



Blacksteel Energy

Blacksteel Energy Ltd.

Montney Light Oil Production - Significant Development Underway

Large Oil in Place
Low risk cash flow fueling near term growth
Strong rate of return



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Certain statements contained in this Presentation constitute “forward looking statements” as such term is used in applicable Canadian and US securities laws These statements relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable and assumptions of management In particular, statements concerning the timing of drilling upcoming wells, the future success of such wells, the ability of the Company to successfully complete and commercially produce, transport and sell oil from such wells, the maintenance of current production levels from existing wells and future wells, future crude oil pricing levels, the ability of the Company to fund future drilling operations, pipeline interruptions on existing or future pipelines, timing of completion of production facilities and pipeline, estimates of pipeline losses and events or projections referenced or implied herein should be viewed as forward looking statements All reserves estimates and estimates of future net revenue do not represent fair market value Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or are not statements of historical fact should be viewed as “forward looking statements” Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements Such risks and other factors include, among others, the costs and timing of exploration and production development, availability of capital to fund exploration and production development political, social and other risks inherent in carrying on business in a foreign jurisdiction, the effects of a recessionary economy and such other business risks as discussed herein and other publicly filed disclosure documents

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended Investors are cautioned that such forward looking statements involve risks and uncertainties There can be no assurance that such statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward looking statements contained in this Presentation The forward looking statements contained herein are expressly qualified by this cautionary statement Forward looking statements are made based on management’s beliefs, estimates and opinions on the date hereof and the Company undertakes no obligation to update any forward looking statements contained herein whether as a result of new information, future events or otherwise, except as required by applicable law.

Investment Highlights

- Proven Management team and Board that has built and operated assets over 70,000 boe/d
- Montney oil project with significant oil in place
- 182% growth in 2P Reserves per share year over year: **\$0.36/share as of August 2023**
- 20+ development drilling locations
- High recycle ratio of 3x+
- Re-listing on a recognized exchange expected in late 2023
- No debt and \$27 million in tax pools to shelter income
- Track record of execution:
 - Closed the acquisition of partner to consolidate ownership to 100% and operatorship
 - Completed installation of upgraded facilities to handle higher oil production
 - Completed workovers and reactivation of 4 wells
 - Raised production from zero to ~100 barrels of oil per day within 2 months of project commencement

➤ **Strategy: Low Risk Domestic Growth**

- Acquire high productivity land on trend to increase drilling locations, reserves, production and cash flow
- Use existing tax pools to minimize taxes
- Experienced team in-place to grow and acquire assets
- Evaluating acquisition of bolt on value-add producing opportunities

Management & Board of Directors

MANAGEMENT

- Duncan Nightingale – President & CEO – Frontera Energy, Gran Tierra Energy, EnCana, Nexen
- Jeff Callaway, Executive VP and CFO - Blacksteel, Longship Energy, High Ground Medica
- John McLeod, COO - Heritage, Rally, United Hydrocarbon, Pengrowth, Arakis, Amoco
- Derek Batorowski, Controller - Blacksteel, Bacanora

BOARD OF DIRECTORS

- Jeff Callaway - Blacksteel, Longship Energy, High Ground Medica
- Eugene Chen - Partner, McLeod Law LLP
- Duncan Nightingale – Frontera Energy, Gran Tierra Energy, EnCana, Nexen
- Bettina Pierre-Gilles – BP, Prairie Provident, Piikani Investment Corporation, Pierre-Gilles & Associates Professional Corp (CPA)

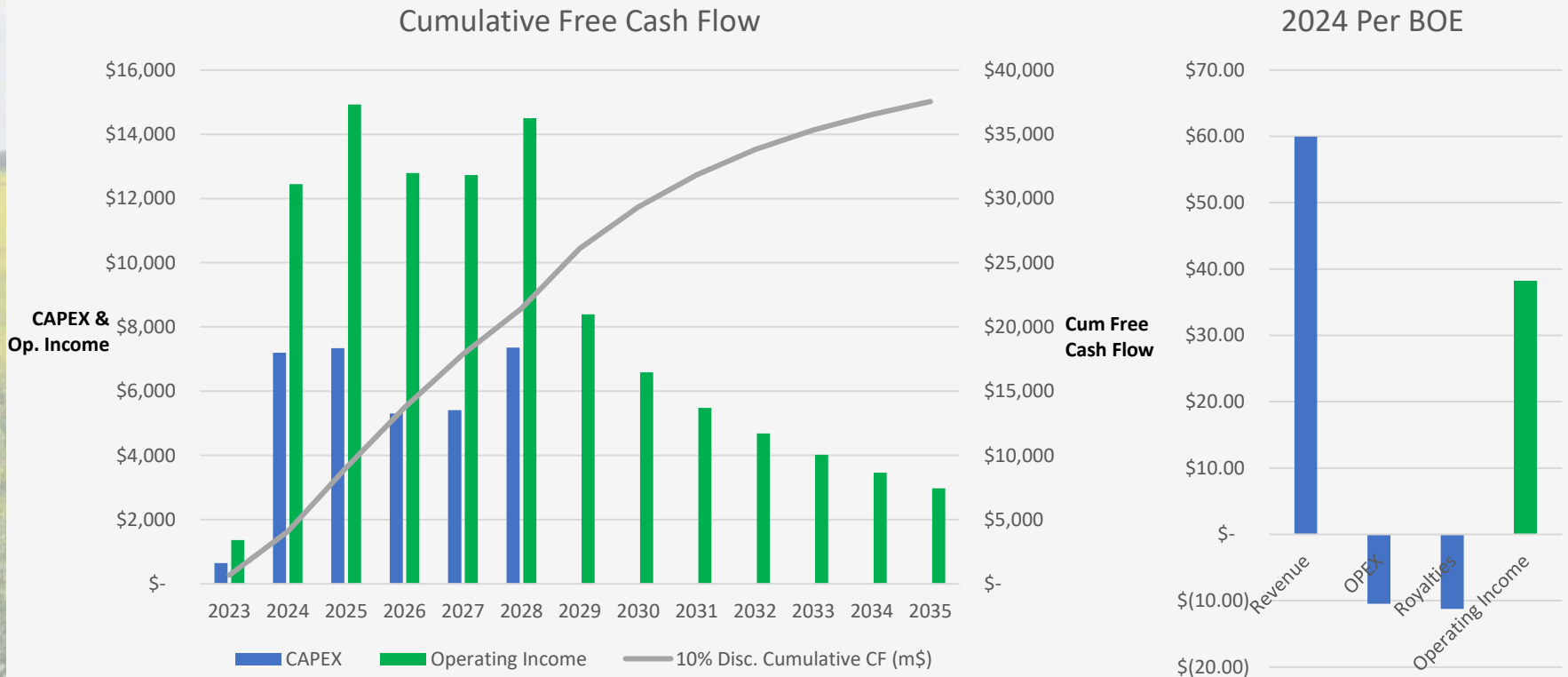
Girouxville Alberta Highlights

- **\$40 million CAD NPV10 BT Total Proved & Probable: \$0.36/share as of June 2023**
- **100% Ownership & Operator**
- **High recycle ratio of 3x+**
- **Light oil production on-stream from 3 producing wells: ~100 boe/d**
- **7,040 acres of Montney lands**
- **200 + million barrels of oil in place; up to 30 meters of oil pay**
- **20+ Montney horizontal development locations identified plus delineation opportunities**
- **318 boepd IP30 producing rate for type development well, (65% light oil)**
- **Expected Ultimate Recovery, (EUR) per well average of 150,000 barrels of oil equivalent**
- **~\$2.2 Million per well to drill, complete and equip with pumpjack**
- **Year-round access adjacent to a major highway – 45 minutes north of Valleyview**
- **\$27 million in tax pools to shelter income**



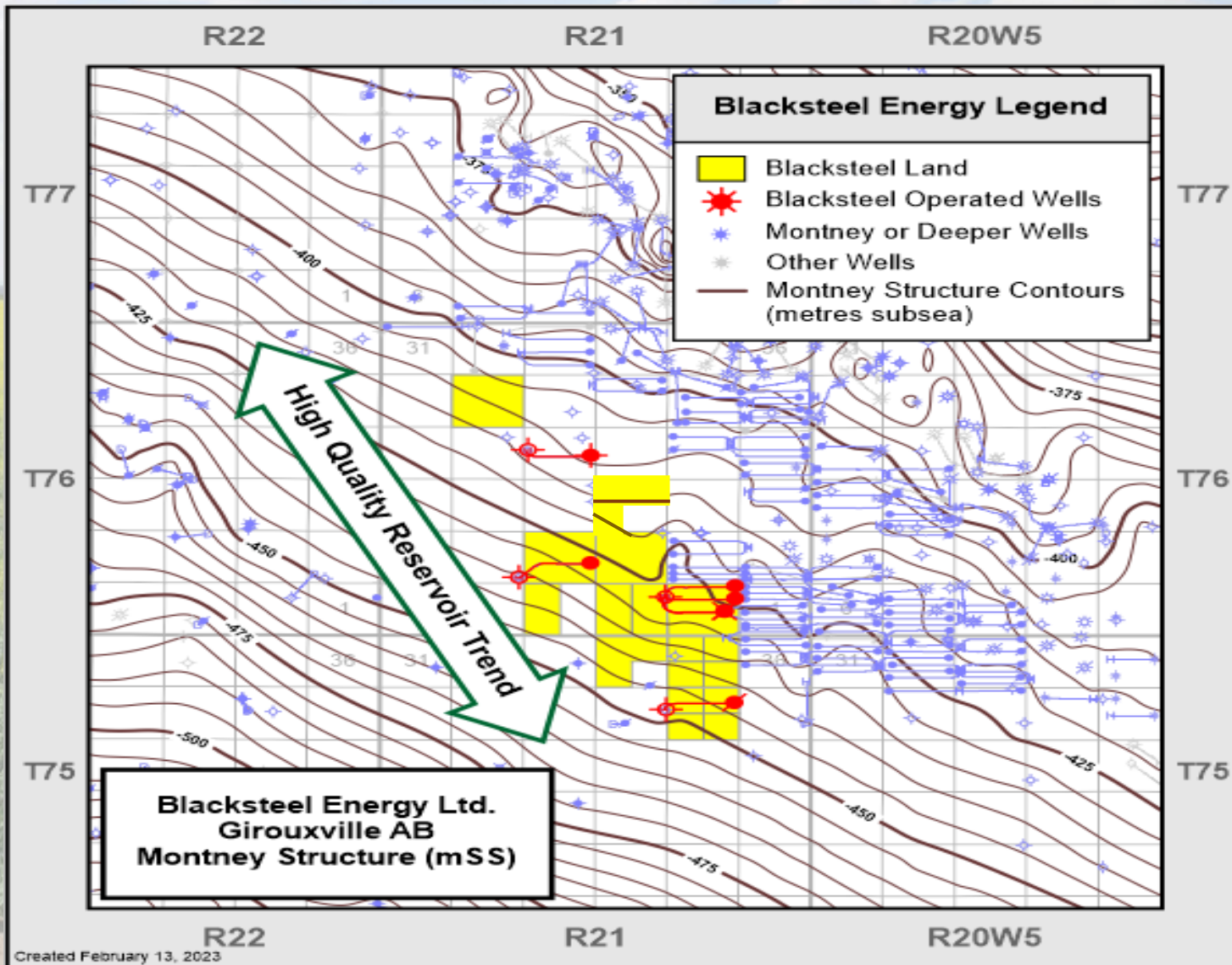
Shipping oil from the battery April 7, 2023

Free Cash Flow & Per BOE Economics



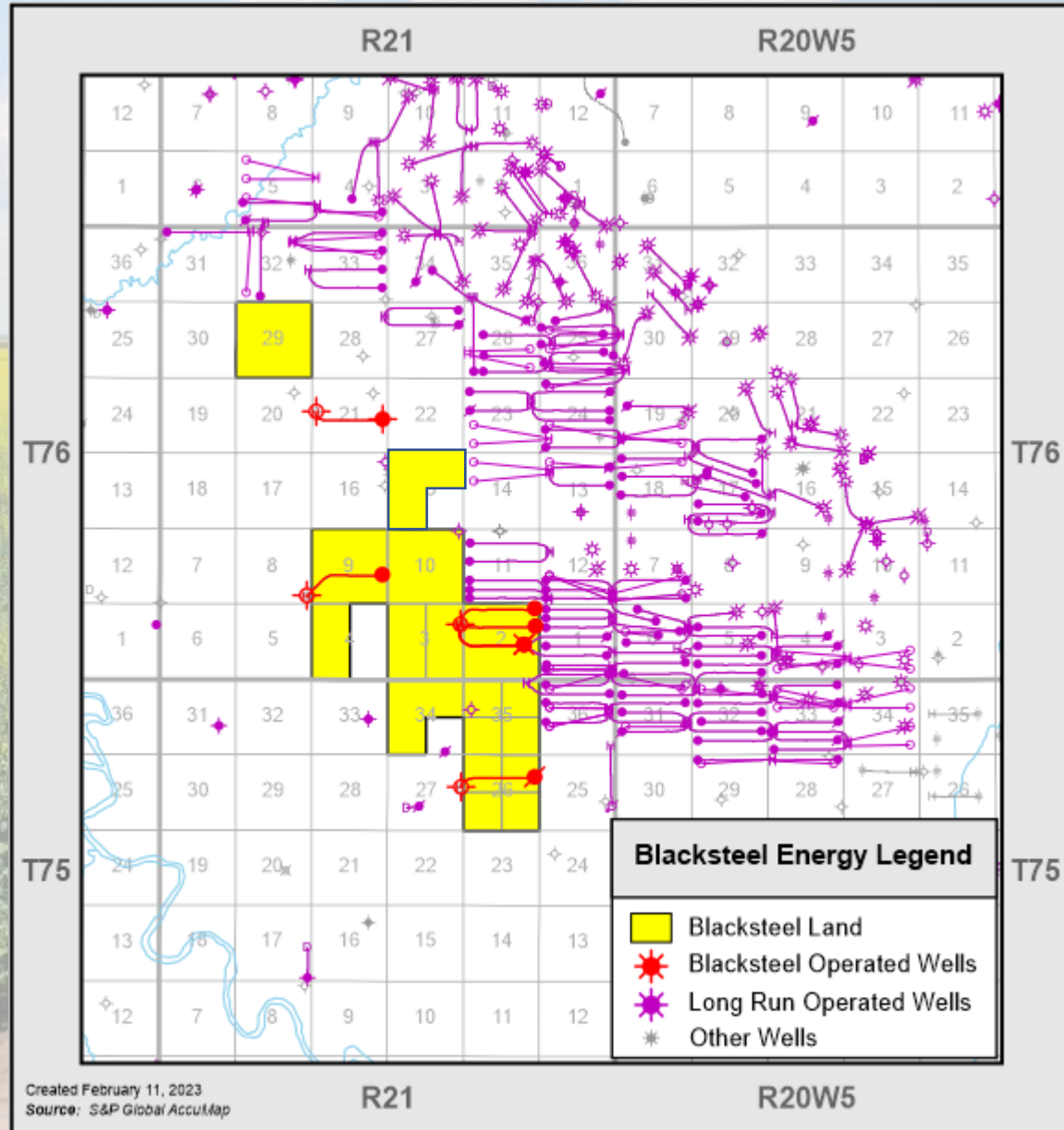
\$8 million capital investment program generates enough cash flow to fund future development
\$38.24: Operating Income per boe estimated by independent reserve auditor

Montney Structure



Girouxville Land and Wells

- Land base is gross 7,040 acres.
- 3 horizontal producers, 1 SWD injection well
- Property is adjacent to, and on trend with, Montney pool operated by Long Run Exploration
- “Young” property as oldest well was drilled in 2013 means no heritage liability issues
- Cumulative production from each of 9-2 and 16-2 wells places them in the top four wells of the Girouxville East Montney ‘S’ pool (68 wells)
- This area is a confirmed production **sweet spot** as 3 out of the top 4 wells are located here



Blacksteel Reserve Report 2023

	PDP	Proved	Proved + Probable
April 30 2023 Year end Reserves (boe)	343,000	1,794,000	3,317,000
Year over Year Increase (%)		449%	396%
2023 BT NPV10 Reserve Value (\$m)	\$ 4,197	\$ 21,855	\$ 39,841
Year over Year Increase (%)		391%	407%
2023 F&D with technical revisions (\$/boe)	\$ 4.73	\$ 12.34	\$ 11.39
Recycle Ratio	8.1	3.1	3.4
Reserve Life Index	17.7	19.7	23.7

18 wells to drill, 22 in production at full development

\$8 million funds 5 year CAPEX program generating annual free cash flow

1067 boe/d: Peak production in 2025

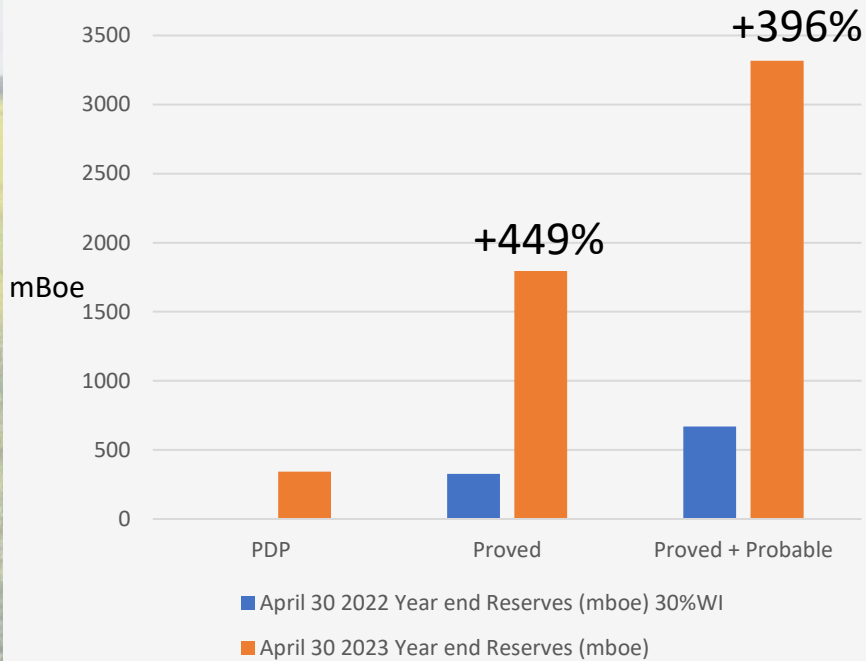
978 boe/d: 2024 – 2028 Average production

Recycle Ratio: 3.4x

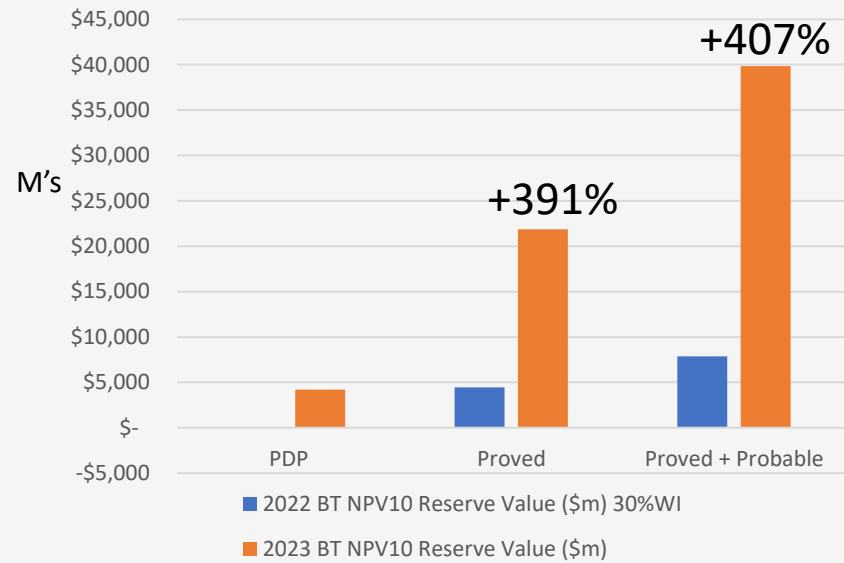
Gross Reserves before Royalties
Recycle Ratio = Operating Income/Finding & Development cost per barrel of oil equivalent (boe)

Blacksteel Reserve Growth

Reserve Growth Year Over Year



Net Present Value Growth of Reserves Year Over Year



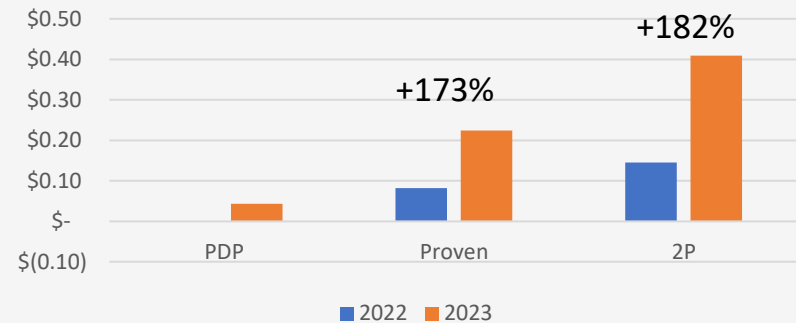
Per Share Growth of Reserves

Reserves per share almost tripled year over year*

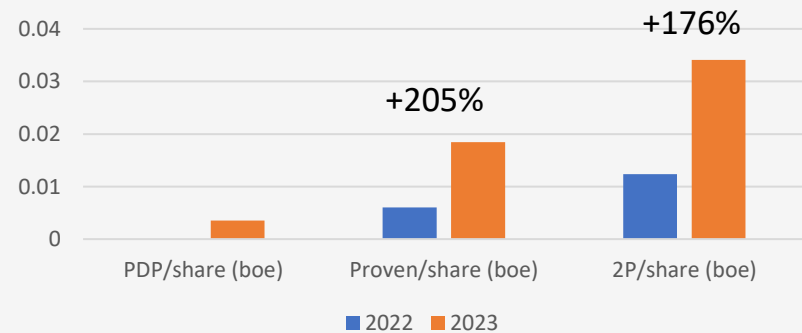
	PDP/share (boe)	Proven/share (boe)	2P/share (boe)
2022	0.000	0.006	0.012
2023	0.004	0.018	0.034
		205%	176%
	PDP	Proven	2P
2022	-\$ 0.00	\$ 0.08	\$ 0.15
2023	\$ 0.043	\$ 0.22	\$ 0.41
		173%	182%

*as of April 30, 2023

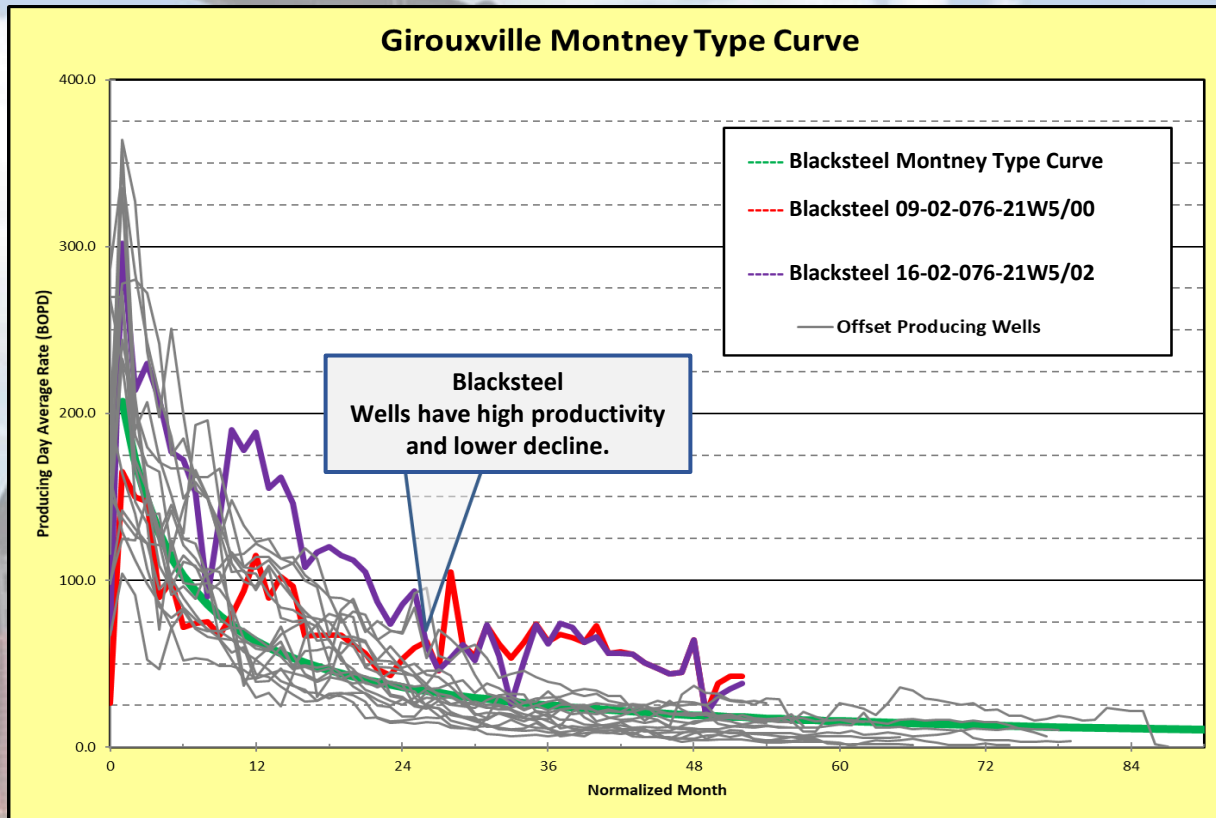
Reserve Value Per Share



BOE Reserves Per Share

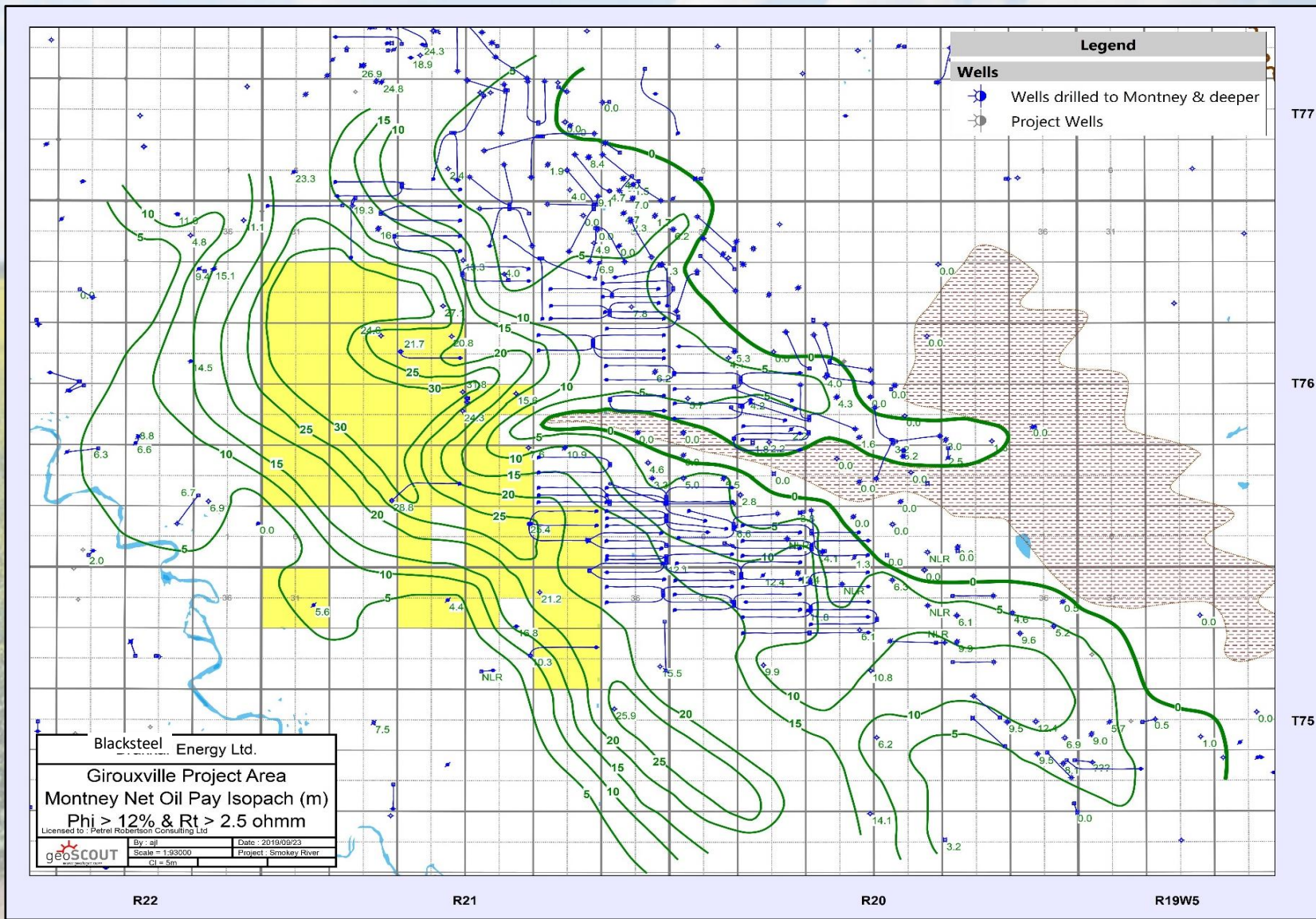


Girouxville Montney Type Curve

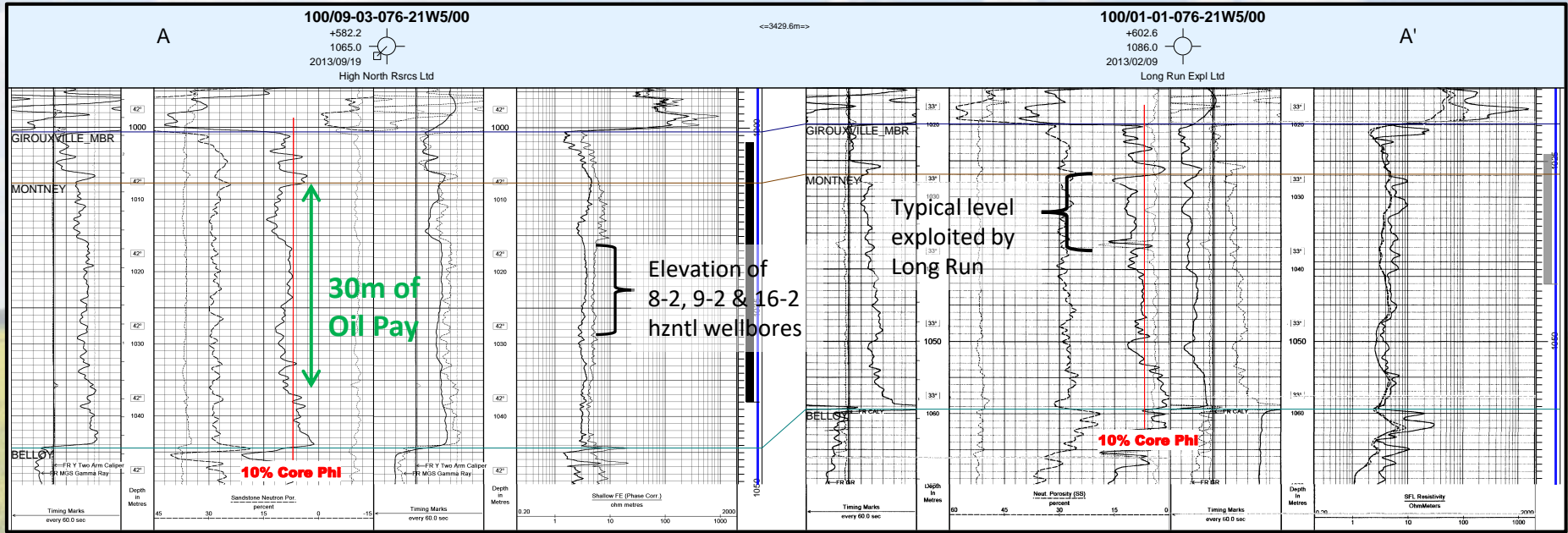


- Blacksteel wells were drilled 8 – 10 metres below the top of the Montney delivering lower decline rates. Long Run wells were drilled at the top of the reservoir zone and exhibit higher declines
- The shallow decline after Year 1 of the Blacksteel wells is attributed to well having greater exposure to a larger stimulated reservoir volume
- Production mechanism is solution gas drive – as the pressure drops, the solution gas expands and pushes the oil to the wellbore so maximizing the well bore exposure to a higher stimulated rock volume is key

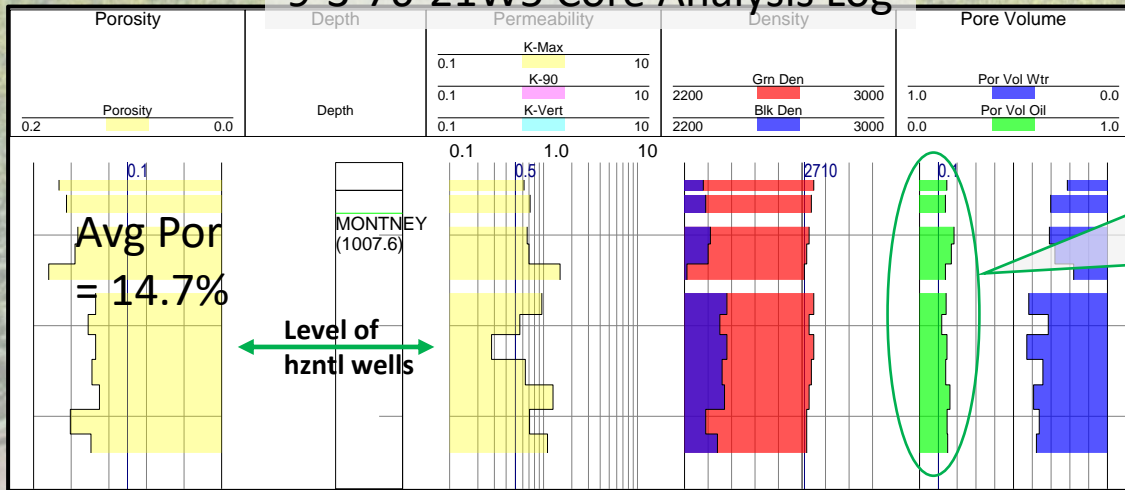
Montney Net Oil Pay Isopach



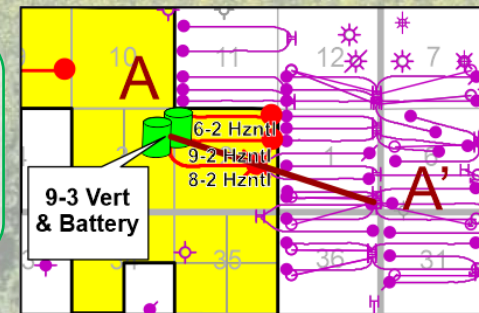
Montney Pay Zone



9-3-76-21W5 Core Analysis Log

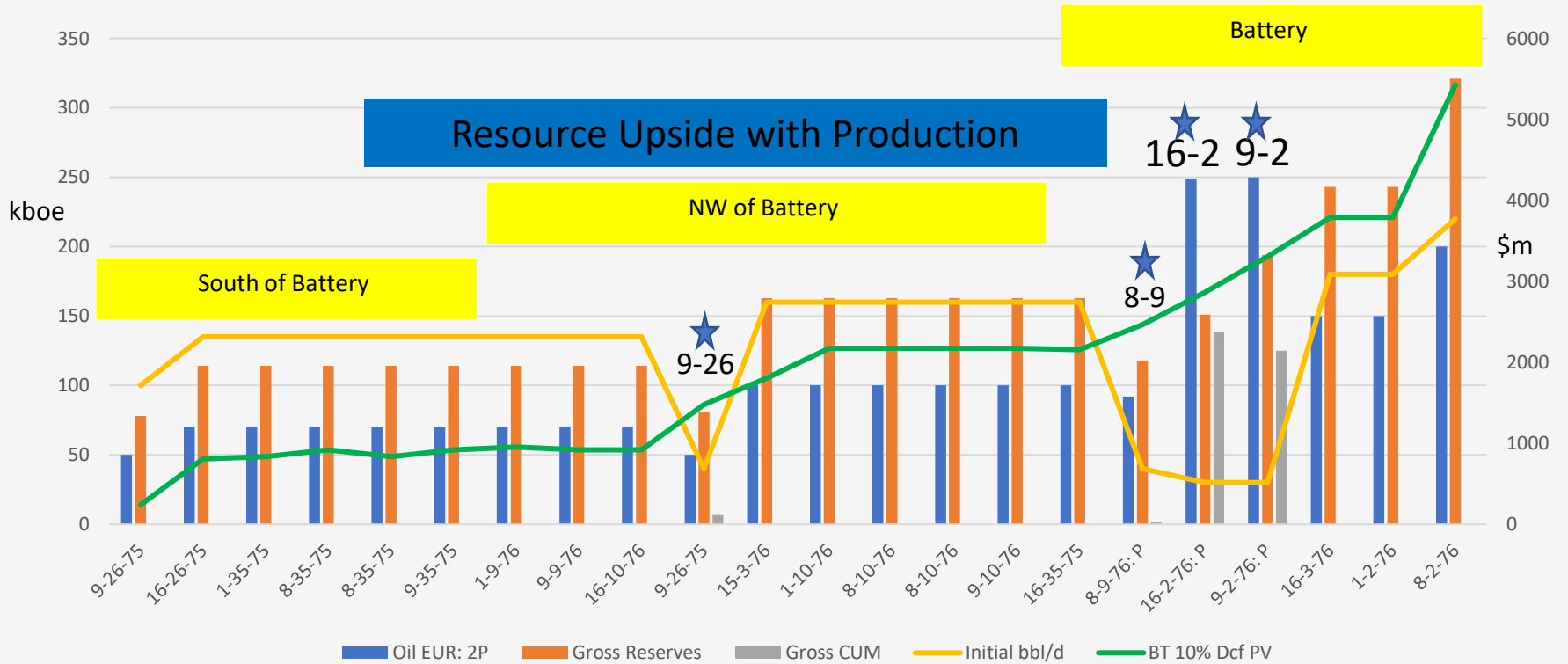


Elevated oil saturations



Per BOE & Individual Well Performance

Estimated Ultimate Recovery, Initial 30 Day Production Rates, and BT NPV10

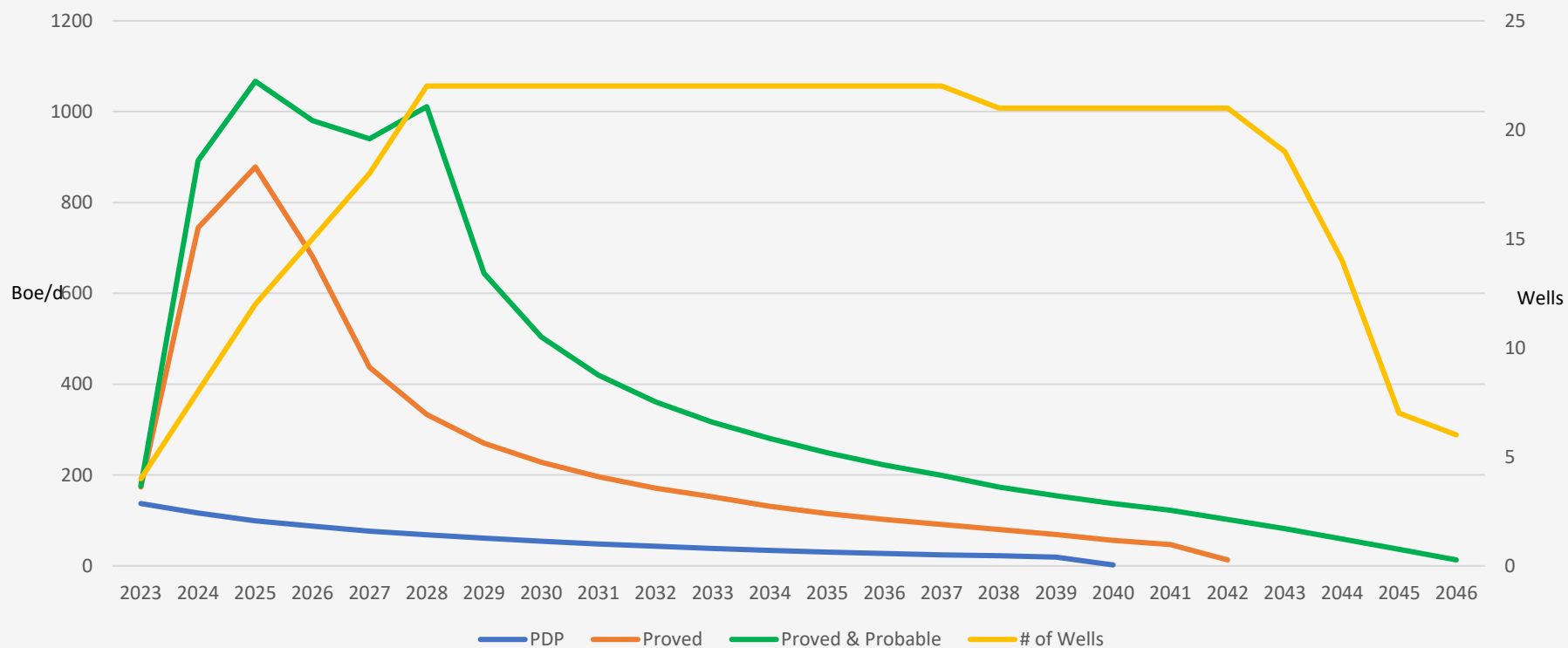


Total New Wells	18
BT 10%NPV/new well Avg	\$ 1,833
Top 9 BT 10% NPV/new well Avg	\$ 2,650

★ Initial bbl/d for producers reflects estimated reactivation rates per reserve report. 9-26 not in production

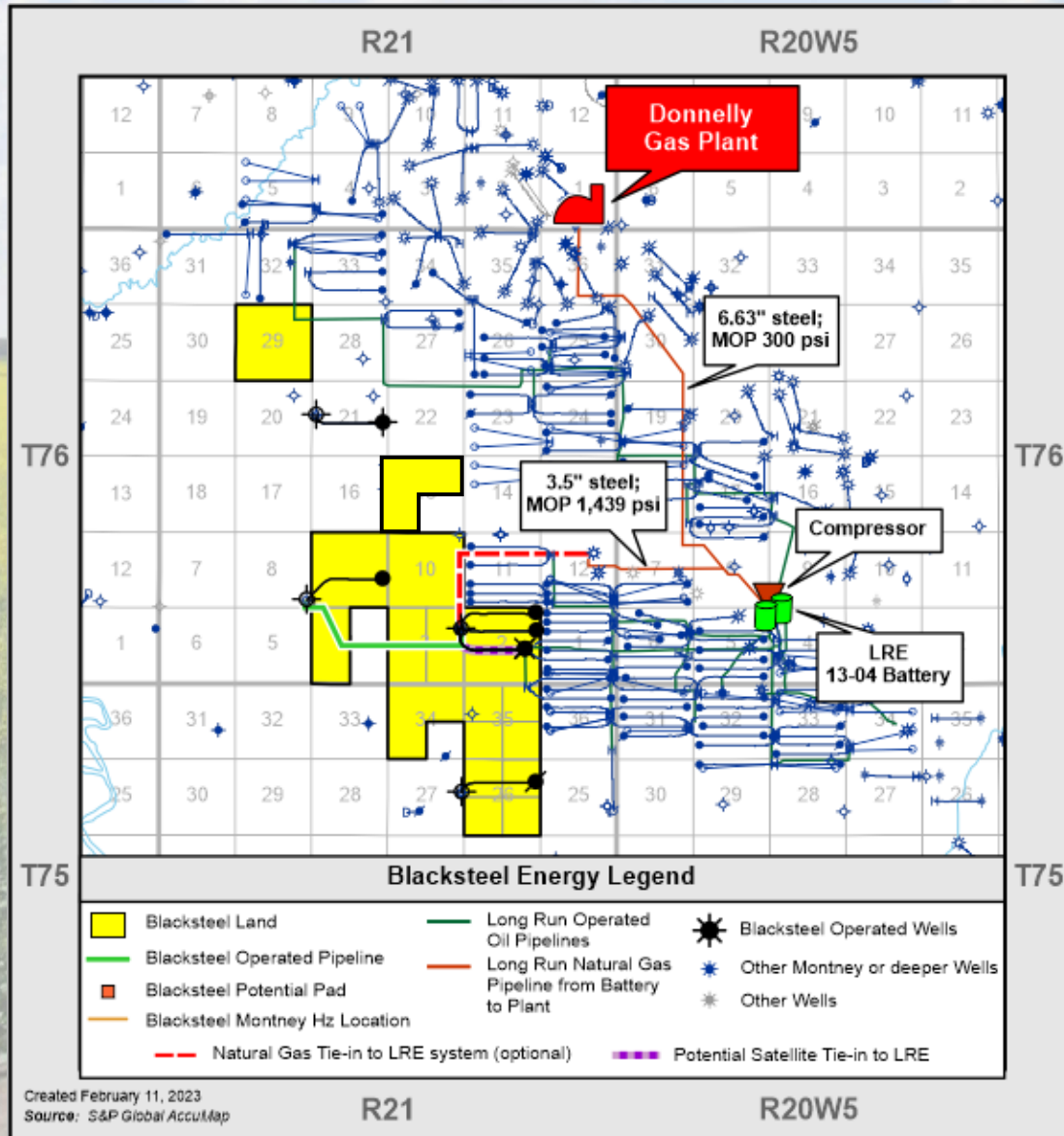
Field Production Forecast

Production Volumes & # of Wells



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Capital Efficiency Opportunities



1. Produced gas will be used to heat tanks and treat oil prior to shipment, thereby lowering propane usage and associated costs and/or
2. Connect battery to Long Run gathering and emulsion treatment system then send oil, gas & water to Long Run facility and/or
3. Generate electricity for pumps etc. on-site using solution gas. Sell excess electricity into the grid

Development Plan

Phase 1 Complete: Recompletion, Workover, Battery Modification

- Workover 9-2 well and put on production
- Recomplete 8-9 well and put on production
- Workover 16-2 well and put on production
- Battery modifications and enhancements

Phase 2: Drill 3 Oil Wells, Pipeline to Long Run CAPEX = \$7.5mm

- Drill three horizontal Montney wells, drill additional water disposal well
- IP30 954 boepd estimated production, (65% light oil)
- Tie in solution gas to neighbouring system, (2 miles across farmland) and evaluate economics of gas to power to further reduce opex costs
- Acquisition of additional land on trend
- \$10mm+ NOI annualized

Financing and Capital Structure

Financing Terms

Common Equity: \$0.12/share

Up to \$1,200,000: 10mm shares

Capital Structure

- Shares Outstanding: 111,628,255
- Directors, Officers, Consultants, Strategic Investors: ~19%
- Debt: \$0
- Tax and resource pools: \$27mm

Shipping oil from the battery



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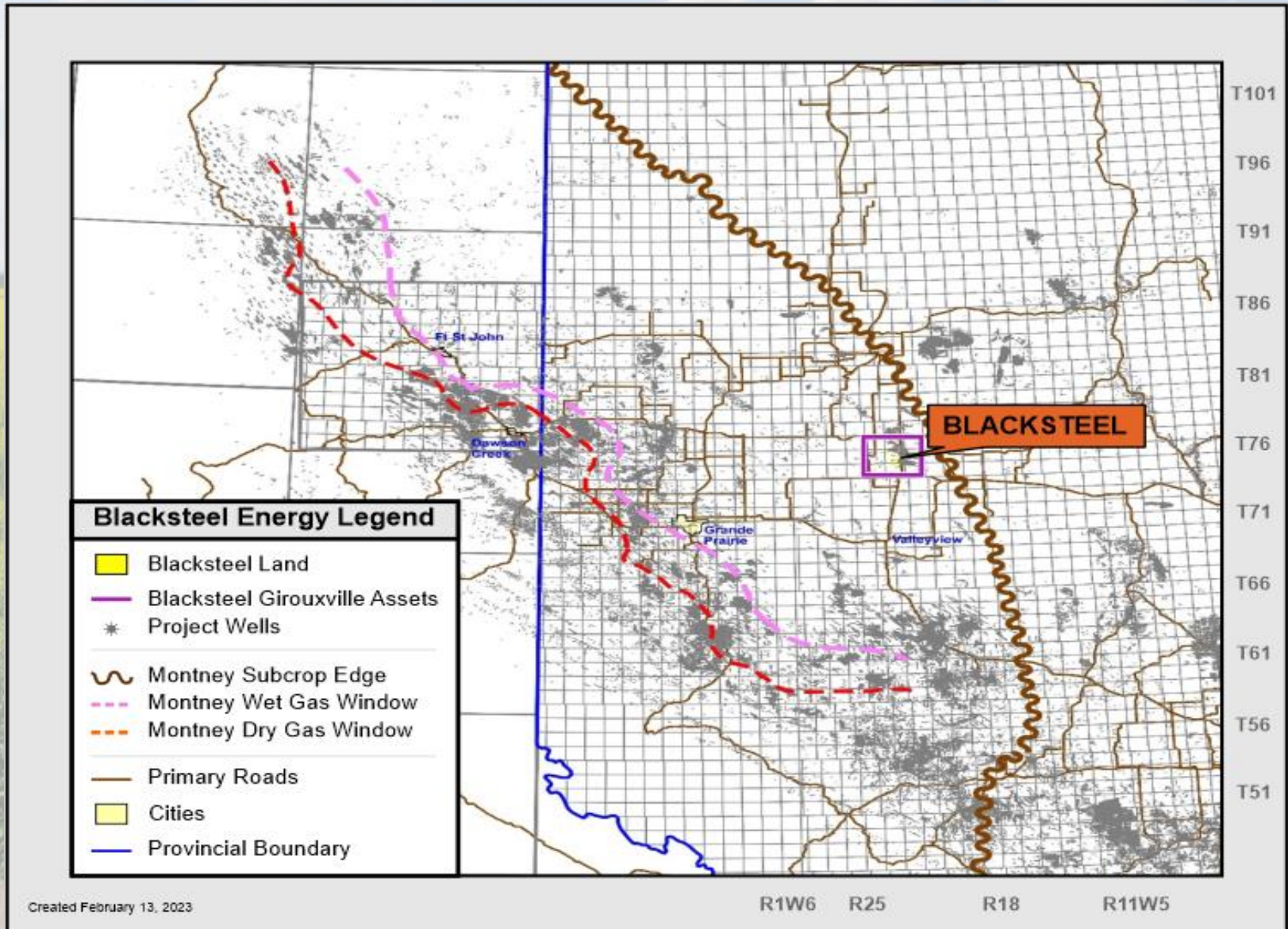
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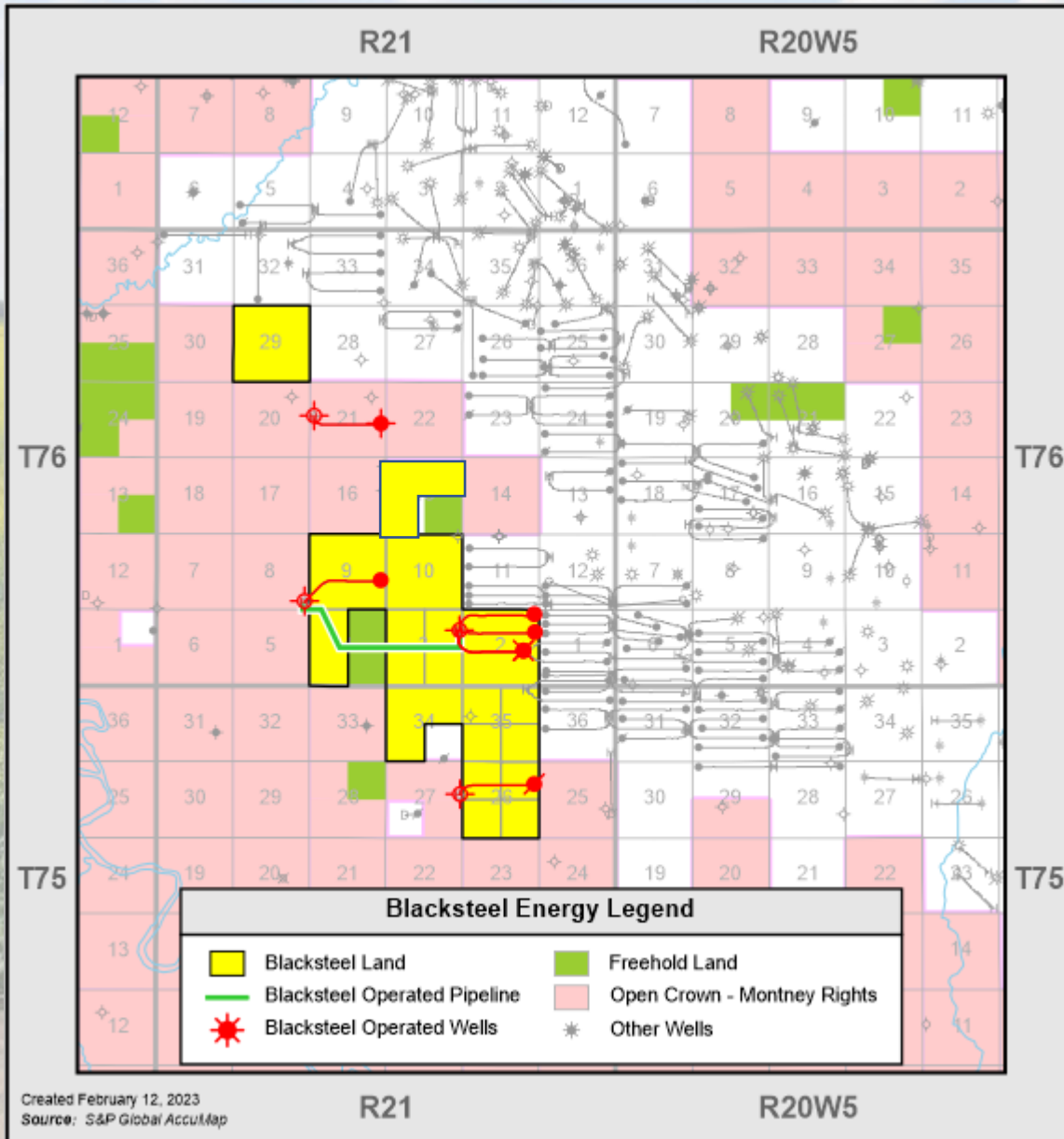
Supplementary Material



Montney Regional Setting

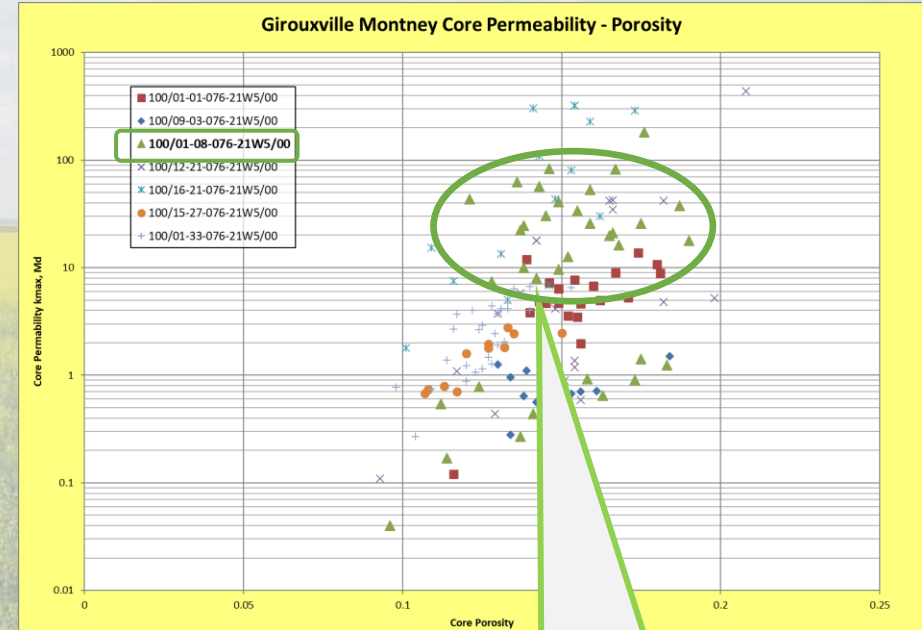
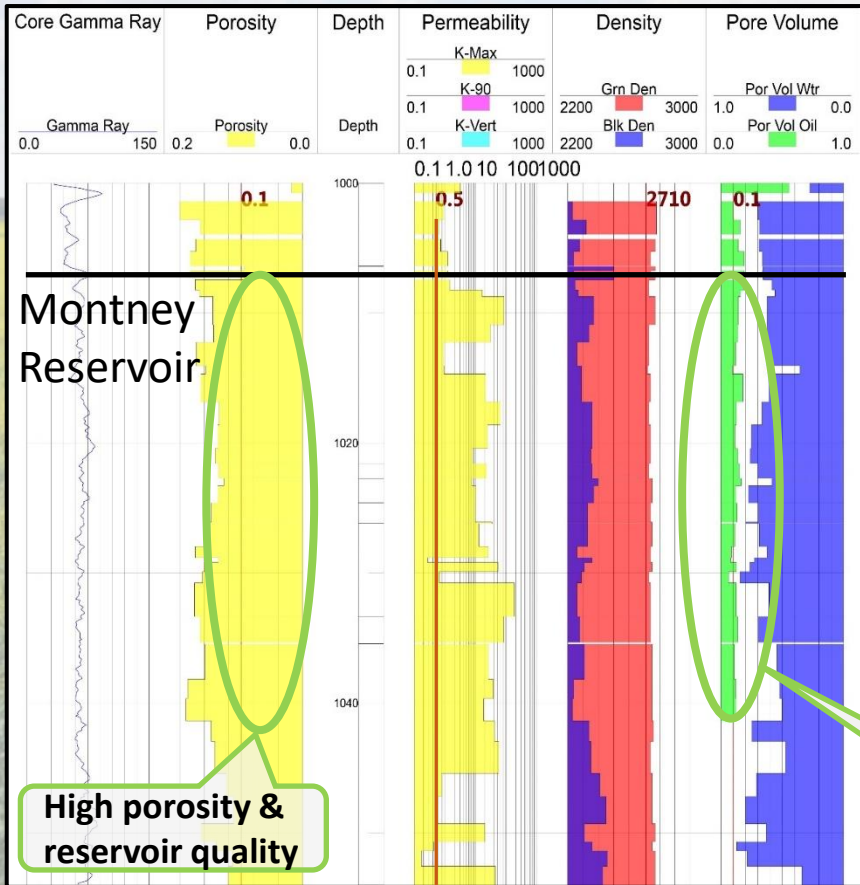


Offsetting Land Opportunities



- Open Montney Crown and Freehold land provide opportunity for future production growth
- Applications for new prospective lands in near term

Core Analysis Confirms Oil Pay



Oil Column Height = 35m

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; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

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

New Brunswick Purchasers

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

Saskatchewan Purchasers

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

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

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

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

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

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

Nova Scotia Purchasers

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

A person or company, other than the issuer, is not liable with respect to any part of the offering memorandum or any amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation.

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

Manitoba Purchasers

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

Directors or Signatories will not be liable:

- (a) if they prove the offering memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, promptly gave general reasonable notice that it was delivered without their knowledge and consent;
- (b) if they prove that after becoming aware of a misrepresentation in the offering memorandum they withdrew their consent to the offering memorandum and gave reasonable general notice to the issuer of their withdrawal and the reasons therefore;
- (c) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("Expert Opinion"), if such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
- (d) with respect to any part of the offering 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 the issuer or any dealer who failed to deliver the offering memorandum within the prescribed time. A purchaser to whom the offering memorandum is required to be sent may rescind the contract to purchase the securities by sending a written notice of rescission to the issuer not later than midnight on the second day, excluding Saturdays, Sundays and holidays, after the purchaser signs the agreement to purchase the securities.

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

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

Newfoundland and Labrador Purchasers

The right of action for damages or rescission described herein is conferred by Section 130.1 of the *Securities Act* (Newfoundland and Labrador) (the "Newfoundland Act"). The Newfoundland Act provides, in relevant part, that where an offering memorandum contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum and (b) for rescission against the issuer.

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

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

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

Prince Edward Island

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

1. no action shall be commenced to enforce the foregoing rights:
 - (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the date the purchaser first had knowledge of the facts giving rise to the cause of the action, or (ii) three years after the date of the transaction that gave rise to the cause of the action;
1. no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
2. 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;
3. no person or company will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
4. 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
5. in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Québec Purchasers

If there is a misrepresentation in this Presentation, the purchaser has a statutory right to apply to have the contract rescinded or the price revised, without prejudice to the purchaser's claim for damages and the purchaser has a statutory right to sue for damages against:

- (a) the Corporation and every officer or director of the Corporation;
- (b) any dealer under contract to the Corporation;
- (c) any person who is required to sign a certificate, in accordance with the conditions prescribed by regulations; and
- (d) any expert whose opinion, containing a misrepresentation, appeared, with his consent, in the Presentation.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has a right to sue. In particular, they have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Securities. If the purchaser intends to rely on the rights described in (a), (b), (c) or (d) above, the purchaser must do so within strict time limitations. No action may be commenced to enforce such right unless the right is exercised:

- (a) in the case of rescission or revision of the price, within three years from the date of the transaction; and
- (b) in the case of damages, within three years of the date on which you acquired knowledge of the facts giving rise to the action, except upon proof that the plaintiff acquired such knowledge more than three years after the date of the transaction as a result of the negligence of the plaintiff, subject to a maximum period of five years from the date of the filing of the investor presentation.

In addition for rescission or revision of the price or damages against the Corporation, the defendant may defeat the application only if it is provided the plaintiff knew, at the time of the transaction, of the alleged misrepresentation.