This is the 1st affidavit
of Wenye (Bill) Xue in this case
and was made on 28/AUG/2026

No. S-266288
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36

AND

IN THE MATTER OF WESTERN POTASH CORP., WESTERN POTASH HOLDINGS CORP. AND 0907414 B.C. LTD.

AND

WPC (JERSEY) LIMITED

PETITIONER

AFFIDAVIT

I, **Wenye (Bill) Xue**, of Regina, Saskatchewan, Executive Director & CEO, SWEAR THAT:

1. I am the Executive Director and Chief Executive Officer of Western Potash Corp. (the "**Company**"). Western Resources Corp. (the "**Parent Company**") owns 100% of the issued and outstanding shares of Western Potash Holdings Corp. ("**Holdings**"). Holdings owns 100% of the shares of the Company. 0907414 B.C. Ltd. ("**090**" and together with Holdings, and the Company, the "**Debtors**") is a subsidiary of the Company. As such, I have personal knowledge of the matters herein deposed to, except where such facts are stated to be based upon information and belief and where so stated I do verily believe the same to be true.

2. I make this affidavit in support of the Debtors' response to the petition filed by Appian Capital Advisory LLC, the parent company of WPC (Jersey) Limited, ("**Appian**" or the "**Lender**") on August 20, 2026 (the "**Petition**").

3. Appian is the Company's primary secured creditor.

4. In the Petition, Appian sought, among other relief, an order placing the Debtors under protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**") and the appointment of a monitor with enhanced powers.

5. On August 21, 2026, the Court granted an order made after application, duly endorsed by the Honourable Justice Stephens (the "**Initial Order**").

6. The Initial Order, among other things, places the Debtors under CCAA protection and appoints FTI Consulting Canada Inc. ("**FTI**" or the "**Monitor**") as monitor with various enhanced powers set forth therein. Further, the Initial Order approves an interim financing facility advanced by the Lender up to the amount of USD$1,000,000 (the "**Interim Financing Facility**").

7. Further, the Initial Order establishes a comeback hearing date of August 31, 2026 (the "**Comeback Hearing**").

8. The Initial Order sets a stay of proceedings expiring the day of the Comeback Hearing.

9. At the Comeback Hearing, the Debtors are seeking an amended and restated initial order, making certain modifications to the Initial Order, including:

    a. Removal of certain of the enhanced powers of the Monitor;

<u>Background and Business of the Debtors:</u>

10. I have reviewed the Petition together with the first affidavit of Timothy Mister of Appian, made on August 20, 2026 in connection with Appian's Petition (the "**Mister Affidavit**").

11. The facts deposed in paras 5 to 12 of the Mister Affidavit concerning the Debtors and the Parent Company's corporate structures are true, to the best of my knowledge, information and belief.

12. Further, as noted in the Mister Affidavit at para 13, the Company's main asset is the Milestone potash project (the "**Milestone Project**"), which is located in Southern Saskatchewan.

13. Phase I of the Milestone Project is designed to produce approximately 146,000 tonnes per annum of fertilizer-grade granular potash.

14. Since its founding in 2007, the Company has been developed primarily as a greenfield project with local investment through 2011. Since 2021, the Parent Company has completed three significant equity financings and two other offerings in 2013, 2015, 2017,

2022 and 2024 respectively, all involving Chinese investors with total proceeds of more than CAD$ 200,000,000.

15. To the best of my knowledge, information and belief, China has remained the world's largest potash consumer for approximately 17 consecutive years and has a high potash import dependency which, in my view, provides for a strategic rationale for continued interest from Chinese and other Asian investors.

16. As is disclosed in the Parent Company's Management Discussion and Analysis for the year ended September 30, 2023 (the "**2023 MD&A**"), the construction of Phase I of Milestone Project was completed in August 2023. Thereafter, the Company moved into the commissioning phase of the Milestone Project.

17. The Milestone Project was constructed in what the Debtors' management believes to be a sustainable, economically efficient, and socially responsible manner.

18. Despite completing the construction of Phase I of the Milestone Project, the Debtors did not advance beyond the commissioning stage to bring the Milestone Project into full operational status as a result of financial constraints, as further detailed below.

<u>Financial Difficulties and Defaults with Appian</u>

19. As is stated in a press release of the Parent Company dated May 21, 2024, the Parent Company's board of directors decided to suspend the operations of the Milestone Project on May 17, 2024 (the "**Suspension Date**").

20. Prior to the Suspension Date, Appian issued two (2) reservation of rights letters, dated February 9, 2024, and April 23, 2024, respectively, copies of which are discussed in and exhibited to the Mister Affidavit. Such letters detailed various defaults of the Company and the other Debtors in connection with their loan and security agreements with Appian.

21. As deposed in the Mister Affidavit, the Company's initial default in connection with its agreements with Appian occurred on or about January 31, 2024 (the "**Initial Default Date**"), by failing to achieve certain operational milestones in respect of the Milestone Project provided for in its agreements with Appian.

22. Recognizing the need for additional funding following the Initial Default Date, the Parent Company's directors opted to cease operations on the Suspension Date so that the Parent Company could refocus its efforts on discussions around raising additional financing.

<u>Refinancing Efforts:</u>

23. Following the Suspension Date, the Company has actively been pursuing new sources of capital and has held discussions with a broad range of strategic investors and potential

transaction partners regarding refinancing, equity investment, strategic partnerships, joint ventures and other potential transactions.

24. Efforts that the Company's management have taken include:

   a. Engaging in discussions with several potential investors in Asian markets, including China, Indonesia, and Vietnam, to discuss potential investments, partnerships and other agreements;

   b. Engaging with US-based investors for potential transactions with "Special Purpose Acquisition Companies" (or "**SPAC**") investments; and

   c. Engaging with Canadian and US-based investors and other potash producers for potential joint venture or investment opportunities.

25. Several of those discussions are ongoing, and there are investors who remain interested in the project. Examples include the following:

   a. The Company advanced discussions with a Chinese state-own company which controls a China-based public company that being one of the largest potash producers in China. It has identified a target of adding approximately 5 million tonnes of new potash production capacity over the next 5 years, and has expressed serious interest in the Milestone Project as part of that strategy.

      This potential investor has been considering investment in the Milestone Project since 2025, and most recently entered into a memorandum of understanding with the Company on or about September 27, 2025. It has attended the Milestone Project several times, engaged in discussions with Saskatchewan government departments and agencies, conducted detailed technical reviews of the Milestone Project, and has engaged several Canadian advisory firms to facilitate due diligence.

      To date, discussions have not advanced to a binding term sheet, but based on discussions with this investor as recently as June 2026, the Company understands it remains very interested in an investment in the Milestone Project.

   b. The Company has engaged in numerous discussions with a Shenzhen-listed potash producer, which currently operates approximately 2 million tonnes of potash capacity, with an additional 1 million tonnes expected to commence production shortly, all outside of Canada. Its management has expressed interest in establishing a potash operation in Canada, and is evaluating a potential cooperation with the Company. Discussions with this investor commenced in or about March 2026 and remain focused on potential strategic cooperation and development opportunities.

c. The Company has engaged in discussions with a major Chinese mining group regarding a potential strategic combination involving that group's existing Canadian potash project. The proposed combination is currently under internal review by the mining group.

d. In respect of the discussions with potential SPAC investors, the Company has held discussions with nine (9) SPACs to date, based in the US. Among them, some have expressed continued strong interest in the Milestone Project and a willingness to proceed with further discussions, with one party having delivered a preliminary offer on August 27, 2026.

e. The Company has also engaged a European investment platform of a Chinese background. The potential investor has completed its preliminary due diligence on the Project and is in the process of a preparing a "debt restructuring plan" expected to be delivered to the Company in the coming weeks.

26. I believe the aforementioned activities demonstrates management's good faith efforts to identify a viable refinancing or investment plan for the Debtors. Further, during the period following the Suspension Date to the onset of these CCAA proceedings, the Debtors have been facing significant liquidity constraints, and have focused efforts on searching for viable financing and investment opportunities.

27. As is deposed in the Mister Affidavit at para 58, the Debtors retained FTI in or about October 2025, at the suggestion of Appian, to, among other things, assist with facilitating a process for potential strategic transactions. To date, that has failed to identify any investors or buyers.

28. However, the Debtors' management maintains its commitment to fully cooperate with FTI during the course of these CCAA proceedings following its appointment of Monitor and to work with FTI in advancing a viable restructuring plan.

29. I believe the Debtors' existing management's continued involvement in these ongoing efforts is useful because the Debtors' management has valuable connections with the forgoing potential investors, many of which are based in Asia, which as mentioned above is a key market for potash exports. Further, existing management has been involved in all historical discussion with the parties who have expressed interest to date and can assist with continuing to advance such discussions.

<u>Other Liabilities and Mitigation Efforts:</u>

30. The Mister Affidavit also discusses issues faced by the Debtors in addressing payments to other creditors and suppliers, specifically at paras 25-34.

31. In respect of the current outstanding builder liens and other claims against the Debtors' assets, the Debtors have maintained records of legal claims, builders' liens and court applications received.

32. I further note that management has reviewed and reconciled the material claims and confirmed that most claims relate to construction, procurement, drilling, engineering and equipment supply services provided during the active development and construction phase of the Milestone Project.

33. Management has also maintained communication with creditors and major suppliers. Written project financing updates have been provided to vendors to keep them informed of the Debtors' financing efforts and expected timelines and has consistently responded to inquiries from all interested parties.

34. Attached hereto and marked as **Exhibit "A"** are copies of correspondence from May, 2025 to July 2026 sent to various of the Company's vendors.

35. The Debtors have generally sought to resolve these matters through informal standstill arrangements and negotiated extensions rather than through contested litigation. Given the Debtors' extremely limited cash resources, management considered that preserving available cash for the Milestone Project and for a potential restructuring or refinancing was preferable to using those funds for legal costs in relation to disputing any of the filed claims against the Debtors, and the Debtors' management did not identify any grounds to dispute such claims.

36. Management's expectation has been that, subject to a successful refinancing, restructuring or other transaction, valid outstanding claims and related builders' liens would be addressed through the applicable closing and restructuring process.

<u>Status of Licenses:</u>

37. As is discussed in the 2023 MDAA, the Company holds a 100% interest in the Milestone Project located under various property leases from the Government of Saskatchewan. Specifically, the Company's rights to these properties are subject to a renewable Subsurface Mineral Lease KLSA 008 issued by the Saskatchewan Ministry of Energy and Resources (the "**Mineral Lease**") and other renewable freehold leases.

38. Annual lease payments in connection with the Mineral Lease are $354,222.92 and the annual renewal date is May 18.

39. The Company failed to make payments in connection with the Mineral Lease due May 18 2025 and 2026.

40. However, the Company has proactively initiated discussions with the Saskatchewan government to maintain the Mineral Lease and defer the missed payments, and has an agreement with the Saskatchewan government to extend such payments to September 30, 2026.

41. Attached hereto and marked as **Exhibit "B"** is a copy of an email dated February 13, 2026 from the Ministry of Energy and Resources of Saskatchewan confirming the extension of the Mineral Lease rent payments.

Additional DIP Financing:

42. Based on my review of the Mister Affidavit, I understand that Appian may not be willing to continue advancing funds in connection with the Interim Financing Facility if the Initial Order is revised to limit the Monitor's powers.

43. The Debtors are actively seeking interim financing from other parties to fund these ongoing CCAA proceedings and provide the Debtors with sufficient liquidity to, among other things, make payments in connection with the Mineral Lease, facilitate the ongoing sales efforts, and fund ongoing operations of the Debtors.

44. I am advised by counsel that they have had discussions with two potential alternative interim lenders, who have expressed an interest in providing an interim financing term sheet in the amount of US$6 million to US$10 million, to fund the Debtors through a sales process.

SWORN BEFORE ME at Vancouver, British Columbia, on 28/AUG/2026.	
A Commissioner for taking Affidavits within British Columbia	BILL XUE

WEI SHAO
Barrister & Solicitor
DENTONS CANADA LLP
20th Floor, 250 Howe Street
Vancouver, B.C. V6C 3R8
Telephone (604) 687-4460

This is Exhibit "A" referred to in the affidavit of Bill Xue sworn before me at Vancouver, BC this 28 day of August, 2026.

A Commissioner for taking Affidavits for British Columbia

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Western potash corp

June 16th, 2025

Dear Vendors,

Re: Western Potash Project Financing Updates for June 2025

This is an update of the Western Potash Corp project financing further to the last update issued on May 2, 2025.

First and foremost, Western Potash would like to express its sincere thanks to each and every vendor for your continued patience, support, and understanding during this prolonged period. We want you to know that Western Potash genuinely feels and understands your concerns and even frustrations over the balance that has been overdue for so long. Please be assured that resolving the outstanding payables remains Western Potash's highest priority. The company is fully committed to addressing this matter as urgently as possible and sincerely hopes to continue working with you once the necessary financing is secured.

Overall, the project financing is progressing positively. The financing team has been working with multiple serious potential investors, of which

- One group completed a due diligence site visit at the mine in early May.
- Another group is currently engaged in discussions on key terms and conditions of a financing package, in which several versions of term sheet have been exchanged.
- The main focus remains on an investor that has been engaged for several months. This investor has appointed a well-known professional financial advisor, which has completed preliminary draft of the trust structure for the deal. Key terms have been shared with Western Potash's management team and major stakeholders. The investor group is actively accelerating its internal process in order to finalize the key terms and overall investment structure. Western Potash anticipates receiving a formal offer package from this group in another month or two.

Please note that although Western Potash is encouraged by the current progress, there is no guarantee of closure. The outcome will ultimately depend on further due diligence and ongoing negotiations among the investors and shareholders. That being said, Western Potash fully respects any decisions or actions your organization, as our valued partner, may need to take in the meantime. Western Potash will remain committed to transparency and active cooperation.

The next update will be provided in early to mid-August. Western Potash remains hopeful and committed to bringing a positive resolution as soon as possible.

Thank you once again for your continued patience and support.

Best regards

Western Potash Corp.

Contact: info@westernpotash.com
Tel: 306-924 9378

Outlook

Western Potash Updates_May 2025

From Junjie Liu <junjie.liu@westernpotash.com>
Date Fri 2025-05-02 11:01
To Junjie Liu <junjie.liu@westernpotash.com>
Cc WPC - Billing <billing@westernpotash.com>; Jack Xue <jack@westernresources.com>

Dear Valued Vendors,

Thank you all for your continued patience and support during this challenging time. We sincerely apologize for the prolonged delays in payment and the inconvenience and difficulties this may have caused to your operations. In the meantime, we fully recognize your frustrations and growing concerns, and we understand your needs to protect your business and maintain a healthy path forward during uncertain times.

To be honest and transparent, it's certainly been a challenging journey - it has now been a full year since Western Potash's site operations were paused, and financing efforts are still ongoing. While this has been a difficult period, it is also understandable given the broader global economic uncertainty, the complexity of securing new investment, and the technical risks involved in the project. Although progress has taken longer than expected, Western Potash remains committed and continues to work actively toward a sustainable path forward, and our shareholders and the management team do have continued confidence in the future of this project.

We would also like to provide you with a transparent update on recent developments. Over the past year, the focus has remained on active engagement, detailed analysis and continued negotiation. We are cautiously pleased to share that our management team is now in more advanced discussions with several potential investors. While we are not yet at a definitive stage, we are encouraged by the progress. A few investor groups have engaged professional advisors and are currently working toward preparing term sheets with Western Potash — a positive signal of their confidence in the project and their willingness to move forward.

However, we must acknowledge that, given the current global economic uncertainty, any prudent investor remains cautious about large-scale commitments such as ours. As a result, we are not in a position at this time to make payments or to provide a confirmed schedule for settling overdue payments. In the meantime, we are committed to keeping you informed with transparency and clarity, allowing you to make the best decisions for your businesses. We respectfully ask for your continued patience and will be working with all vendors on a realistic solution to the outstanding dues as soon as the financing is confirmed and the cashflow is improved.

We deeply value the trust and partnership you've extended to us. Western Potash remains grateful for your understanding and respects any of your decisions. We will continue to share updates as they become available, and we hope for the opportunity to move forward together soon. New updates will be provided in early to mid-June.

With sincere appreciation,

www.westernpotash.com

Junjie Liu,
M.Sc. P.Geo, PMP
Corporate Secretary

junjie.liu@westernpotash.com.
D: 306-352-3573
OR 306-924-9378

This is Exhibit "B" referred to in the affidavit of Weyne (Bill) Xue sworn before me at Vancouver, BC this 28 day of August , 2026.

A Commissioner for taking Affidavits for British Columbia

WEI SHAO
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20th Floor, 250 Howe Street
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Outlook

RE: Western Potash KLSA008 Lease Payment Extension Application

From Perras, Alison ER <alison.perras@gov.sk.ca>
Date Fri 2026-02-13 16:22
To Jack Xue <jack@westernresources.com>; Junjie Liu <junjie.liu@westernpotash.com>; Jerry Zhang <jerry@westernresources.com>
Cc Luzny, Stephen ER <stephen.luzny@gov.sk.ca>; Han, Yanyan ER <yanyan.han@gov.sk.ca>

CAUTION: This email originated from outside the organization.

Afternoon,

The Ministry of Energy and Resources (ER) has reviewed Western Potash Corp.'s request related to annual lease rental payments for KLSA008. ER will allow Western Potash Corp.'s KLSA008 to enter into the 2026-27 annual rental year without payment of the 2025-26 annual rental. The annual rentals for 2025-26 and 2026-27 for KLSA 008 must be paid by September 30, 2026. Please be aware that annual rentals for both 2025-26 and 2026-27 are subject to late payment charges.

Thanks,

Alison Perras, P.Eng.
Government of Saskatchewan
Director, Tenure
Lands and Corporate Services Division, Ministry of Energy and Resources
9th Floor, 1945 Hamilton Street
Mailing Address:
610-1945 Hamilton Street
REGINA SK S4P 2C7
Business Phone: (306) 787-2536

Saskatchewan Canada

Hello Deputy Minister Wager and Mr. Luzny,

I hope you are both well.

Please find below the forwarded email regarding Western Potash Corp.'s request to extend the mineral lease payments. While we fully understand that the Ministry is already considering this request and sincerely appreciate your time and attention, but given the approaching deadlines and the importance of mineral and reserve certainty to the ongoing investment decision process, I am writing respectfully to inquire as to the current status of our request.

As you may recall, we met in early January together with representatives of Qinghai Salt Lake Industry to discuss their potential investment in Saskatchewan's potash sector and in Western Potash's Milestone Project. Salt Lake is encouraged by the comments and views from the SK Government on their potential investment. On that note, we would like to also congratulate the SK Government on the positive outcome following Prime Minister Carney's recent visit to China alongside Premier Moe; particularly with respect to the resolution of the canola oil tariff, which I recall was particularly mentioned during our meeting. These good news are timely and encouraging in the context of Salt Lake's potential investment and adds to their positive decision making.

Since its establishment in Saskatchewan in 2007, and the commencement of construction of our 146,000 TPA Phase 1 project in 2019, Western Potash has invested in excess of $400 million, with a strong emphasis on local procurement, employment, and long-term contribution to Saskatchewan's resource economy. Although this is not the first time that the company has experienced hardships trying to achieve this - WPC has overcame a $50 million shortfall during covid, during which our AP to our largest debtor – Bird Constructions was $33 million, but solved the problem by paying off all our debtors after arounds of financing in 2022 and the completion of our Phase 1 facilities with the exception of underground caverns by 2024.

While our financing efforts continue, Western remains on a limited cash-flow basis, focused solely on essential site preservation and regulatory compliance activities pending completion of financing. Maintaining lease security during this interim period is critical not only to Salt Lake's evaluation process, but also to other potential financing parties with whom we remain engaged. A positive and timely response from the Ministry would materially support the advancement and completion of this strategic transaction.

Our financing discussions with Salt Lake have progressed at an accelerated pace. However, given the scale of the contemplated investment, the process necessarily involves extensive technical due diligence, internal approvals, and subsequent federal regulatory review under the Investment Canada Act. While the counterparty has demonstrated clear intent and is advancing the process on an expedited basis, these steps require time to complete. We are currently targeting transaction closing in the second half of 2026.

As such, and as outlined in our January 28, 2026 correspondence regarding Potash Lease KLSA008, we have requested:

- Extension of the 2025–26 mineral lease payment currently due February 18, 2026 to September 30, 2026; and

- Extension of the 2026–27 mineral lease payment currently due May 18, 2026 to September 30, 2026.

Should Salt Lake's investment proceed as anticipated, the resulting expansion of operations would generate substantial employment, procurement, and long-term economic benefits for Saskatchewan. We believe this represents a significant and timely opportunity for the Province's potash sector.

We remain sincerely appreciative of the Ministry's continued engagement and consideration and would be grateful for a favorable response at your earliest convenience. Please do not hesitate to advise if any additional information would be helpful.

Respectfully,

Jack Xue

Vice President, Business Development
+1 (604) 653-0588

Western Potash Corp
www.westernpotash.com

From: Junjie Liu <junjie.liu@westernpotash.com>
Sent: Thursday, January 29, 2026 07:59
To: Luzny, Stephen ER <stephen.luzny@gov.sk.ca>
Subject: Western Potash KLSA008 Lease Payment Extension Application

Good morning, Mr. Luzny,

I hope this email finds you well. Western Potash would like to apply for KLSA008 lease payment extension. Please see the attached formal application letter with project updates.

Thank you for your consideration. Please let me know if you have any questions.

Best,
Junjie

Western potash corp.
www.westernpotash.com

Junjie Liu,
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Corporate Secretary

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