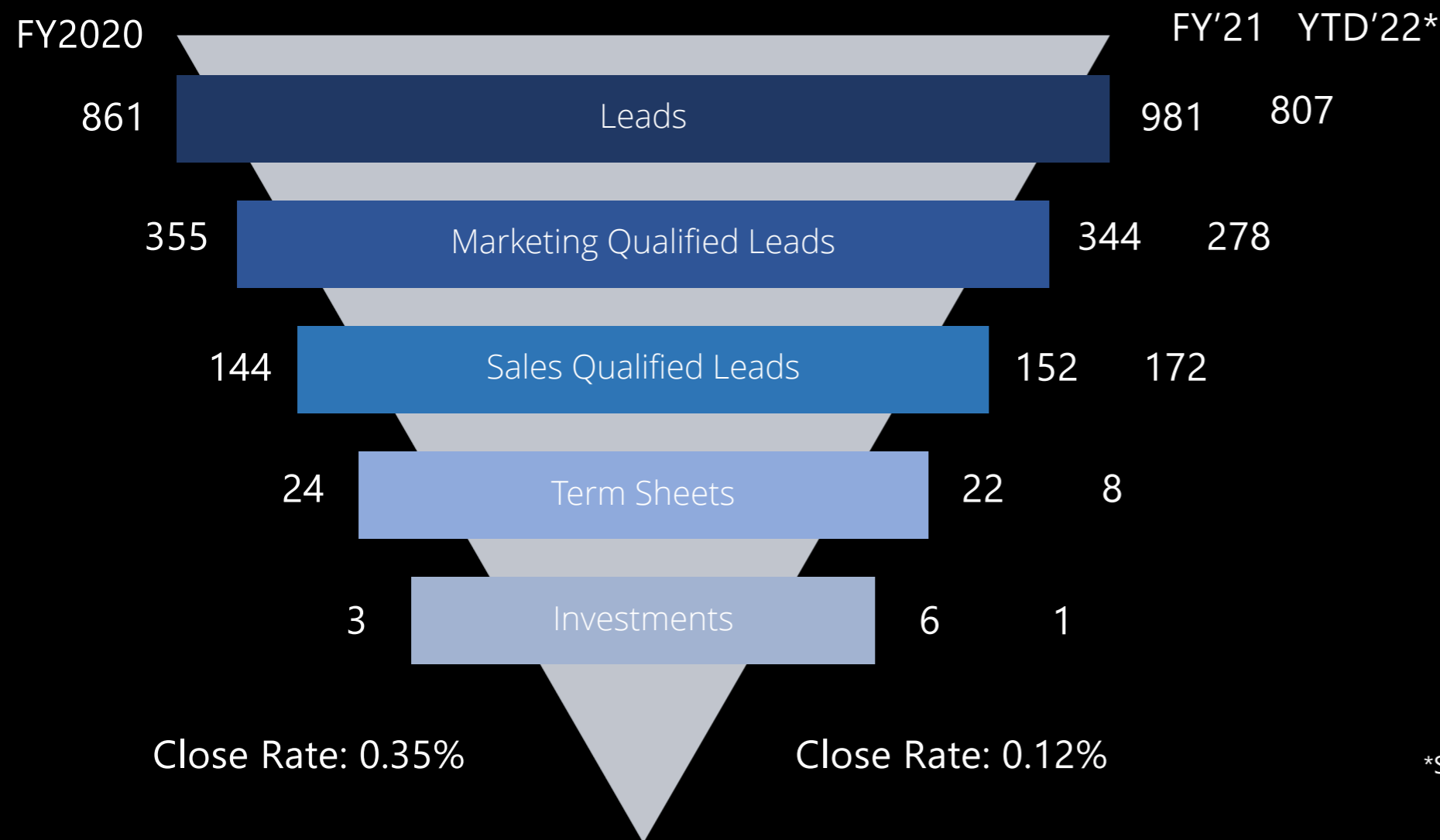


\*We perform in-depth, Institutional-level due diligence (3-6 weeks).

# Increasing Momentum in Key Areas

## Growing Pipeline, Growing Asset Base, and Growing Revenue

DEAL PIPELINE FUNNEL



DEAL SOURCING BY CHANNELS

Deal Sourcing Channels	Industry Average*	Flow Capital Leads	Flow Capital Term Sheets
Network Referrals	45%	18%	62%
Paid Digital Marketing	-	29%	11%
Organic Digital Marketing	-	29%	24%
Word of Mouth	14%	-	-
Cold Call/Cold Email	12%	23%	-
Follow-up on SEC Filings/Public Statements	11%	-	-
Follow-up on Published Reports	8%	-	-
Conferences/Events	6%	1%	3%
Other	4%	-	-
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Sourcing the Deal, Merrill Corp./The Deal, May 2010

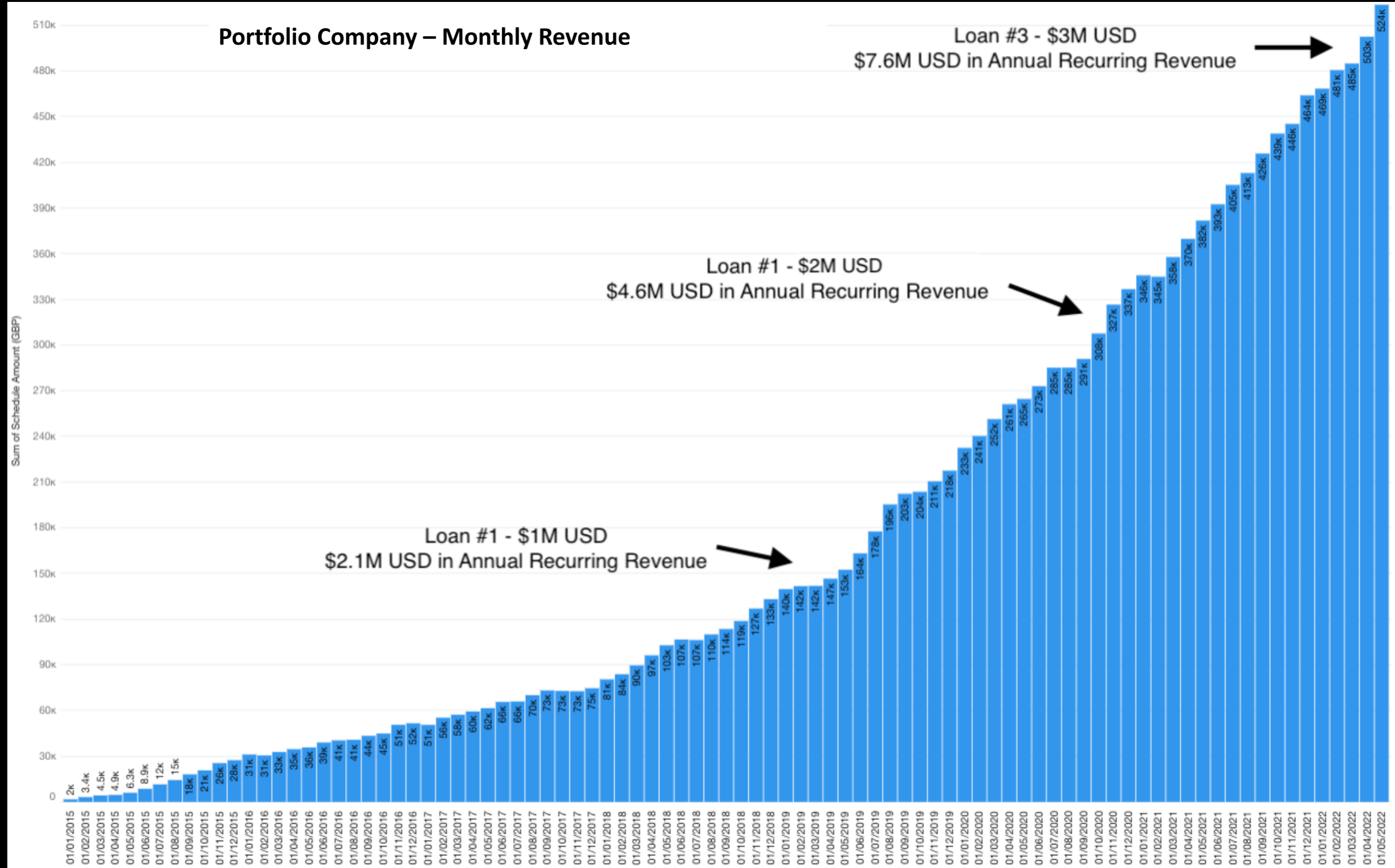
We have been consciously focusing on improving quality for deal selection through our in-depth due diligence process.

\* As of Nov 9, 2022

\* Past Close Rate is not indicative of future results.

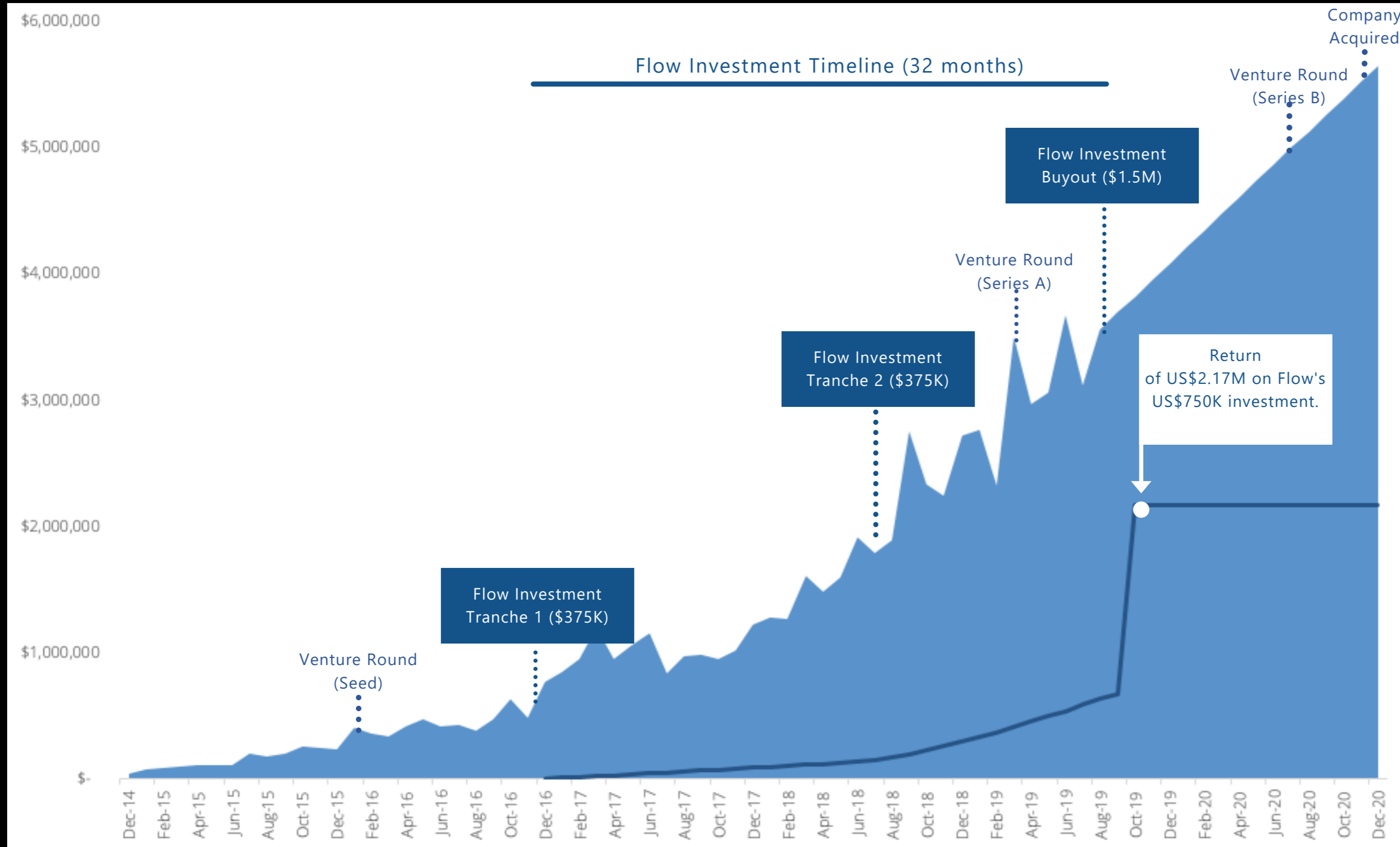
# Case Study #1

Capital to scale high-growth businesses.



# Case Study #2

Capital to scale high-growth businesses.



LEGEND:

- Investee Company Revenue
- Cumulative Revenue to Flow from Royalty Investment

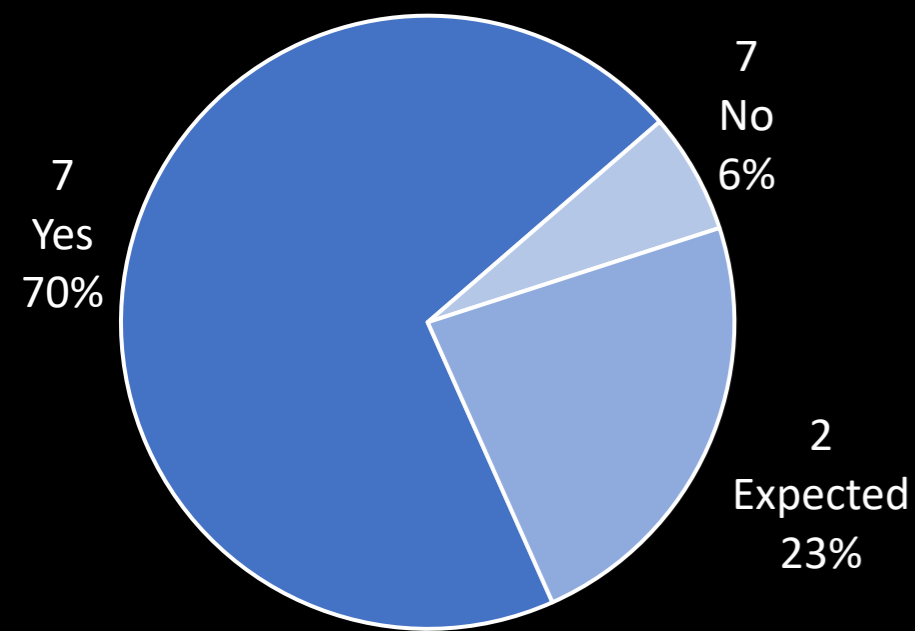
Cumulative return of 2.9X over 32 months.

*\*Factor 75 was a previous investment and might not be representative of all of our investments. Past Performance is not indicative of future results..*

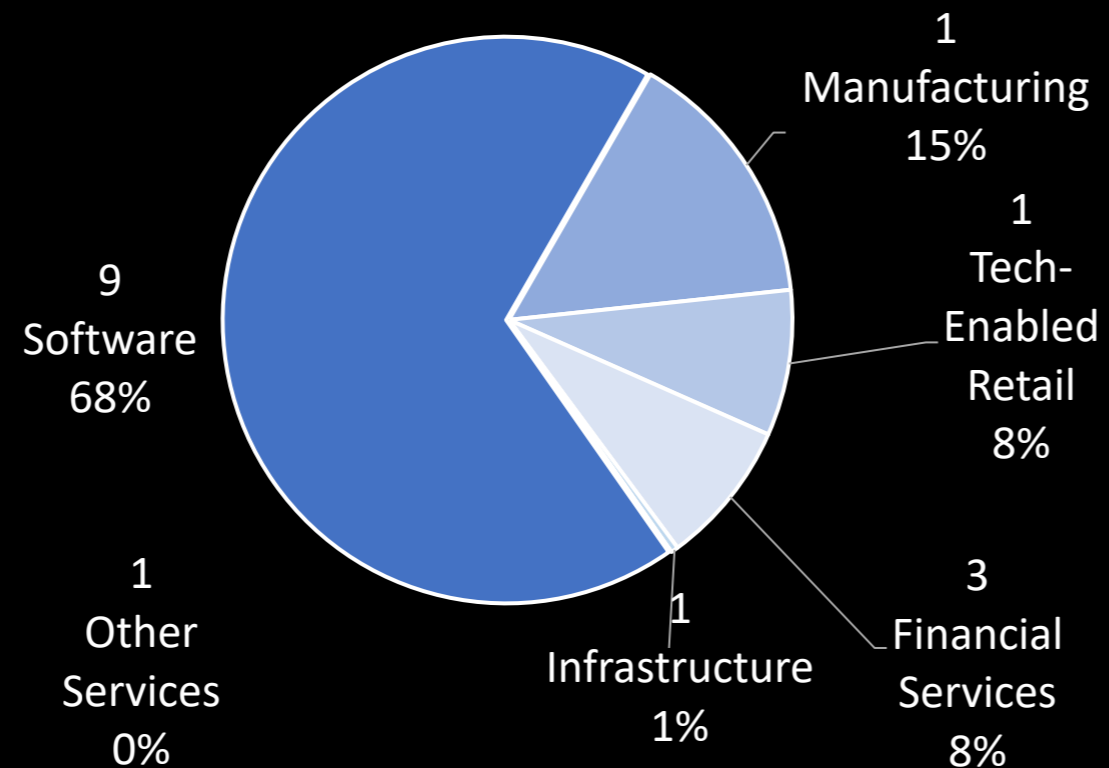
# Portfolio Snapshot: Well Diversified

REVENUE-GENERATING PORTFOLIO: TOTAL ASSETS OF C\$38.9M (SEP 2022)

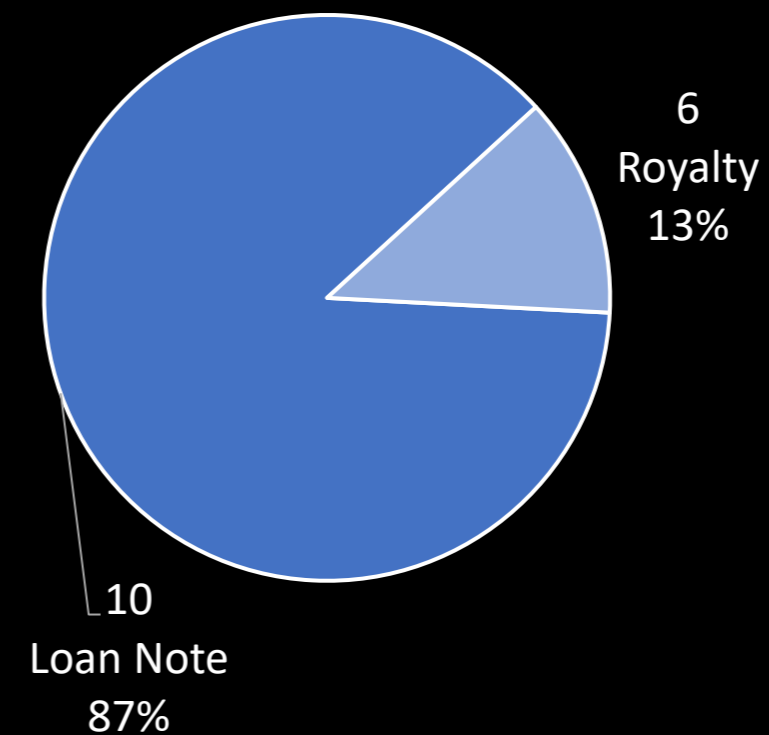
Recurring Revenue\*



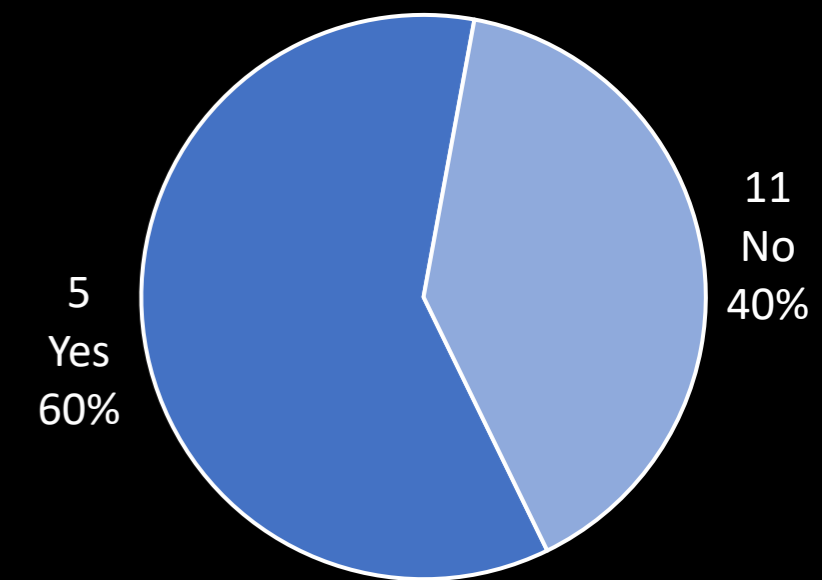
Investment By Industry Composition\*



Structure\*



VC- Sponsored\*



Two portfolio companies are moving towards a recurring business model

Equity portfolio matches the diversification of our active portfolio.

Increasingly focused on Secured debt investments relative to Royalties.

Prefer to work with VCs but open to non-VC-sponsored companies significantly increases our overall market opportunity.

All percentages based on dollar(CAD\$) value of aggregate deals.

# Why Do High-Growth Companies Use Debt ?

An excellent fit for high-growth companies in industries such as technology, SaaS, etc.



## DEFER

To defer dilutive equity issuance using the royalty investment as a bridge or as growth capital.



## COST

Businesses are typically growing at a faster rate than the cost of the loan.



## MINIMAL DILUTION

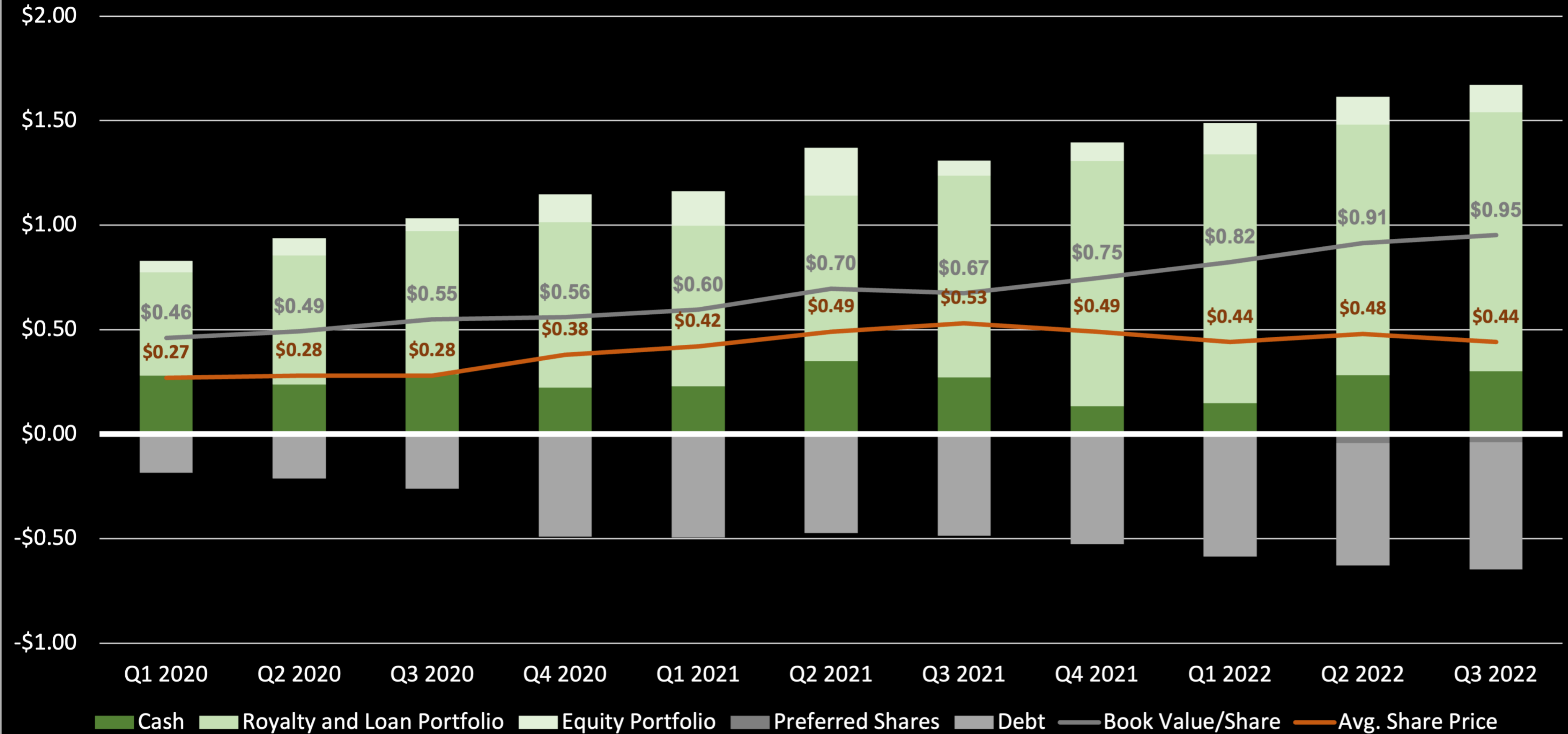
Venture debt and royalty investments typically have modest warrant coverage.



## REPAYMENT FLEXIBILITY

Royalty debt investments can be repaid at the company's option.

# Tangible Book Value Attributable to Common Shares



## Meet our Team

---

### **Alex Baluta**

CHIEF EXECUTIVE OFFICER

Alex has over twenty-seven years of professional experience in Canada and the US in investment banking, equity research, mergers and acquisitions, operations, consulting, and entrepreneurship. Alex was a top-ranked equity research analyst in Canada in the early 2000s, focused on the software sector. His primary focus throughout his career has been advising, analyzing, operating, and investing in small and medium-sized enterprises, primarily in high-growth technology sectors. He currently serves as Chief Executive Officer and Board Member at Flow Capital.

### **Arin Minasians**

VP OF CORPORATE DEVELOPMENT

Arin is focused on building strategic relationships with other lenders, investment banks, venture capital firms, and investors with the goal of matching opportunities with capital. Prior to joining Flow Capital, Arin worked as a Private Banker at two of Canada's largest banks where he developed relationships with some of Canada's most prominent families and business owners. Arin has a B. Comm, specializing in Finance, from the Ted Rogers School of Management at Ryerson University and holds the Certified Financial Planner designation.

### **Gaurav Singh**

CHIEF FINANCIAL OFFICER

Gaurav brings over 15 years of experience including several board and executive positions across a portfolio of small-cap Canadian public and private companies. He has undertaken leadership roles in corporate finance, strategy, trade-policy advocacy, and start-up operations across the Technology, Media, Mineral Resources, and Professional Services sectors, in India, Europe, and North America. He holds an MSc. in Finance from London Business School, U.K., and a Bachelor of Commerce from Delhi University, India.

### **Josh Axler**

PRINCIPAL

Prior to joining Flow Capital, Josh had deployed over \$200 million of credit facilities as an Investment Manager at Crown Capital Partners and as a Commercial Banking Associate at CIBC. Josh has also worked in business development roles with Hay Group and Xerox. Josh has a Bachelor of Arts, Honours Business Administration (HBA), and a Master of Business Administration (MBA) from the Ivey Business School at Western University. He also holds the Chartered Financial Analyst designation.



# Meet our Team

---

## **Matthew Gan**

VICE PRESIDENT

Matthew's prior experiences include investment banking, equity research, and corporate finance. Over his career, he has provided mergers & acquisitions advisory, corporate financial advisory, and capital-raising services for small and large cap enterprises. His past coverage includes companies operating in the media and telecommunications, technology, consumer products, and retail sectors, among others. Matthew has a Bachelor of Arts, Honours B.A (HBA) from Ivey Business School at Western University. He also holds the Chartered Financial Analyst designation.

**IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING**

The information contained in this presentation has been prepared by Flow Capital Corp. (the "Company") and contains confidential information pertaining to the business, operations and assets of the Company and its subsidiaries. The information contained in this presentation: (a) is provided as at the date hereof and is subject to change without notice; (b) does not purport to contain all the information that may be necessary or desirable to fully and accurately evaluate an investment in the Company; and (c) is not to be considered as a recommendation by the Company that any person make an investment in the Company. An investment in the securities described herein is speculative and involves a number of risks that should be considered by a prospective investor. Neither the Company nor any of its professional advisors, or any of their respective subsidiaries or affiliates, or any of their respective shareholders, directors, officers, agents, consultants, advisors or employees, makes any representation or warranty, express or implied, as to the accuracy, completeness or thoroughness of the information contained in this presentation, and none of the foregoing will have any responsibility whatsoever in respect of the accuracy or completeness of, or omissions from, this presentation or any other document or information, written or oral, supplied at any time to any recipient of this presentation or its subsidiaries, affiliates, agents or advisors in the course of its evaluation of the Company or in respect of any opinions, projections or other forward-looking statements expressed therein or omitted therefrom. None of the Company's professional advisors have independently verified any of the information contained herein and have not made an independent appraisal of the Company.

This presentation is confidential and is being provided to you solely for your information and may not be reproduced, in whole or in part, in any form or forwarded or further distributed to any other person. Any forwarding, distribution or reproduction of this presentation in whole or in part is unauthorized. By accepting and reviewing this presentation, you acknowledge and agree: (i) to maintain the confidentiality of this presentation, the information contained herein and all other information received in connection with your evaluation of a potential investment in the Company; (ii) to protect such information in the same manner you protect your own confidential information, which shall be at least a reasonable standard of care; and (iii) to not utilize any of the information contained herein or otherwise received except to assist with your evaluation of a potential investment in the Company. You will be liable for any damage caused by or resulting from any unauthorized disclosure or use of the information contained herein.

This presentation does not contain, nor does it purport to contain, a summary of all the material information concerning the Company or its subsidiaries, or the terms and conditions of any potential investment in the Company. If and when you determine to proceed with discussions and investigations regarding a possible investment in the Company, you are urged to carry out independent investigations in order to determine your interest in investing in the Company.

Neither the delivery of this presentation nor any sale of securities by the Company shall under any circumstances imply that the information set forth or incorporated by reference herein is correct as of any date subsequent to the date hereof. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information set out herein, and nothing contained in this presentation is, or shall be relied upon as, a promise or representation, whether as to the past or future.

Each person receiving this presentation acknowledges that: (a) such person has not relied on the Company or its professional advisors, or any of their respective subsidiaries or affiliates, or any of their respective shareholders, directors, officers, agents, consultants, advisors or employees, in connection with its investigation of the accuracy of such information or its investment decisions; and (b) no person is authorized in connection with any offering made hereby to give any information or make any representation other than as contained in this presentation and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:** This presentation contains certain "forward-looking information" and/or "forward-looking statements" within the meaning of applicable securities laws. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved".

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to several risks. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this presentation, the Company has made certain assumptions. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this presentation are made as of the date of this presentation. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

**RESALE RESTRICTIONS:** The securities described herein are being offered on a private placement basis in reliance upon prospectus and registration exemptions under applicable securities legislation. Resale of the securities offered hereby will be subject to restrictions under applicable securities legislation, which will vary depending on the relevant jurisdiction. Generally, such securities may be resold only pursuant to an exemption from the prospectus and registration requirements of applicable securities legislation or pursuant to an exemption order granted by appropriate securities regulatory authorities.

The securities contemplated by this presentation (the "securities") have not been and will not be registered under any United States federal or state securities law and may not be offered and sold in the United States, except that securities may be offered and sold to institutions that are "accredited investors" under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") in reliance on the exemption from such registration provided by Rule 506 of Regulation D.

This information does not constitute a general offer to the public of, or the general solicitation from the public of, offers to subscribe or purchase any securities in the United States. The distribution of this information and the offer and sale of securities in certain jurisdictions may be restricted by law. Persons into whose possession this information comes are required to inform themselves about and to observe any such restrictions.

**TAX:** Prospective investors should be aware that the purchase of the securities referenced herein may have tax consequences both in Canada and the United States. Each prospective investor should consult its own tax advisor concerning the investment described herein.

## STATUTORY RIGHTS OF ACTION

In certain circumstances, purchasers resident in certain provinces of Canada, are provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. Where used herein, "misrepresentation" means 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 in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

The following summary is subject to the express provisions of the applicable securities laws, regulations and rules, and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described here on which the Company and other applicable parties may rely. 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 advisor.

The following is a summary of rights of rescission or damages, or both, available to purchasers resident in the province of Ontario, New Brunswick, Nova Scotia and Saskatchewan. If there is a misrepresentation herein and you are a purchaser under securities legislation in Ontario, New Brunswick, Nova Scotia and Saskatchewan you have, without regard to whether you relied upon the misrepresentation, a statutory right of action for damages, or while still the owner of the securities, for rescission against the "Company". This statutory right of action is subject to the following: (a) if you elect to exercise the right of action for rescission, you will have no right of action for damages against the Company; (b) except with respect to purchasers resident in Nova Scotia, no action shall be commenced to enforce a right of action for rescission after 180 days from the date of the transaction that gave rise to the cause of action; (c) no action shall be commenced to enforce a right of action for damages after the earlier of (i) 180 days (with respect to purchasers resident in Ontario) or one year (with respect to purchasers resident in Saskatchewan and New Brunswick) after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years (with respect to purchasers resident in Ontario) or six years (with respect to purchasers resident in Saskatchewan and New Brunswick) after the date of the transaction that gave rise to the cause of action; (d) with respect to purchasers resident in Nova Scotia, no action shall be commenced to enforce a right of action for rescission or damages after 120 days from the date on which payment for the securities was made by you; (e) the Company will not be liable if it proves that you purchased the securities with knowledge of the misrepresentation; (f) in the case of an action for damages, the Company 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 misrepresentations; and (g) in no case will the amount recoverable in such action exceed the price at which the securities were sold to you. The foregoing is a summary only and is subject to the express provisions of the *Securities Act* (Ontario), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia) and the *Securities Act* (Saskatchewan), and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions contained therein. Such provisions may contain limitations and statutory defences on which the Company may rely.

Notwithstanding that the *Securities Act* (British Columbia), the *Securities Act* (Alberta), and the *Securities Act* (Quebec) do not provide, or require the Company to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this presentation or an amendment hereto contains a misrepresentation, the Company hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

In Manitoba, the *Securities Act* (Manitoba), in Newfoundland and Labrador the *Securities Act* (Newfoundland and Labrador), in Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provide a statutory right of action for damages or rescission to purchasers resident in Manitoba, Newfoundland, PEI, Yukon, Nunavut and Northwest Territories, respectively, in circumstances where this presentation or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

The statutory right of action described above is in addition to and without derogation from any other right or remedy at law.

