



# STATEHOUSE

H O L D I N G S

**BUILDING A PLATFORM TO CONSOLIDATE CALIFORNIA'S CANNABIS INDUSTRY**

September 2022

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The Company made the following assumptions and relied on the following factors and considerations in this presentation: 1) Targets are based on historical results of the underlying entities including the consolidated results of operations, where applicable; 2) Targets are subject to increased capacity and production estimates for flower yields and additional cultivation expansion plans being realized during fiscal year 2022; 3) Revenue sustainability and growth depend on a variety of factors, including among other things, location, competition, legal and regulatory requirements. Pricing is projected using a combination of ongoing and anticipated market trends, as well as recently realized wholesale and retail prices; and 4) Cost of goods sold, before taking into account the impact of fair value changes in biological assets (which are non-cash in nature, and, accordingly, are excluded from calculations of Adjusted EBITDA), has been projected based on estimated costs of production and capacity available from a vertically integrated supply chain. Cost of goods sold relating to retail inventory purchased from third-parties has been projected in line with historical levels. However, gross margin can be influenced by a number of factors including, among other things, the cost and yields of cannabis cultivation and production, wholesale cannabis prices, and other relevant factors.

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There are no comparable IFRS financial measures presented in Harborside’s unaudited condensed interim consolidated financial statements. Reconciliations of the supplemental non-IFRS financial measures are presented in the Company’s most recent management’s discussion and analysis (the “MD&A”). The Company believes that the non-IFRS measures provide information useful to shareholders and investors in understanding our performance and may assist in the evaluation of the Company’s business relative to that of its peers. For more information, please see “Use of Non-IFRS Financial Measures” in the Company’s most recent MD&A available on [www.sedar.com](http://www.sedar.com).

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There are a number of risk factors that could cause future results to differ materially from those described herein. A discussion of the principal risk factors relating to the Company’s operations and business, appear in the listing statement of the Company dated May 30, 2019, and the Company’s most recently-filed MD&A, both of which are publicly available on the Company’s profile on [www.sedar.com](http://www.sedar.com). Additional risks and uncertainties, including risks related to the Company’s acquisition of FGW Haight, Inc. and other potential acquisitions, and those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company’s business or any investment therein.

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Harborside derives 100% of its revenues from doing business in the cannabis industry in the U.S. The concepts of “medical cannabis” and “adult-use cannabis” do not exist under U.S. federal law. The U.S. Federal Controlled Substances Act classifies “marijuana” as a Schedule I drug. Accordingly, cannabis- related practices or activities, including without limitation, the manufacture, sale, importation, possession, use or distribution of cannabis and its derivatives are illegal under U.S. federal law and the enforcement of the relevant laws poses a significant risk. These laws and their enforcement are in flux and vary dramatically from jurisdiction to jurisdiction. The enforcement of these laws and its effect on the Company and its business, employees, directors and shareholders are uncertain, and accordingly, involve considerable risk. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance. See “Risk Factors” above.

# Company Highlights<sup>1</sup>

## StateHouse Holdings: Consolidating California



**Immediate scale achieved** with estimated combined pro forma 2021 revenue of \$190mm<sup>1,2</sup>

**Positioned to lead** in the largest cannabis market in the world as a reliable vertically integrated operating platform

**Top three retail platform in California** under one unified banner with further planned expansion

**Leading cultivation and manufacturing capabilities** drive strong operating performance

**Portfolio of established brands** with strong market positions

**Experienced and motivated executive team** with extensive experience in leading successful CPG and cannabis companies

**Growth drivers** in California's fragmented industry include retail and brand acquisitions, license applications and organic brand growth

# The California Market Opportunity

## The Largest Legal Cannabis Market in the U.S. (2025E \$bn)<sup>1</sup>



## Building a Leading House of Cannabis Brands Based in California

HARBORSIDE

urbn leaf

Smokies  
EDIBLES

Fuzzies

LOUDPACK

KINGPEN

SUBLIME

DIME BAG  
CANNABIS FLOWER





KEY

# Significant Opportunities to “Win” in a Fragmented California Market

California hosts a substantial number of operators, however very few have the installed asset base, branded product portfolio and capital required to be a meaningful player in the state

StateHouse is expected to boast strong market positioning with high growth potential through further consolidation across the value chain<sup>4</sup>

California has quickly evolved into a fragmented market...

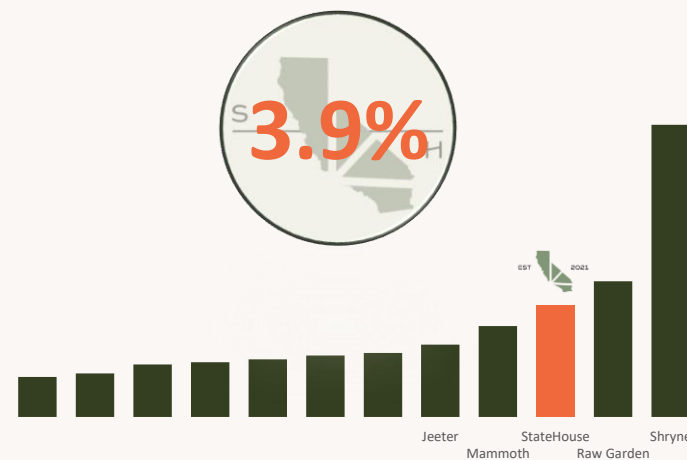
	7,800+ Cultivators <sup>3</sup>
	1,000+ Distributors
	1,300+ Consumer Brands
	1,000+ Retail Licenses (967 <sup>1</sup> operational)

...however recent developments provide a catalyst for growth

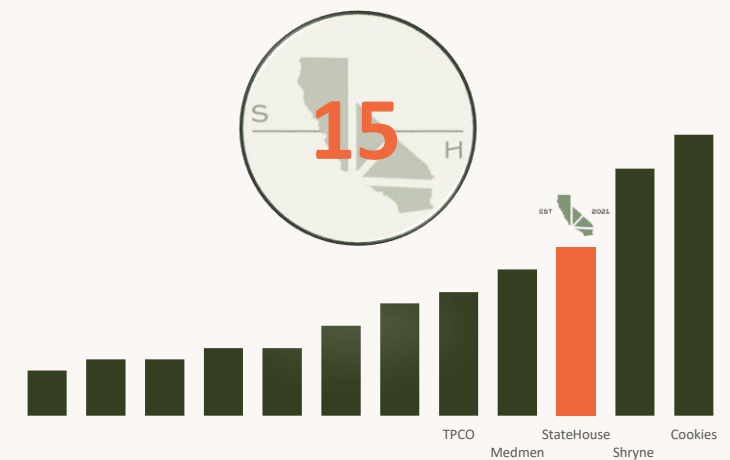
- Increased interest by local jurisdictions to approve cannabis retail to raise tax revenue
- Wider distribution and licensing opportunities
- Formation of Department of Cannabis Control, simplifying regulatory oversight

StateHouse is the #3 ranked brand house<sup>1</sup> and #3 ranked retailer<sup>2</sup> in California

Branded Products Market Share



Dispensary Count<sup>2</sup>



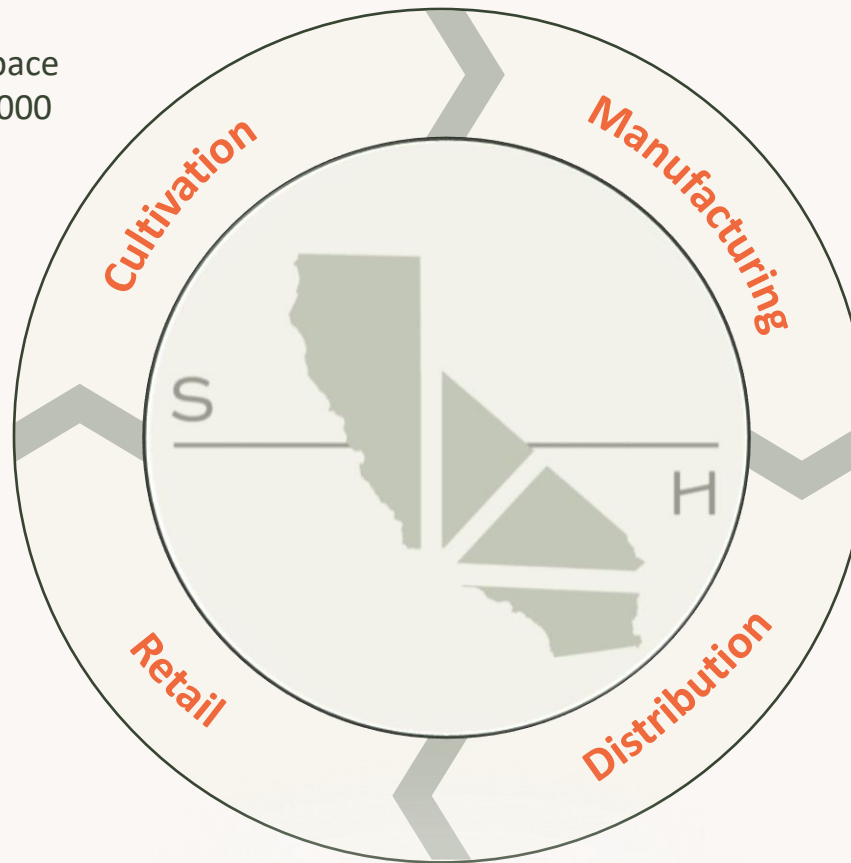
# Transformation Into A Leading California Platform<sup>1</sup>

## Reliable **Cultivation** Operations

- 230,000 sq. ft. of greenhouse cultivation space
- Additional expansion capacity of over 100,000 sq. ft. of canopy
- 36,000 pounds of production capacity with 22,000 pounds of additional expansion capacity<sup>1,3</sup>

## Leading **Retail** Platform

- #3 ranked retail platform in California<sup>1,5</sup>
- SoCal and NorCal dominance with 15 retail locations statewide



## Scaled **Manufacturing** Capability

- #3 ranked brand house in California by market share across multiple SKUs<sup>2</sup>
- State-of-the-art facility with manufacturing capabilities across all product types
- Existing facilities have an annual capacity of more than \$400mm in branded products revenue at full utilization<sup>1,4</sup>

## Extensive **Distribution** Network

- B2B distribution with statewide delivery capability, including in-house DTC platform
- Over 780 accounts (including 75% of dispensaries)<sup>6</sup>

# Strong Brand Positions Across Portfolio<sup>1</sup>



Pre-Roll Brand



Pre-Roll Brand



KINGPEN



Value Flower  
Brand<sup>3</sup>



Edible Brand<sup>2</sup>





# Focusing Where it Counts

## Pre-roll Sales

One of the fastest-growing segments of the California Cannabis market

**+21.3%**

Growth in pre-roll sales in California in Q1 2022 compared to the same period last year<sup>1</sup>

**14.2%**

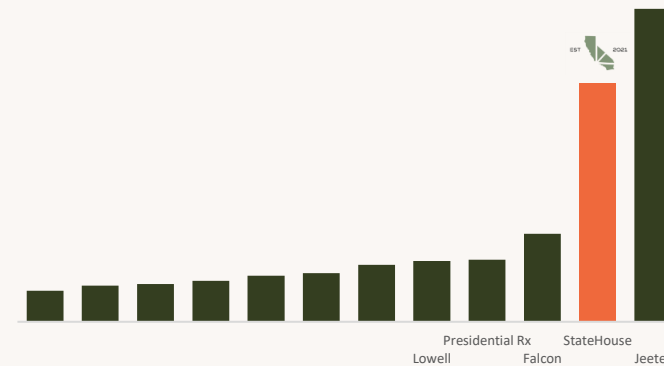
Pre-roll market share in Q1 2022 compared to 11.0% during the same period last year – the single best performing cannabis market segment in the state<sup>1</sup>

## StateHouse

### Strong position in pre-rolls

Fuzzies, Kingroll infused pre-rolls and Urbn Leaf pre-rolls are currently top sellers in the Company's stores

### Pre-Roll Market Share<sup>2</sup>



**12.8%**

Statehouse market share in the pre-roll category<sup>2</sup>, second only to Jeeter and substantially ahead of all other competitors



(1) BDS Analytics  
(2) Based on Q1 2022 LTM data from BDS Analytics

# Statewide Retail Presence

Omnichannel Strategy, Connecting to Customers Through Market Leading Storefronts and DTC Delivery

## One Unified Retail Banner

Consolidation of retail portfolio under the **Urbn Leaf** banner<sup>1</sup> for simplicity of operations and statewide recognition in both SoCal and NorCal with 15 total retail locations

## Leading In-Store Customer Experience

Sleek industrial aesthetic interior design, experienced budtenders with in-depth product knowledge

## Ease of Accessibility and Delivery

Statewide retail presence covering all major population hubs, coupled with in-house direct-to-consumer cannabis delivery services

## Diversified Product Offering and Private Label Opportunities

Stocked with a variety of products across multiple brands, form factors, and price points with more than 40% of retail store sales expected to be generated from in-house brands



# urbn leaf



**Retail locations to be converted/rebranded as Urbn Leaf stores, except for the original Harborside Oakland location**

**StateHouse is a top three retailer in the state and expected to gain further market share with a robust pipeline of additional storefronts through greenfield license applications and accretive acquisitions<sup>1,2</sup>**

# Rolling Up California

StateHouse expects to expand shelf space control through both **organic** and **M&A growth**<sup>1</sup>

**November 2021**

**Transformational  
combination of  
Harborside, Loudpack  
and Urbn Leaf**

**M&A  
Growth**

**Retail:** Attractive leases in limited-competition locations

**Retail:** Prime locations that can operate profitably and provide outsized opportunity to showcase brands

**Brands:** Category leaders

**Brands:** Fill product and target demographic gaps in current offering

**Organic  
Growth**

**Retail:** San Francisco & San Diego new locations both opened in April 2022

**Retail:** West Hollywood location targeted to open by end of year

**Retail:** Pursue organic license opportunities in select CA markets

**Brands:** Increase market penetration and average order sizes



**Retail  
Footprint**

**2021**

**12**

**2022**

**15+**

Accretive M&A for retail and  
branded product assets<sup>1</sup>

Goal to become a leading retailer of choice  
for in-store and direct-to-consumer sales



**Buyer Count  
Brand Presence**

**780**

**900+**

Expansion and strength in  
branded product presence in CA



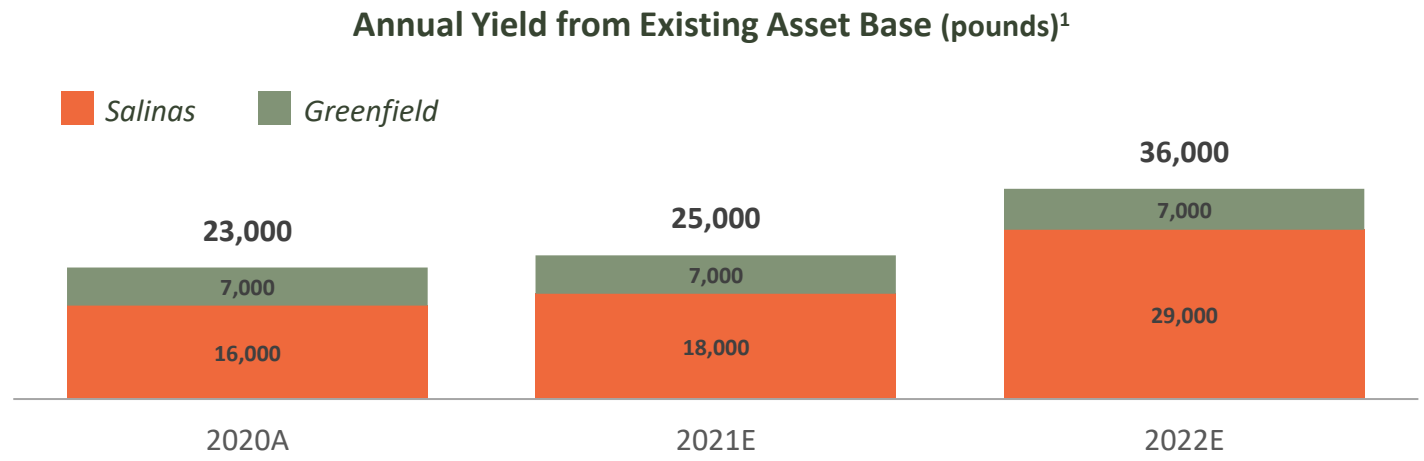
# Scaled Cultivation Platform

StateHouse’s cultivation platform is the heartbeat of the Company’s supply chain and is right-sized to meet 100% of its own retail needs without relying on the wholesale market<sup>1</sup>



Optionality to significantly expand cultivation as additional dispensaries operationalize and branded products evolve<sup>1</sup>

Salinas’ 4.9MW solar panel project funded externally offsets a significant portion of cultivation power consumption and sustainability goals<sup>1</sup>



Notes: (1) This is a forward looking statement that is subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements", and "Assumptions" on pages 2 and 3

# Strength in Manufacturing Driving **Top-Tier Portfolio** of Branded Products

StateHouse's manufacturing facility is the driving force behind several leading branded products and will continue to develop new brands and SKUs to win in California<sup>1</sup>

**State-of-the-art facility** with manufacturing capabilities for packaged flower, pre-roll, concentrates, edibles and vape SKUs

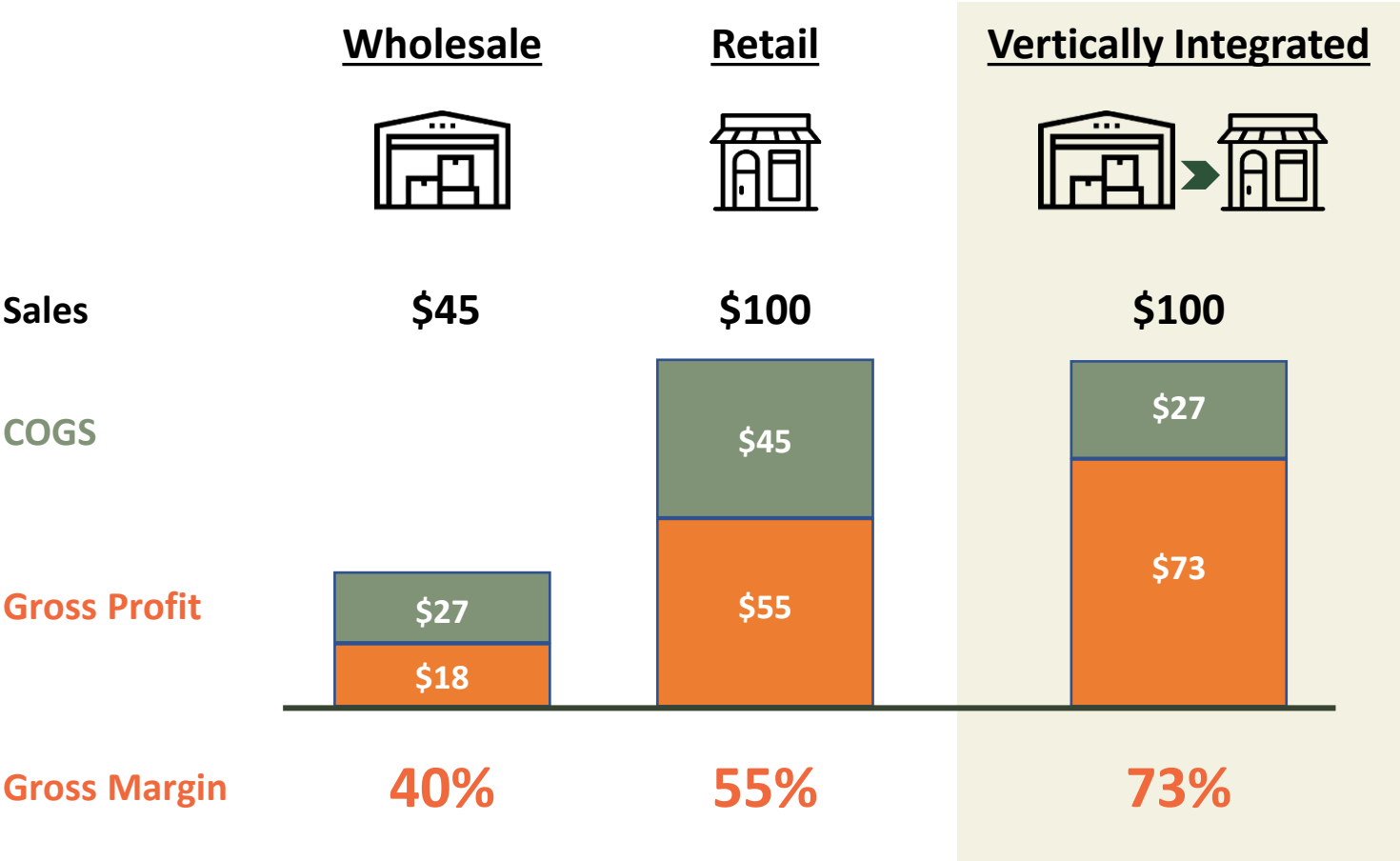
**Dependable manufacturing asset** as the driving force of StateHouse's brands and foundation for growth

**Significant investment in automation** to drive efficiencies and support high quality brand manufacturing

**Leading roster of branded products** provides coverage on each retail shelf from value to premium across all prominent SKUs



# The Vertical Integration Advantage<sup>1</sup>

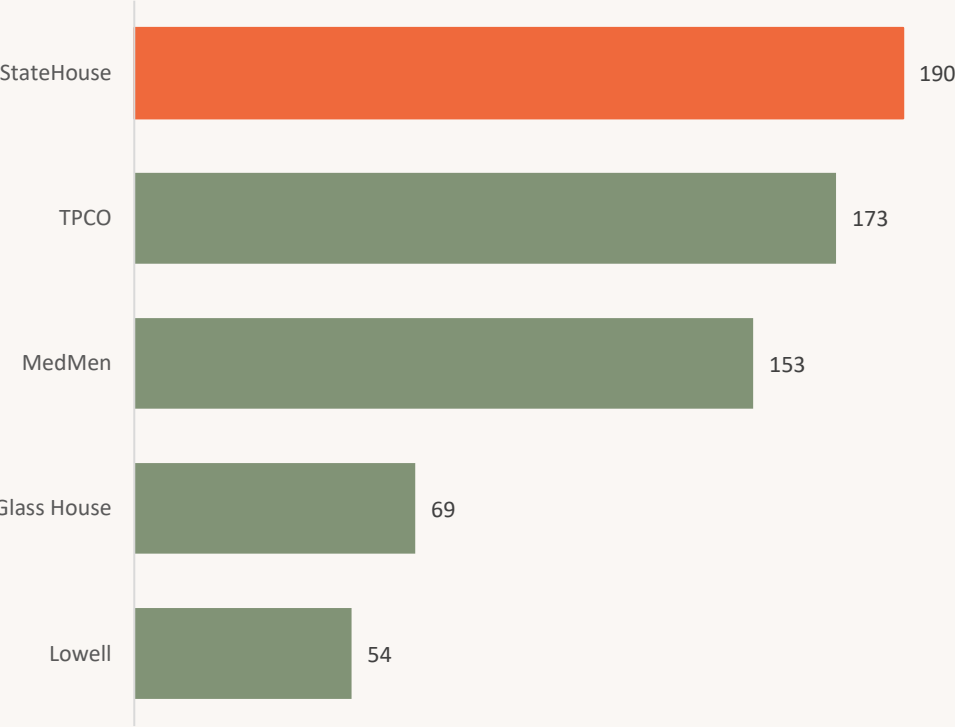


As a fully vertically integrated platform, StateHouse has reduced exposure to supply and pricing volatility, resulting in more consistent margins when compared to standalone operators<sup>2</sup>

Sources: Management estimates.  
Notes: (1) Illustration assumes that 100% of cultivated biomass in the vertically integrated business is used for internal retail. (2) This is a forward looking statement that is subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements", "Future-Oriented Financial Information" and "Assumptions" on pages 2 and 3. (3) This is a non-IFRS reporting measure. See "Non-IFRS Measures, Reconciliation and Discussion".

# Largest Public Operator in California Before Anticipated Synergies<sup>1</sup>

FY 2021 Revenue Relative to Public CA Peers (in US\$mm)



## Potential Synergies from the Combination



### Revenue Growth Factors

- Improved brand segmentation for a clear distinction between brands
- Consistent access to quality biomass to improve in-store stock rate
- Wider B2B distribution touchpoints
- Expansion of DTC platform



### Gross Margin<sup>3</sup>

- Scale, integration to eliminate suboptimal processes
- Improvement through optimal mix between in-house and third-party brands
- Target to achieve half of the shelf space filled with in-house products<sup>1</sup>



### Cost Optimization

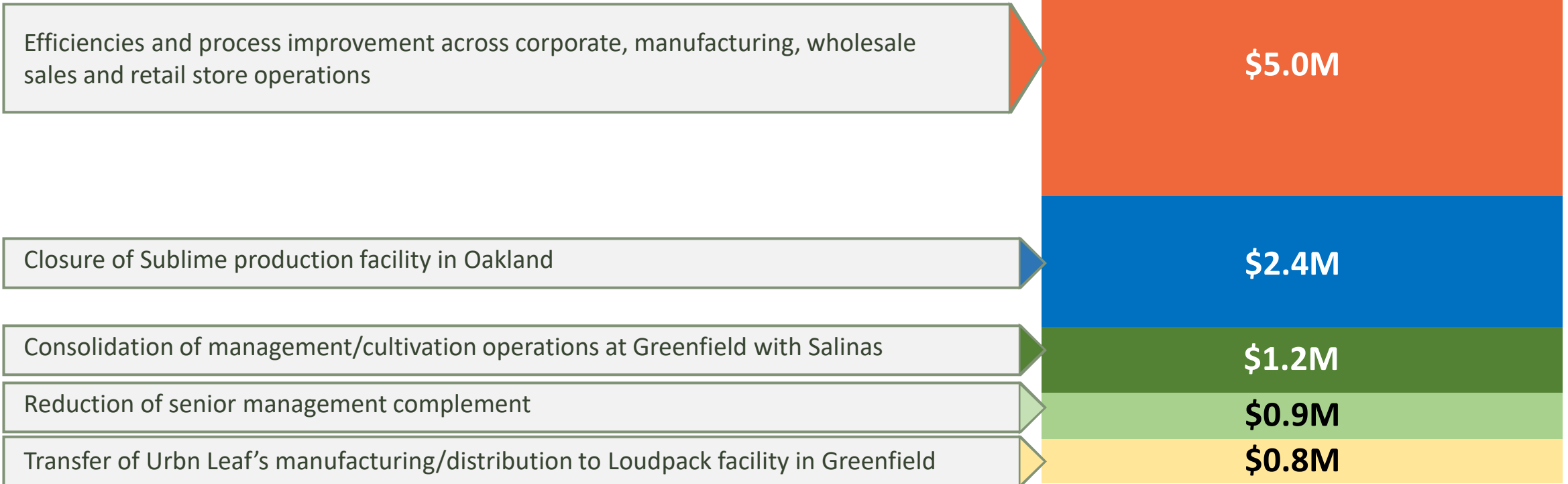
- SKU and brand rationalization
- Potential divestment of assets<sup>1</sup>
- Re-allocation of distribution and packaging to centralized facilities
- Efficiencies through sharing of distribution fleets

Sources: S&P Capital IQ, broker research estimates  
Notes: (1) This is a forward looking statement that is subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements" and "Future-Oriented Financial Information" on pages 2 and 3. (2) StateHouse pro forma FY 2021 revenue based unaudited results and on accounting methodologies currently used by underlying companies. Peers represent FY 2021 actuals and IMMEN consists of the consolidated results for the last 4 quarters to Dec-21. (3) This is a non-IFRS reporting measure. See "Non-IFRS Measures, Reconciliation and Discussion"



# Initial integration Creating Significant Cost Savings<sup>1</sup>

The first phase of the integration of Harborside, Loudpack, Urbn Leaf and Sublime is nearly complete, generating annualized cost savings of approximately \$10.3 million



Note: (1) This page contains forward looking statements that are subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements", "Presentation of Financial Information", "Future-Oriented Financial Information" and "Assumptions" on pages 2 and 3. These targets, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While Harborside believes there is a reasonable basis for these targets, such targets may not be met. These targets represent forward-looking information. Actual results may vary and differ materially from the targets.

# Capitalization

(In US\$ millions except for share data)

<b>Share Price (As of Sep 6, 2022)</b>	<b>C\$0.35</b>	<b>\$0.27</b>
Fully Diluted Shares Outstanding <sup>1</sup>		256.6
<b>Equity Value</b>		<b>\$68.4</b>
(–) Cash & Cash Equivalents		\$22.8
(+) Total Debt <sup>2</sup>		\$133.2
(+) Capitalized Leases		\$33.5
(+) Minority Interest		\$3.2
<b>Enterprise Value</b>		<b>\$215.5</b>

# StateHouse Holdings Relative to Peers

	Share Price	Mkt Cap	EV		Revenue			EBITDA <sup>4</sup>			EV / Revenue			EV / EBITDA		
	Trading	\$mm	\$mm		CY21A	CY22E	CY23E	CY21A	CY22E	CY23E	CY21A	CY22E	CY23E	CY21A	CY22E	CY23E
					\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm
<b>California Focused Operators</b>																
TPCO Holding Corp.	US\$0.90	\$99	\$40		\$173	\$114	\$118	(\$62)	(\$72)	(\$63)	0.2x	0.4x	0.3x	nmf	nmf	nmf
Lowell Farms Inc.	C\$0.27	\$39	\$86		\$54	\$54	\$77	(\$14)	(\$2)	\$14	1.6x	1.6x	1.1x	nmf	nmf	6.0x
Vibe Growth Corporation	C\$0.25	\$22	\$17		\$29	\$35	\$39	\$2	\$4	\$5	0.6x	0.5x	0.4x	7.6x	3.9x	3.4x
<b>Average</b>											<b>1.1x</b>	<b>1.0x</b>	<b>0.8x</b>	<b>7.6x</b>	<b>3.9x</b>	<b>4.7x</b>
<b>Median</b>											<b>1.1x</b>	<b>1.0x</b>	<b>0.8x</b>	<b>7.6x</b>	<b>3.9x</b>	<b>4.7x</b>
<b>Tier 1 U.S. MSO Average<sup>1</sup></b>											<b>3.4x</b>	<b>2.9x</b>	<b>2.4x</b>	<b>10.9x</b>	<b>10.0x</b>	<b>7.7x</b>
<b>Tier 2 U.S. MSO Average<sup>2</sup></b>											<b>2.8x</b>	<b>2.3x</b>	<b>1.6x</b>	<b>15.0x</b>	<b>19.0x</b>	<b>7.5x</b>
<b>StateHouse Holdings<sup>3</sup></b>	<b>C\$0.35</b>	<b>\$68</b>	<b>\$216</b>		<b>\$60</b>	<b>\$132</b>	<b>\$213</b>	<b>\$1</b>	<b>(\$6)</b>	<b>\$37</b>	<b>3.6x</b>	<b>1.6x</b>	<b>1.0x</b>	<b>&gt;100.0x</b>	<b>nmf</b>	<b>5.8x</b>

# Experienced Executive and Management Team

Proven operational excellence in managing successful CPG and cannabis companies



**Ed Schmults**  
*Chief Executive Officer*



**Tom DiGiovanni**  
*Chief Financial Officer*



**Will Senn**  
*Chief Corporate Development Officer*



**Jack Nichols**  
*General Counsel &  
Chief Compliance Officer*



**Marc Ravner**  
*President of Integration*



**Dina Howard**  
*VP of Human Resources*



**Angela Pih**  
*VP of Marketing*



**Robert Bacchi**  
*Chief Technology Officer*



**~\$190 million**

Pro forma 2021 revenue<sup>1</sup>

**14 retail locations**

And 1 new location in development

**Top 5 Brands**

Across 4 categories

**>780**

Accounts distributed to  
in California

**230,000**

Square feet of  
greenhouse cultivation

Sources: Company filings, management estimates

Notes: (1) This page contains forward looking statements that are subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements" and "Presentation of Financial Information" on pages 2 and 3. StateHouse pro forma 2021 revenue based on unaudited results and on accounting methodologies currently used Harborside, Sublime, Urban Leaf and Loudpack.

(2) Ranking based on BDS Analytics data for Q1 2022.

### STATUTORY RIGHTS OF ACTION

Securities legislation in certain provinces in Canada provides certain purchasers of securities pursuant to an offering memorandum with a right of action for damages or rescission, in addition to any other rights they may have at law, where the offering memorandum contains a “misrepresentation”, as defined in the applicable securities legislation. A “misrepresentation” is generally 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. A “material fact” is a fact that would reasonably be expected to significantly affect the market price or value of the securities.

An “offering memorandum” generally means a document, together with any amendments to that document, purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold pursuant to an exemption from the requirement to prepare and file a prospectus contained in applicable securities law, but does not include a document setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts. These rights, or notice with respect to thereto, must be exercised or delivered by the purchaser within the time limits prescribed by applicable securities legislation. Each purchaser should refer to the complete text of the relevant provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor. The rights of action for rescission or damages described herein are in addition to and without derogation from any other right or remedy that a purchaser may have at law. Set out below are descriptions outlining the rights of action available to purchasers resident in Ontario, Saskatchewan, New Brunswick, Nova Scotia and Newfoundland and Labrador which are required to be disclosed and are subject to the express provisions of the securities legislation of the applicable jurisdiction.

#### Rights for Purchasers in Ontario

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by an offering memorandum during the period of distribution will have, subject to certain limitations and statutory defences, a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer in the event that the offering memorandum contains a misrepresentation, without regard to whether the purchaser 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 has 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. 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, no person will be liable. In the case of an action for damages, 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 and in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

#### Rights for Purchasers in Saskatchewan

Under Saskatchewan securities legislation, in the event that an offering memorandum is sent or delivered to a purchaser of securities resident in Saskatchewan and contains a misrepresentation at the time of purchase, such purchaser will have, subject to certain limitations and statutory defences and without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for rescission against the issuer or for damages against: (i) the issuer; (ii) every promoter or director of the issuer at the time the offering memorandum was sent or delivered to such purchaser; (iii) every person who, or company that, sells securities on behalf of the issuer under the offering memorandum; (iv) every person who signed the offering memorandum; and (v) every person whose consent was filed in connection therewith (only in connection with statements made by that person). Similar rights are provided in respect of advertising or sales literature and verbal statements. If the purchaser elects to exercise a statutory right of rescission against the issuer or selling securityholder, the holder will have no right of action for damages. Saskatchewan securities legislation provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities and the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if such securities are sold in Saskatchewan in contravention of Saskatchewan securities legislation or a decision of the Financial and Consumer Affairs Authority of Saskatchewan. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action and a purchaser must commence an action for damages within the earlier of (i) one year after such purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six years after the date of the transaction that gave rise to the cause of action.

#### Rights for Purchasers in New Brunswick

Under New Brunswick securities legislation, a purchaser resident in New Brunswick who purchases securities offered by an offering memorandum will have, subject to certain limitations and statutory defences, a statutory right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person who signed the offering memorandum, or, while still the owner of the securities, for rescission against the issuer in the event that the offering memorandum contains a misrepresentation at the time of purchase, on which a purchaser is deemed to have relied. Similar rights are provided in respect of advertising or sales literature and verbal misrepresentations. 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. 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, no person will be liable. In the case of an action for damages, 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. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, such action shall be commenced before the earlier of (i) one year after the purchaser 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.

#### Rights for Purchasers in Nova Scotia

Under Nova Scotia securities legislation, a purchaser resident in Nova Scotia who purchases securities offered by an offering memorandum that is sent or delivered to such purchaser resident in Nova Scotia will have, subject to certain limitations and statutory defences, a statutory right of action for damages against the issuer, every person who signed the offering memorandum and every director of the issuer or, while still the owner of the securities, for rescission against the issuer, in the event that the offering memorandum contains a misrepresentation at the time of purchase, on which a purchaser is deemed to have relied. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. 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, no person will be liable. No action to enforce the foregoing rights may be commenced more than 120 days after the date on which payment was 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.

#### Rights for Purchasers in Newfoundland and Labrador

Under the securities legislation of Newfoundland and Labrador, a purchaser resident in Newfoundland and Labrador who purchases a security offered by an offering memorandum that is sent or delivered to such purchaser resident in Newfoundland and Labrador will have, subject to certain limitations and statutory defences, a statutory right of action for damages against the issuer, every person who signed the offering memorandum and every director of the issuer or, while still the owner of the securities, for rescission against the issuer, in the event that the offering memorandum contains a misrepresentation at the time of purchase without regard to whether the purchaser relied on the misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. 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, no person will be liable. No action to enforce a right of rescission may be commenced more than 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 plaintiff 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.

#### Rights for Purchasers in Manitoba

If an offering memorandum, together with any amendment to it, is delivered to a holder resident in Manitoba and contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a statutory right of action for damages against the issuer and every director of the issuer and every person or company who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer. If the holder elects to exercise the right of rescission, the holder will have no right of action for damages. This right of action is subject to the following limitations: (a) no such action may be commenced to enforce the right of action for rescission or damages more than (i) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission, or (ii) the earlier of (A) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or (B) two years after the day of the transaction that gave rise to the cause of action, in any other case; (b) no person or company will be liable if it proves that the holder had knowledge of the misrepresentation; (c) in the case of an action for damages, the defendant will not be liable for all or any part 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 (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum. Certain other defenses and exceptions also apply.

The foregoing summary is subject to any express provisions of the securities legislation of each offering jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.



# STATEHOUSE

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