Psygen

A New Generation of Psychedelic Medicines
PSYCHEDELICS HAVE THE POWER TO POSITIVELY ALTER THE HUMAN EXPERIENCE.
Forward Looking Statements

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No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon the Presentation Materials, and any representation to the contrary is an offence. Neither the Corporation nor any agent of the Corporation makes any representation or warranty, express or implied, and assumes no responsibility for the accuracy or completeness of the information contained in the Presentation Materials or any other oral or written communication transmitted to prospective investors, and nothing contained in this summary is, or shall be relied upon as, a promise or representation by the Corporation or any agent of the Corporation as to the past or future performance of the Corporation. The Corporation retains the right, at any time, to terminate any discussions or negotiations with prospective investors. In the event of such termination the Corporation will not be under any obligation to disclose the reasons for such termination nor will they have any liability to any recipient hereof for any costs whatsoever incurred in the consideration of the information contained in these Presentation Materials.
Forward Looking Statements

Forward-Looking Information

This Presentation contains forward looking statements with respect to the Corporation. By their nature, forward looking statements are subject to a variety of factors that could cause actual results to differ materially from the results suggested by the forward looking statements. In addition, the forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the forward looking statements will not prove to be accurate, that the Corporation’s assumptions may not be correct and that actual results may differ materially from such forward looking statements. Accordingly, readers should not place undue reliance on the forward looking statements. Generally forward looking statements can be identified by the use of terminology such as “anticipate”, “will”, “expect”, “may”, “continue”, “could”, “estimate”, “forecast”, “plan”, “potential” and similar expressions.

Forward-looking information contained in this Presentation and other forward looking information are based on opinions, estimates and assumptions of the Corporation’s management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management currently believes are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward looking statements contained in this presentation may include, but are not limited to statements with respect to the successful execution of the Corporation’s business and investment strategy (including its business model), manufacturing expectations, the Corporation’s intellectual property, entrance of the Corporation’s business into new markets, the use and benefits of its products, the Corporation’s favourable position in the market on a go-forward basis, demographic and market size/trends, forecasts of revenue and financial projections/growth potential, the use of proceeds from the sale of the Securities, competitive analysis, projected milestones, go-forward management, go-forward capitalization, anticipated governmental and regulatory approvals and timing thereof and other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance, review and approval dates, start-up timelines and schedules and statements related to the continued overall advancement of the Corporation’s business. These forward looking statements are based on a number of assumptions which may prove to be incorrect including, but not limited to: general economic, market and business conditions; the accuracy of cost estimates, ability to obtain sufficient capital on satisfactory terms; availability of supplies, technology and expertise; changes in customer demand; the successful and timely implementation of projects and the impact of changes in applicable laws and regulations.

The forward looking statements contained in this presentation are made as of the date hereof or the dates specifically referenced in this Presentation, where applicable. Except as required by law, the Corporation undertakes no obligation to update publicly or to revise any forward looking statements that are contained or incorporated in this presentation. All forward looking statements contained in this presentation are expressly qualified by this cautionary statement.

Future Oriented Financial Information

The Presentation Materials include forward-looking information about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical balance sheet, income statement or cash flow statement, including, but not limited to the information contained on the slide entitled “Financials” in this Presentation (“Financial Outlook”). Actual results may from vary from the Financial Outlook summarized in this Presentation. Management of the Corporation has approved the Financial Outlook as of March 2020. Financial Outlook has been included in the Presentation to assist potential investors in determining if this investment is suitable for their investment profile, and readers should be cautioned that the Financial Outlook summarized in this Presentation may not be appropriate for other purposes.
Treatment of mental health is undergoing a paradigm shift

Johns Hopkins University and Imperial College London are among dozens of institutions which are demonstrating success with psychedelics as therapy for treatment-resistant depression, anxiety, and drug addiction.¹

By 2026, the market for therapeutic agents for PTSD is projected to be $10.5B, and $15.9B for depression by 2023.²,³

Psychedelics will change the way mental health is treated, and as a result, we believe the human experience as a whole will improve.

¹ https://hopkinspsychedelic.org/, https://www.imperial.ac.uk/psychedelic-research-centre/
The world of medicine is already shifting

- Several U.S. jurisdictions have voted to decriminalize psychedelic plants and fungi.
  
  Related article

- The US FDA has granted expanded access to MDMA for PTSD patient treatment trials.
  
  Related article

- Netherlands Organization for Scientific Research is currently examining the psycho-pharmacology and genetic contributions to the positive effects of MDMA.
  
  Related article

- Three breakthrough therapy designations have been granted by the FDA for MDMA and psilocybin.
  
  Related article

- Psychedelic drug provides relief for veterans with PTSD.
  
  Related article

- Johns Hopkins Study of Psilocybin in Cancer Patients.
  
  Related article
We are the first manufacturer of restricted psychedelic drug products licensed by Health Canada*

Competition in synthetic manufacturing is scarce in the psychedelic industry.

A small number of companies exist, but few have the expertise and experience required to create GMP psychedelics for medical research.

Psygen is well-positioned to become a manufacturing focused leader in this emerging market.

Our pilot project is currently licensed to manufacture psilocybin, MDMA, LSD, DMT, mescaline, and 2C-B.*

All of our drug products comply with domestic and international regulations and meet strict drug approval protocols.

Our Drug Master Files, once issued, will document all statutorily required chemistry, manufacturing, and control documentation, ensuring that our products are safe, consistent, and of the highest quality.

*Our pilot project, sponsored by Psygen Research Foundation, has been operating at the University of Alberta for the last year under the license of Dr. Raimar Löbenberg, a Director of our affiliate, Psygen Inc. Management believes, based on available information, that we are the first licensed manufacturer.
Providing access to pharmaceutical-grade psychedelics

There’s a growing demand for a new type of medicine.

Psygen is building a cGMP compliant manufacturing facility dedicated to the synthesis and formulation of psychedelic drug products for clinical research and approved therapeutic applications.

With decades of synthetic experience, our team includes experts in medicinal and analytical chemistry, drug formulation, pharmacology, regulatory compliance, and intellectual property law, providing the nuanced approach required to produce and commercialize high purity drug products.

The Psygen business model is designed to advance psychedelics along the drug approval pathway, facilitating access for clinicians and patients who need these products for healing and recovery from a wide range of mental health challenges and addictions.
Our addressable market

A growing number of medical researchers and clinical trial sponsors are interested in understanding the use of psychedelics as a treatment strategy to improve mental health.

Once approved for use, we anticipate that licensed therapy professionals will rely on the high-quality psychedelics we create to treat patients suffering from mental health challenges, just as surgeons today use anaesthetics in surgery.
Psygen holds manufacturing trade secrets that allow us to create the highest quality psychedelic drug products. Our current principal market is clinical trial sponsors.

These trade secrets have taken decades to perfect, making our team a knowledgeable and well respected member of the scientific community.

We are able to create safe, efficient, and scalable reactions that result in the production of the highest quality and purity psychedelics.

Psygen is actively developing potentially novel compounds, formulations and synthetic approaches. Our intellectual property (IP) committee includes innovators with proven track records and subject matter expert IP counsel. We prioritize assessing patentability, clearance and other IP risks and opportunities.
We are designing our own Clinical Trial Applications to lay the foundation for Psygen's independent market position.

Our phased clinical trial program will pair specific drug products with specific indications. We will collect data on safety and efficacy, then present findings to regulatory authorities for market approval, which would result in 8 years of market exclusivity in Canada and 5 years in the United States.

Psygen is also conducting a biotech research and development program that may lead to novel ways of biosynthesizing precursors and psychedelic drug substances.
Community and Philanthropy

Psygen is committed to donating up to 10% of all profits to our charitable foundation for the following purposes:

Supporting programs that provide access to psychedelic therapies for people who cannot afford it.

Supporting Not-for-Profits and Research Foundations that are developing the foundations of transformative healing.

Investing in environmental programs that ensure the Earth we love so much is cared for.
Projected Roadmap

1. This timeline is based on management projections and assumptions, which are subject to general market conditions, the accuracy of cost estimates, the Corporation’s ability to raise sufficient capital on satisfactory terms, the availability of supplies, technology and expertise, the successful and timely implementation of projects and the impact of changes in applicable laws and regulations. This timeline is subject to change and management makes no undertaking to update this information accordingly.
## Financials

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* Includes $1.5M invested in our pilot project, Psygen Research Foundation, and $500,000 in our affiliate, Psygen Inc., to sponsor biotech research and initiate a clinical trial program.

1. These figures are based on projections and assumptions made by management.

**USE OF FUNDS**

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<th>WAGES &amp; WORKING CAPITAL</th>
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Statutory and Contractual Rights of Action for investors will follow our contact information.
Danny Motyka has long been a proponent of psychedelic medicine. Personal experience with psilocybin and LSD helped him understand and manage major depression, and ultimately inspired him to dedicate his attention to psychedelic medicinal chemistry. After graduating from the University of Victoria with an honours degree in chemistry, he began his rise through management at Aurora Cannabis. His career with Aurora included multiple years as General Manager of a cannabis cultivation and processing facility, providing foundational experience with the intricacies of good manufacturing practices, and a strong knowledge of the Controlled Drugs and Substances Act and the associated regulations.

Mark Haden is Adjunct Professor of the UBC School of Population and Public Health. In his practice, Mark Haden provides counselling to parents and individuals dealing with problematic substance use or special need, as well as critical incident debriefing for individuals and groups who have experienced traumatic events. Mark has been published multiple times on the issue of drugs and drug policy in publications such as the Canadian Journal of Public Health, International Journal of Drug Policy, Harm Reduction Journal, and International Encyclopedia of Public Health. He is currently involved with the British Columbia Health Officers Council drug policy committee and provides public information on drugs and drug policy.

Dr. van der Heyden’s research is focused on the chemistry, synthesis, and luminescent properties of lysergamides and tryptamines and their potential therapeutic applications. He is actively engaged in cGMP manufacture of several classical psychedelics for use in a wide range of clinical trials, and in biotechnological research that may lead to novel ways of assembling psychedelic drug molecules. His hands-on skills and detailed technical knowledge applicable to commercial scale, high-purity medicinal chemistry were acquired over several years of managing operations in a large manufacturing facility. Peter is Adjunct Professor in the Faculty of Pharmacy and Pharmaceutical Sciences at the University of Alberta. He has worked for 18 years in the pharmaceutical sector as founder and CEO of a private bioanalytical company.
Psygen

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STATUTORY AND CONTRACTUAL RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada may deem this Presentation to be an offering memorandum and accordingly provide purchasers with statutory rights of rescission or damages, or both, in the event this Presentation contains a misrepresentation. A “misrepresentation” is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made. These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defences contained in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in certain of the provinces of Canada where that is required to be disclosed under the relevant securities legislation, and as such, is subject to the express provisions of the legislation and the related regulations and rules. The rights described below are in addition to, and without derogation from, any other right or remedy available at law to purchasers of the Securities.

Ontario Purchasers

Ontario securities legislation provides that where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser will be deemed to have relied upon the misrepresentation and will, except as provided below, have a statutory right of action for damages or for rescission against the issuer and a selling security holder on whose behalf the distribution is made; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action. The Ontario legislation provides a number of limitations and defences to such actions, including: (a) the issuer or any selling security holder is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that the issuer or any selling security holder proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the securities were offered for sale.

These rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by or their winding-up in a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada); (c) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or (d) a subsidiary of any person referred to in clauses (a), (b), or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Manitoba Purchasers

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

Directors or Signatories will not be liable:

(a) if they prove the offering memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, promptly gave general reasonable notice that it was delivered without their knowledge and consent;

(b) if they prove that after becoming aware of a misrepresentation in the offering memorandum they withdrew their consent to the offering memorandum and gave reasonable general notice to the issuer of their withdrawal of consent;

(c) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert (“Expert Opinion”), if such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or

(d) with respect to any part of the offering memorandum not purporting to be made on an expert’s authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

No person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of misrepresentation. In an action for damages, the issuer, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the securities were offered for sale.

A purchaser of securities to whom the offering memorandum was not delivered prior to such purchase in circumstances where such offering memorandum was required to be delivered, has a right of rescission or a right of action for damages against any dealer who failed to deliver the offering memorandum within the prescribed time. A purchaser to whom such offering memorandum was required to be delivered has a right of rescission or a right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, (iii) every person or corporation who signed the offering memorandum, and (iv) any dealer who failed to deliver the offering memorandum within the prescribed time. A person or company to whom an offering memorandum was deemed to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised:

(a) in the case of an action for rescission, not later than 180 days from the time of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of: (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; and (ii) two years from the day of the transaction that gave rise to the cause of action.
Saskatchewan Purchasers

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

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

No person or company, other than the issuer, will be liable if the person or company proves that: (a) the offering memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; (b) after the filing of the offering memorandum or any amendment to it and before the purchase of securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company notified the issuer or company’s consent to not withstanding any misrepresentation in the offering memorandum or company’s withdrawal and the reason for it; (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it purporting to be a copy of or an extract from, 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; or (d) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the person’s or company’s authority as an expert or purporting to be a copy of or an extract from, the person’s or company’s own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert, (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or any amendment to it fairly represented the person’s or company’s report, opinion or statement, or (ii) on becoming aware that the part of the offering memorandum or any amendment to it did not fairly represent the person’s or company’s report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of the amendment to it; or (e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

The Saskatchewan legislation also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

The Saskatchewan legislation provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of Saskatchewan securities legislation, regulations or a decision of the Financial and Consumer Affairs Authority of Saskatchewan. The Saskatchewan legislation also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan legislation.

The Saskatchewan legislation also provides that a purchaser who has received an amended offering memorandum that was amended and delivered in accordance with such legislation has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser’s intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

New Brunswick Purchasers

New Brunswick securities legislation provides that where any information relating to an offering that is provided to a purchaser of the securities contains a misrepresentation, a purchaser who purchases the securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase. Such purchaser has a right of action for damages against the issuer or may elect to exercise a right of rescission against the issuer, in which case the purchaser has a right of action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action. The New Brunswick legislation provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of New Brunswick securities legislation, regulations or a decision of the Financial and Consumer Affairs Authority of New Brunswick. The New Brunswick legislation also provides a number of limitations and defences to such actions, including: (a) the issuer is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.
The right of action for damages or rescission described herein is conferred by Section 130.1 of the Securities Act (Newfoundland and Labrador) (the “Newfoundland Act”). The Newfoundland Act provides, in relevant part, that where an offering memorandum contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action (a) for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person or company who signed the offering memorandum and (b) for rescission against the issuer.

The Newfoundland Act provides a number of limitations and defences in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission: (a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and (c) in no case shall the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

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

Section 138 of the Newfoundland Act provides that no action shall be commenced to enforce these rights more than: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of an action for damages, the earlier of: (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

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

no action shall be commenced to enforce the foregoing rights:

in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or

in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the date the purchaser first had knowledge of the facts giving rise to the cause of the action, or (ii) three years after the date of the transaction that gave rise to the cause of the action;

The Prince Edward Island Securities Act provides that no person or company, other than the issuer, will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer, will be liable if it proves that (i) the offering memorandum was delivered to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent, (ii) after the delivery of the offering memorandum and before the purchase of the securities by the investor, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person’s or company’s consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or (iv) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation; or

in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.