



**ANNUAL INFORMATION FORM**

**("AIF")**

**of**

**Western Resources Corp.**

**(the "Company")**

**1205 – 789 West Pender Street,**

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**Dated: Dec 29, 2022**

## TABLE OF CONTENTS

ITEM 1:	PRELIMINARY NOTES .....	5
<b>1.1</b>	<b>Incorporation of Financial Statements, Proxy Circular and Other Documents.....</b>	<b>5</b>
<b>1.2</b>	<b>Date of Information .....</b>	<b>5</b>
<b>1.3</b>	<b>Glossary of Terms .....</b>	<b>5</b>
<b>1.4</b>	<b>Conversion Table .....</b>	<b>7</b>
<b>1.5</b>	<b>Currency .....</b>	<b>7</b>
ITEM 2:	CORPORATE STRUCTURE .....	7
<b>2.1</b>	<b>Name, Address and Incorporation .....</b>	<b>7</b>
<b>2.2</b>	<b>Intercorporate Relationships .....</b>	<b>8</b>
ITEM 3:	GENERAL DEVELOPMENT OF THE BUSINESS .....	8
<b>3.1</b>	<b>Three-Year History.....</b>	<b>8</b>
<b>3.2</b>	<b>Significant Acquisitions .....</b>	<b>12</b>
ITEM 4:	DESCRIPTION OF THE BUSINESS .....	12
<b>4.1</b>	<b>General Description .....</b>	<b>12</b>
<b>4.2</b>	<b>Risk Factors Relating to the Company's Business .....</b>	<b>13</b>
<b>4.3</b>	<b>Asset-backed Securities Outstanding .....</b>	<b>21</b>
<b>4.4</b>	<b>Material Mineral Projects   4.4.1 Milestone Project, Saskatchewan, Canada .....</b>	<b>21</b>
ITEM 5:	DIVIDENDS & DISTRIBUTIONS.....	24
<b>5.1</b>	<b>Dividends &amp; Distributions .....</b>	<b>24</b>
ITEM 6:	DESCRIPTION OF CAPITAL STRUCTURE .....	25
<b>6.1</b>	<b>General Description of Capital Structure.....</b>	<b>25</b>
<b>6.2</b>	<b>Constraints .....</b>	<b>25</b>
<b>6.3</b>	<b>Ratings.....</b>	<b>25</b>
ITEM 7:	MARKET FOR SECURITIES.....	26
<b>7.1</b>	<b>Trading Price and Volume .....</b>	<b>26</b>
ITEM 8:	ESCROWED SECURITIES .....	26
<b>8.1</b>	<b>Escrowed Securities .....</b>	<b>26</b>
ITEM 9:	DIRECTORS AND OFFICERS.....	26
<b>9.1</b>	<b>Name, Occupation and Security Holdings .....</b>	<b>26</b>
<b>9.2</b>	<b>Cease Trade Orders, Bankruptcies, Penalties or Sanctions .....</b>	<b>29</b>
<b>9.3</b>	<b>Conflicts of Interest .....</b>	<b>29</b>
ITEM 10:	PROMOTERS.....	30

<b>10.1 Promoters .....</b>	<b>30</b>
ITEM 11: LEGAL PROCEEDINGS and Regulatory Actions.....	30
<b>11.1 Legal Proceedings and Regulatory Actions.....</b>	<b>30</b>
ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	30
<b>12.1 Interest of Management and Others in Material Transactions.....</b>	<b>30</b>
ITEM 13: TRANSFER AGENT AND REGISTRAR .....	31
<b>13.1 Transfer Agent and Registrar .....</b>	<b>31</b>
ITEM 14: MATERIAL CONTRACTS .....	31
<b>14.1 Material Contracts.....</b>	<b>32</b>
ITEM 15: INTERESTS OF EXPERTS .....	32
<b>15.1 Names of Experts.....</b>	<b>32</b>
<b>15.2 Interests of Experts.....</b>	<b>32</b>
ITEM 16: ADDITIONAL INFORMATION .....	32
<b>16.1 Additional Information.....</b>	<b>32</b>
<b>16.2 Audit Committee .....</b>	<b>33</b>

## **CAUTION – FORWARD LOOKING STATEMENTS**

Certain information, estimates and projections contained herein, if any, constitute forward-looking statements regarding the Company, its operations and projects, including, but not limited to, its Milestone Project. All statements that are not historical facts, involving without limitation, statements regarding future projections, plans and objectives, securing a strategic partner and financing requirements and the ability to fund future mine development are forward-looking statements, or forward-looking information. Forward-looking information and statements involve risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such information or statements. Such risk factors and uncertainties include, but are in no way limited to, statements with respect to the effect and estimated timeline of the drilling and assay results on the Company, the estimation of mineral reserves and mineral resources, the timing and amount of estimated future exploration, costs of exploration, capital expenditures, success of exploration activities, permitting time lines and permitting, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, fluctuations in mineral prices and other risk factors, as discussed in the Company's filings with Canadian securities regulatory agencies. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Material assumptions and factors used to develop and forward-looking information disclosed herein (if any) will be set out and disclosed with such information. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company disclaims any obligation to update any forward-looking statements or information, other than as may be specifically required by applicable securities laws and regulations. The Company seeks safe harbour.



## ITEM 1: PRELIMINARY NOTES

### 1.1 Incorporation of Financial Statements, Proxy Circular and Other Documents

The information provided in this Annual Information Form (the “AIF”) is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this AIF. These documents must be read together with the AIF in order to provide full, true and plain disclosure of all material facts relating to Western Resources Corp. (the “Company”). The documents listed below are not contained within nor attached to this document. The documents may be accessed by the reader as follows:

Type of Document	Effective Date / Period Ended	Date Filed / Posted	Document Name which may be viewed at the SEDAR website at “ <a href="http://www.sedar.com">www.sedar.com</a> ” (or alternative location for non-SEDAR documents)
Audited annual financial statements (most recent) and Management Discussion and Analysis (MD&A)	Sept 30, 2022	Dec 29, 2022	Audited Annual Financial Statements – and MD&A
NI 43-101 Technical Report titled “NI 43-101 Technical Report Summarizing Detailed Engineering and Mine Life Review, Milestone Phase-I Pilot Project, (Subsurface Mineral Lease KLSA 008) Saskatchewan, The related Qualification Certificates and Consent Letters of the authors were posted to SEDAR on, or about, the same date	Nov 30, 2021	Dec 29, 2021	Technical Report (NI 43-101)  Earlier technical reports with additional disclosure, including earlier results, risks, and covering other properties, can also be found on the SEDAR website.
Interim financial statements (most recent) and MD&A	June 30, 2022	Aug 16, 2022	Interim financial statements/report – and MD&A
Management Information Circular	Jan 28, 2021	Mar 18, 2021	Management Information Circular
Advance Notice Policy	Jan 25, 2013	Jan 30, 2013	Material document
Shareholder Rights Plan Agreement	Mar 9, 2018	Mar 9, 2018	Security holders documents
News Releases for 2008 to 2022	Various dates	Various dates	News Release
Reporting Insider Information – Disclosure of security holdings in the Company by certain persons	Various dates	Various dates	The System for Electronic Disclosure by Insiders (SEDI) - on-line, browser-based service for the filing and viewing of insider reports: <a href="http://www.sedi.ca">www.sedi.ca</a>

### 1.2 Date of Information

All information in this AIF is as of December 29, 2022 unless otherwise indicated and the information contained herein is current as of such date, other than certain financial information which is current as of September 30, 2022, being the date of the Company’s most recently completed financial year end.

### 1.3 Glossary of Terms

Certain terms used throughout this AIF are defined below:

“Assay” means, in economic geology, to analyze the proportions of mineral in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

<p>“<b>carnallite</b>” means a hydrous chloride of magnesium and potassium with a chemical formula of <math>KMgCl_3 \cdot 6H_2O</math>.</p>
<p>“<b>CIM</b>” means the Canadian Institute of Mining, Metallurgy and Petroleum.</p>
<p>“<b>common shares</b>” means common shares of the Company, unless otherwise specified.</p>
<p>“<b>cut-off grade</b>” means the lowest grade of mineralized material that qualifies as ore in a given deposit; rock of the lowest assay included in an ore estimate.</p>
<p>“<b>deposit</b>” means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.</p>
<p>“<b>dip</b>” means the angle at which a stratum is inclined from the horizontal.</p>
<p>“<b>evaporite</b>” means any of a variety of individual minerals found in the sedimentary deposit of soluble salts that result from the evaporation of water.</p>
<p>“<b>g/t</b>” means grams per metric ton.</p>
<p>“<b>halite</b>” means the mineral form of sodium chloride.</p>
<p>“<b>host</b>” means a rock or mineral that is older than rocks or minerals introduced into it.</p>
<p>“<b>Inferred Mineral Resource</b>” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.</p>
<p>“<b>K<sub>2</sub>O</b>” is the chemical formula for potassium oxide, the calculated grade of which is used as a standard of comparison between different potash minerals.</p>
<p>“<b>KCl</b>” is the chemical formula for potassium chloride, also known as muriate of potash (MOP).</p>
<p>“<b>member</b>” means a distinct unit within a particular geological formation.</p>
<p>“<b>Milestone Project</b>” means the Company’s principal property located in southern Saskatchewan approximately 35 kilometres (km) southeast of Regina. See Item 4.4 – Material Mineral Projects, for additional information.</p>
<p>“<b>Mineralization</b>” means the concentration of minerals and their chemical compounds within a body of rock.</p>
<p>“<b>Mineral Resource</b>” means a concentration or occurrence of material including base and precious metals, coal, and industrial minerals, including potash, in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.</p>
<p>“<b>Mt</b>” means one million metric tonnes.</p>
<p>“<b>Ore</b>” means a metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a particular location at a profit.</p>
<p>“<b>potash</b>” means any of several compounds containing potassium, especially soluble compounds containing potassium chloride or potassium sulfate.</p>
<p>“<b>potassium chloride</b>” means the crystalline solid or powder that is widely used in fertilizers, commonly known as muriate of potash.</p>
<p>“<b>potassium oxide</b>” means the compound comprised of potassium and oxygen. Historically, this compound was obtained by burning organic matter containing potassium in a large pot.</p>
<p>“<b>Prairie Evaporite</b>” means the salt unit of the Middle Devonian Prairie Formation, composed primarily of halite salt with lesser amounts of potassium salts such as carnallite and sylvite.</p>
<p>“<b>range</b>” means a number assigned to a township by measuring east or west of a principal meridian.</p>

“ <b>Salt Back</b> ” means a bed of salt, typically halite rich, found above a potash bearing unit.
“ <b>Sediment</b> ” means solid material that has settled down from a state of suspension in a liquid. More generally, solid fragmental material transported and deposited by wind, water or ice, chemically precipitated from solution, or secreted by organisms, and that forms in layers in loose unconsolidated form.
“ <b>sylvinite</b> ” means sylvite-bearing rock mixed in varying degrees with halite, carnallite, anhydrite, dolomite and clays.
“ <b>sylvite</b> ” means the natural form of potassium chloride.
“ <b>township</b> ” means the principal unit of the rectangular survey system being a square comprised of six-mile long sides consisting of 36 sections with an aggregate area of 36 square miles.
“ <b>Technical Report</b> ” means the revised and updated NI 43-101 Technical Report titled “NI 43-101 Technical Report Summarizing Detailed Engineering Design, Milestone Phase-I Pilot Project, (Subsurface Mineral Lease KLSA 008), Saskatchewan” dated and effective November 30, 2021 as filed on December 29, 2021 on SEDAR.
“ <b>TSX</b> ” means the Toronto Stock Exchange.

#### 1.4 Conversion Table

In this AIF, a combination of Imperial and metric measures is used with respect to mineral properties located in Canada. Conversion rates from Imperial measure to metric and from metric to Imperial are provided below:

Imperial Measure	Metric Unit	Metric Measure	Imperial Unit
2.47 acres	1 hectare	0.4047 hectares	1 acre
3.28 feet	1 metre	0.3048 metres	1 foot
0.62 miles	1 kilometre	1.609 kilometres	1 mile
0.032 ounces (troy)	1 gram	31.1 grams	1 ounce (troy)
1.102 tons (short)	1 tonne	0.907 tonnes	1 ton

#### 1.5 Currency

Unless otherwise indicated, all dollar amounts are stated in Canadian dollars.

### ITEM 2: CORPORATE STRUCTURE

#### 2.1 Name, Address and Incorporation

Western Resources Corp. was incorporated on January 16, 2017 by Western Potash Corp. under the British Columbia *Business Corporations Act*.

Western Potash Corp. was incorporated on April 5, 2007 under the *Business Corporations Act* of BC under the name 787604 BC Ltd. The Company changed its name from 787604 BC Ltd. to Western Potash Corp. on July 10, 2007. On October 1, 2011, Western Potash Corp. amalgamated with its subsidiary WPX Land Holdings Corp., a company that was originally incorporated in the province of Saskatchewan on August 20, 2009, and retained the jurisdiction, name, board of directors and articles of the parent company, Western Potash Corp.

On March 31, 2017, Western Potash Corp. completed a corporate reorganization by way of a court approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement") with the Company, pursuant to which the Company acquired all of the issued and outstanding common shares of Western Potash Corp., after which Western Potash Corp. became a wholly-owned subsidiary of the Company. The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

On March 1, 2019, Western Potash Corp. and its wholly owned subsidiary Milestone Potash Corp. were amalgamated as one company under the name of Western Potash Corp., which then continued its business and head office into the jurisdiction of Saskatchewan.

On January 13, 2022, Western Resources Corp. incorporated Western Potash Holdings Corp. (“WPHC”) and transferred its 100% equity interest in Western Potash Corp. (“WPC”) to WPHC. As the result, WPHC through its 100% of equity interest of WPC and its subsidiary, 0907414 BC Ltd. (“BC Subsidiary”), owns Milestone Project, which is the Company’s main asset.

Western Resources Corp. has the following contact address:

Registered and records office: Bennett Jones LLP  
666 Burrard Street, Suite 2500  
Vancouver, BC, V6C 2X8 Canada

## **2.2 Intercorporate Relationships**

The Company controls four wholly-owned subsidiaries, which are Western Potash Holdings Corp., a company incorporated in the province of British Columbia on January 13, 2022; Western Potash Corp., a company incorporated in the province of British Columbia on April 5, 2007 and continued out to the province of Saskatchewan on September 5, 2017; 0907414 B.C. Ltd., a company incorporated in the province of British Columbia on April 5, 2011; and Western Garden Properties Corp., a company incorporated in the province of British Columbia on May 12, 2017.

## **ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS**

### **3.1 Three-Year History**

Major events affecting the development of the Company’s business over the last three years, beginning October 1, 2019, are set out below in chronological order, elsewhere in this AIF, in Item 4 and in the material incorporated into this AIF by reference as set out in Item 1.1.

On October 25, 2019 the Company announced that the drilling program for the Milestone Phase I Potash Project was complete. The drilling program lasted 3.5 months.

On January 7, 2020, the Company announced that Western Potash Corp. received an updated NI 43-101-compliant Mineral Resource Estimate for its Milestone Phase I Project.

On March 16, 2020, the Company announced that its shareholders approved all items put before them at the Company’s Annual General Meeting held on March 13, 2020, including the election of board of directors and a new Chairman for the coming year, as well as the reappointment of KPMG LLP as auditors.

On April 30, 2020, the Company announced that Western Potash Corp. started “hot mining” operations on April 28, 2020 at its Milestone Phase I Plant.

On May 14, 2020, the Company announced that Western Potash was delaying completion of construction for the balance of the Milestone Phase I Project process plant because of the impact of the pandemic and other associated reasons. The Project is about 83% complete in general, including engineering, procurement, construction of infrastructure, crystallization pond, electrical systems, brine heating and pumping systems to support operation of commercial solution mining, and portions of the Process Plant, Compaction and Loadout structure, etc., however, with a few major equipment items to be delivered and installed.

On January 13, 2021, the Company and ADM signed an Amendment to the Potash Supply Agreement of October 25, 2018, agreeing to extend the Commencement Date of the original contract to November 30, 2022, and to a possible one-year further conditional extension to November 30, 2023.

On March 12, 2021, the Company's shareholders approved all items put before them at the Company's Annual General Meeting, including the election of board of directors and Chairman for the coming year, the renewal of the Company's rolling Incentive Stock Option Plan (the "2021 Plan"), as well as the reappointment of KPMG LLP as the Company's auditors.

On May 28, 2021, after having secured sufficient data and information from the mining operations, Western Potash decided to suspend its hot mining operations to focus on on-going project financing, as well as an optimized solution mining plan and the study to extend the mine life from 12 to 40 years, both of which were included in the updated NI 43-101 technical report completed by March Consulting Associates (see below).

On November 19, 2021, Western Potash Corp. announced receipt of key findings from the recently updated Technical Report prepared by March Consulting Associates, which includes a new optimized solution mining plan for the Phase 1 Project, the extension of the mine life from 12 years to 40 years, an update of the mineral reserves and resources within an expanded unitized mining area, and an updated CAPEX and OPEX of the Milestone Phase 1 Project.

The updated Technical Report is filed on Sedar by the Company on December 29, 2021.

On December 31<sup>st</sup>, 2021, the Company announced that its wholly owned subsidiary, Western Potash Corp filed the updated Technical Report for its Milestone Project on SEDAR on December 29, 2021, in conjunction with the filing of the Company's Audited Consolidated Financial Statements, Management Discussion & Analysis, and Annual Information Form.

On February 16<sup>th</sup>, 2022, the Company announced that it signed a subscription agreement (the "Subscription Agreement") with Vantage Chance Limited ("Vantage"), in which Vantage committed to make a strategic equity investment of \$80,000,000 (the "Investment Transaction") in Western Potash Holdings Corp. ("WPHC"), a newly formed company which, upon completion of a reorganization (described below), will own 100% of Western Potash Corp. and its Milestone Project. Vantage is a private investment company registered in the British Virgin Islands.

On March 29<sup>th</sup>, 2022 the Company announced that its shareholders approved all items put before them at the Company's Annual General and Special Shareholder Meeting held on March 28, 2022.

On April 28<sup>th</sup>, 2022, the Company announced that its wholly owned subsidiary, Western Potash Corp., entered into a \$85,000,000 term loan facility financing transaction (the "Loan Transaction") with Appian Capital Advisory LLP.

On May 16<sup>th</sup>, 2022, the Company announced that its wholly owned subsidiary, Western Potash Corp., closed the first tranche, in the amount of \$45 million, of its Loan Transaction with Appian Capital Advisory LLP, the terms of which were previously announced in the press release of April 28, 2022.

On May 17<sup>th</sup>, 2022, the Company announced that its wholly owned subsidiary Western Potash Corp. entered into a cost-reimbursable construction services agreement (the "Agreement") with Stuart Olson Prairie Construction Inc., a wholly-owned subsidiary of Bird Construction Inc. (TSX: BDT) ("Bird"), as general contractor to continue the bulk of the remaining construction work for the Company's Milestone Phase I Project. Project construction was put on hold in May 2020 when the process plant was approximately 50% complete.

On May 20<sup>th</sup>, 2022, the Company announced that it entered into an Amended and Restated Subscription Agreement (the "Amendment") originally signed on February 16, 2022 with Vantage, in which Vantage has

committed to make a strategic equity investment of \$80,000,000 in Western Potash Holdings Corp., a wholly owned subsidiary of the Company.

On May 25<sup>th</sup>, 2022, the Company announced that Western Potash Holding Corp. received the first tranche of its equity funding proceeds from Vantage in the amount of \$33 million, as part of the previously announced Investment Transaction, in exchange for the issuance to Vantage of 64,896,592 common shares of Western Potash Holdings Corp. Aggregate proceeds from the Investment Transaction, together with the first tranche of funding received last week from Appian Capital Advisory, will be used to continue and complete the remaining construction and development of the Milestone Phase I Project, and for general and administrative expenses of the project.

On June 17<sup>th</sup>, 2022, the Company announced that its subsidiary Western Potash Corp. completed a Collaborative Project Planning Session with its key contractors and staff to officially kick off the restart of the Milestone Project in order to complete the process facilities and solution mining development. Key Milestone Project representatives participated in a workshop style planning session in Regina to review and gain alignment on key aspects of the project timeline and readiness for start-up, leading into the full ramp up of operations which is expected to happen in mid-2023.

On June 22<sup>nd</sup>, 2022, the Company announced that its subsidiary Western Potash Corp. hosted a delegation of thirteen officials from three different Ministries of the Saskatchewan government for a mine tour today at the Milestone Project site. After closing financing deals with Appian Capital Advisory LLP and Vantage in May, the Milestone Project kicked off with key contractors in mid-June, with mobilizations now occurring at the site.

On July 5<sup>th</sup>, 2022, the Company announced that its subsidiary Western Potash Corp. has an enhanced corporate and project management team. Following the official restart of the Milestone Phase 1 Project in mid-May, Western Potash Corp. established its Executive Committee ("EC") and Technical Committee ("TC") to advance the project more effectively.

On July 30<sup>th</sup>, 2022, the Company announced that its subsidiary company Western Potash Holding Corp. received the second tranche of its equity funding proceeds from Vantage in the amount of \$17 million on July 29, 2022, as part of the previously announced Investment Transaction (as set out in a press release dated February 16, 2022), in exchange for the issuance to Vantage of 33,431,578 common shares of Western Potash Holdings Corp. Upon issuance, Vantage will hold approximately 42.32% of the issued and outstanding common shares of Western Potash Holdings Corp., which in turn owns 100% of Western Potash Corp. (which itself owns Milestone Potash Project).

On September 9<sup>th</sup>, 2022, the Company announced that its subsidiary Western Potash Holding Corp. received the third and the last tranche of the equity funding proceeds from Vantage in the amount of \$30 million in exchange for the issuance to Vantage of 58,996,901 common shares of Western Potash Holdings Corp., closing the previously announced Investment Transaction (as set out in a press release dated February 16, 2022).

On September 20<sup>th</sup>, 2022, the Company announced that it has accepted the Conversion Notice (as defined in the Subscription Agreement dated February 16, 2022, which was amended and restated on May 20, 2022 and further amended and restated on July 29, 2022) issued by Vantage. Pursuant to the Subscription Agreement, Vantage completed its \$80 million investment in Western Potash Holdings Corp.

On September 28<sup>th</sup>, 2022, the Company announced that it has closed the previously announced conversion of common shares held by Vantage in Western Potash Holdings Corp., a subsidiary of the Company, which were exchanged for common shares of the Company ("WRX Shares"), following receipt of the approval from the TSX and consent by its majority shareholder, Tairui Mining Inc. ("Tairui"), which owns 105,854,938 WRX Shares, representing approximately 56.08% of the total issued and outstanding WRX Shares pre-conversion.

The foregoing items sets out the general development of the Company over the last three fiscal years, unless otherwise specified, and are in addition to those items that are set out in the material incorporated into this AIF by reference as set out in Item 1.1.

### **Financing Activities**

Pursuant to the "Subscription Agreement" as disclosed in the "Overview" section of this documents, the Company received \$80 million equity investment from Vantage during the year ended September 30, 2022.

Western Potash Corp. signed an \$85 million Loan Transaction agreement with Appian Capital Advisors LLP ("Appian Capital") on April 28, 2022. Proceeds of the Loan Transaction enable Western Potash Corp to settle accounts payables, continue and complete the remaining construction and development of the Milestone Project, and fund general and administrative expenses associated with the project. The First Tranche in the principal amount of \$45 million was advanced in May 2022.

The Loan Transaction includes:

1.A six-year term loan facility of up to USD\$66,421,824 (equivalent of \$85,000,000) (the "Total Commitments"), at an interest rate of 12.5% per annum. Appian Capital makes available to the Company a US dollar term loan facility in an aggregate amount equal to the Total Commitments at a price equal to the USD Equivalent of CAD 881.44 per CAD 1,000 of the Total Commitments, reflecting an original issue discount of 11.856% (the OID).

2.The grant of a 1.5% royalty to Appian Capital based on the gross revenue of the Milestone Phase I Project.

3.Appian Capital makes available to the Company a US dollar term loan facility in an aggregate amount equal to the Total Commitments at a price equal to the USD Equivalent of \$881.44 per \$1,000 of the Total Commitments, reflecting an original issue discount of 11.856% (the OID), as a result, the principal amount outstanding under the Loan Transaction shall be equal to the Total Commitments, but the Lender shall only be obliged to disburse the USD\$58,546,852 (equivalent of \$74,922,400 ) in loan proceeds.

4. The loan agreement requires WPC to ensure compliance with following two financial covenants:

1)the Historic Debt Service Cover Ratio should be no less than 1.10:1, and will be assessed starting on September 30, 2023 and each quarter date thereafter;

2)the Loan Life Cover Ratio is assessed when the Company received the first tranche of financing on May 16, 2022 and each quarter date thereafter, until the Final Maturity Date. The Loan Life Cover Ratio should be greater than 1.80:1 until December 31, 2024, and no less than 1.30:1 thereafter.

5.The issuance to Appian Capital by the Company of 20,774,030 warrants ("Appian Warrants"), which will allow Appian Capital to acquire up to 20,774,030 common shares of Company at a price of \$0.2834 per common share, which represents approximately 11.1% of the Company's issued and outstanding common shares on a pre-transaction basis. The main terms of Appian Warrants are as follows:

- The Warrants can be exercised by cash or without cash consideration (cashless exercise pursuant to the formula set out in the TSX Company Manual).

- The exercise price of the warrants is \$0.2834, representing a 25% discount to the 5-day VWAP on April 28, 2022, the execution date of the Loan Transaction agreement.

- The term of the Warrants is 6 years from the closing date of the Loan Transaction.

- If the Company share price reaches at least \$0.50/share above exercise price for 5 consecutive trading days (to be adjusted for customary anti-dilution provisions), Appian Capital will be required to exercise (via cash or cashless exercise) the Warrants within 5 business days, subject to Appian Capital being legally permitted to exercise.
- The form of Warrants certificate contains customary anti-dilution provisions.

### **Investment Activities**

The Company owns a 100% interest in the Milestone Project located in the province of Saskatchewan under various property leases. The Company's rights to these properties are subject to a renewable 21-year Crown Lease issued by the Saskatchewan Ministry of Energy and Resources and renewable freehold leases. Those leases provide the Company with full and exclusive rights to mine Crown owned subsurface minerals and privately-owned subsurface minerals, including potash. Annual lease payments total approximately \$420,000.

### **3.2 Significant Acquisitions**

There were no other significant acquisitions completed by the Company during its most recently completed fiscal year ended September 30, 2022, other than as provided in this AIF.

## **ITEM 4: DESCRIPTION OF THE BUSINESS**

### **4.1 General Description**

#### ***The Business of the Company***

The Company was incorporated on January 16, 2017 by Western Potash Corp. under the British Columbia *Business Corporations Act*. Western Potash Corp. was incorporated on April 5, 2007 under the British Columbia *Business Corporations Act* under the name 787604 BC Ltd., and on March 31, 2017, Western Potash Corp. completed a corporate reorganization with the Company, pursuant to which Western Potash Corp. became a wholly-owned subsidiary of the Company. Since inception, it has been engaged in the business of the acquisition and exploration and development of potash mineral properties. The Company currently owns or holds, directly or indirectly, interests to the Milestone Project, a potash property located in Southern Saskatchewan. The Milestone Project is viewed by management as the material property of the Company. The Milestone Project will be developed in three phases, with Phase I as a pilot scale for the main purpose of proving a new drilling technology. As of September 30, 2022, as a result of the successful debt and equity financing, the project is able to form technical and executive decision-making bodies comprised of industry leaders and resumed constructions in July of 2022.

#### ***Trends***

Primarily utilized in the fertilizer industry, potash is typically combined with two other macronutrients, nitrogen and phosphorous, to improve crop yields, provide additional protection against disease, and increase water retention. Globally, potash prices have fluctuated since 2000 due to changes in potash supply and demand as well as global economic trends, regional tensions, and unstable market trends in agriculture, oil and other commodities. Potash prices continue to increase and are expected to stay high for the medium term. Management remains positive with respect to the outlook for the potash industry, including medium to long-term potash industry fundamentals. While new projects are anticipated, the increase in potash production is likely to be absorbed by the marketplace without disruption to potash prices. The global potash market is expected to increase due to continued population growth and increased demand for more intensive farming in several industries, including the organic food sector.



Management believes that its project development conditions are favourable when compared to those of other competitors. From an overall cost perspective, the Phase I capital expenditure (“CAPEX”) projection remains below that of other recent new potash mines.

With large high-quality resources, stable government, good infrastructure and a highly skilled and available workforce, Saskatchewan is one of the best regions in the world for mining. The Company therefore continues to believe that, despite this competitive market, an opportunity exists for an innovative potash producer, provided its operating costs are comparatively low and that it adopts an appropriate marketing strategy. Western Potash’s strategy for optimizing the Phase I deposit’s development includes adjusting the associated marketing plan. The adjustment will begin with a staged production approach to Phase I (146,000 tonnes of potash per year) to prove the project’s innovative solution mining technology. If proven, the construction and operation of Phases II and III will follow when management believes market conditions are suitable. Western Potash’s caverns are the first intentionally developed horizontal solution mining potash caverns in Saskatchewan and management continues to believe that Phase I represents a new and improved method of extracting potash in the province.

Western Potash Corp.’s binding off-take agreement with ADM ensures that all of the Phase I products will be sold in the North American market. This not only allows the Company to realize a higher potash price, it also significantly reduces transportation costs and fees. From an overall cost perspective, the Milestone Project is energy and water efficient, thanks to the innovative technology which is intended to make the project very competitive with a high return on investment.

### ***Reorganization***

On March 31, 2017, Western Potash Corp. completed a corporate reorganization by way of an “Arrangement”, pursuant to which the Company acquired all of the issued and outstanding common shares of Western Potash Corp., after which Western Potash Corp. became a wholly owned subsidiary of the Company.

On March 1, 2019, Western Potash Corp. and its wholly owned subsidiary Milestone Potash Corp were amalgamated as one company under the name of Western Potash Corp.

On January 13, 2022, Western Resources Corp. incorporated Western Potash Holdings Corp. (“WPHC”) and transferred its 100% equity interest in Western Potash Corp. (“WPC”) to WPHC. As the result, WPHC through its 100% of equity interest of WPC and its subsidiary, 0907414 BC Ltd. (“BC Subsidiary”), owns Milestone Project, which is the Company’s main asset.

### ***Environmental Protection***

Environmental legislation is evolving in a manner such that standards, enforcement, fines and penalties for non-compliance are becoming stricter and can be foreboding. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The costs of compliance with changes in government regulation have the potential to reduce the profitability of future operations. To the best knowledge of the Company, it is in compliance with all environmental laws and regulations in effect in those countries where its properties are located. Also see Item 4.2 – Risk Factors Relating to the Company’s Business.

### ***Number of Employees***

As of September 30, 2022, the Company had employees 35 and 16 independent consultants.

## **4.2 Risk Factors Relating to the Company’s Business**

The Company’s ability to finance and develop the Milestone Project to production, generate revenues and profits, currently or in the future, from its natural resource properties (including the Milestone Project), or any other

resource property that it may acquire, is dependent upon a number of factors, including, without limitation, the following:

### ***Stage of Development***

The Company has a limited history of operations and no material earnings to date and there can be no assurance that its business will be successful or profitable or that commercial quantities of potash will be discovered or commercialized. Development of the Company's properties will only follow upon obtaining continuing satisfactory mining results and being able to obtain sufficient financing to continue the development and eventual commercial production of potash. Mineral exploration and development is speculative in nature and involve a high degree of risk; few properties which are explored are ultimately developed into producing mines. There is no assurance that any phase of the Company's Milestone Project will definitely result in any additional discoveries of reserves of potash or that the current reserves or resources will be developed to full production or be commercially viable. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its development and its sustainable solution mining programs, which may be affected by a number of factors, some of which are set out in this AIF.

Substantial expenditures are required to establish resources and reserves through drilling and development and for mining and processing facilities and infrastructure. Although resources and reserves for the development of the Milestone Project have been established, no assurance can be given that minerals discovered will be developed in sufficient quantities or in expected qualities to justify commercial operations or that the funds required for development in general, and for completion of the remainder of the construction in particular, can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted. These include market fluctuations, the global marketing conditions for minerals, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

### ***No History of Mineral Production***

The Company has no prior interest or operating experience in mineral producing properties. There is no assurance that commercial quantities of minerals will be recovered from the Milestone Project or any future properties. Even though the commercial quantities of minerals were discovered based on previous drillings completed prior to the start of the Milestone Project, there can be no assurance that any of the project will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the Company's ability to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources, availability of additional capital and financing, actual costs of bringing properties into production and the nature of any mineral deposits.

### ***Operating Hazards and Risks***

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of mineral resources, including unusual and unexpected geologic formations, seismic activity, cave-ins, and other conditions involved in the drilling and/or removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although the Company intends to take adequate precautions to minimize risk, operations are subject to hazards such as equipment failure which may result in environmental pollution and consequent liability.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit; size, grade and proximity to infrastructure; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these and other factors cannot be accurately predicted, but they may result in the Company receiving an inadequate return on invested capital.

### ***Commodity Price Fluctuations***

The Company is exposed to commodity price risk. Commodity price risk is defined as the potential impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of potash, the Company's equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's future profitability and viability of development depends upon the world market price of potash. Potash prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of potash are produced in the future, a profitable market will exist for them. A decline in the market price of potash may also result in the Company reducing its mineral resources, which could have a material and adverse effect on the Company's value. The Company is not a potash producer as of September 30, 2022. Therefore, commodity price risk may affect the completion of future equity and/or debt transactions such as equity offerings, financings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations. The potash prices are increasing due to the inflation rate and supply issues. The increasing price will significantly increase the royalty payable obligation.

### ***Calculation of Reserves and Resources and Potash Recoveries***

There is a degree of uncertainty attributable to the calculation of reserves and resources and the corresponding grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and grades must be considered as estimates only. Fluctuations in mineral prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of these estimates. Any material reduction in mineral resources estimates could have a material adverse effect on the Company's properties, consolidated results of operations and consolidated financial condition.

### ***Significant Shareholders and Board Appointments***

As of the date hereof, Vantage, registered in the British Virgin Islands, owns and controls 219,726,258 common shares of the Company, representing 53.79% of the Company's current 408,490,478 issued and outstanding common shares. Vantage has appointed 1 board member to the Board and 2 individuals as Board observers].

Subject to applicable law and the fiduciary duty of the Company's directors and officers, Vantage may be able to exercise significant influence over all matters requiring shareholder approval without the consent of the Company's other shareholders, including the election of directors and approval of significant corporate transactions, and may be able to exercise significant influence over significant corporate transactions. This may have a material adverse effect on the market price or value of the Company's common shares and a material adverse effect on the Company's business, financial condition and results of operations.

### ***Reclamation***

There is a risk that cash deposits allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the Milestone Project or changes to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance, may be required for the tenure of any mineral project

of the Company to cover potential risks. These additional costs may have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Government Regulation***

Operations, development and exploration on the Company's properties are affected to varying degrees by government regulation relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, limitations on assignability or corporate ownership of mineral properties, claims by indigenous people, and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

The activities of the Company require licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses and permits enabling it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development, operation or sale of its projects.

### ***Indigenous People***

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. The Company operates in some areas presently or previously inhabited or used by indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some require that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. The Company's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by indigenous people to the Company's operations may require modification or preclude operation or development of the Company's projects or may require the Company to enter into agreements with indigenous people with respect to the Company's projects. Such agreements may have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Environmental Factors***

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may also exist on the Company's properties which are unknown to the Company at present which may have been caused by any previous operators of the properties, or its existing owners.

### ***Title to Assets***

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the leases or claims in which it holds direct or indirect interests. The precise area and location of such leases or claims may be in doubt. The Company's leases or claims may be subject to prior unregistered agreements

or transfers or indigenous land claims, and title may be affected by unidentified or unknown defects. Further certain land titles or assets may already be subject to existing or future liens of or claims from certain creditors.

### ***Additional Capital***

As at September 30, 2022, the Company completed two financings: debt financing made available by Appian Capital to Western Potash Corp. in USD equivalent amount of \$85 million and equity investment financing of Western Potash Holding Company by Vantage in the amount of \$80 million. Based on its current cash flow projection and existing obligations and commitments, the Company believes that current cash on hand is expected to be sufficient to bring the Milestone Project into production by Q4 of 2023.

### ***Competition and Agreements with Other Parties***

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future, or its ability to fund the Milestone Project.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may, as a result, have its interest in the properties subject to such agreements reduced as a result, these costs could also become material outstanding liabilities of the Company. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs or could be required to pay such costs itself.

### ***Potential Conflicts of Interest***

The directors and officers of the Company may serve as directors and/or officers for other public and or private companies, including companies in which the Company has business relations, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. In conflict-of-interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. There is no assurance that the needs of the Company will receive priority in all cases. For the past fiscal year as of September 30, 2022, the Company has neither received nor identified conflict of interest reports or cases concerning its Board of Directors and officers.

### ***Key Executives & Outside Consultants***

The Company is dependent upon the services of key executives, including the directors of the Company, and will be dependent on a small number of highly skilled and experienced executives and personnel as development plans progress at the Milestone Project. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly skilled employees may adversely affect its business and future operations.

The Company has also relied, and intends to continue relying, upon outside consultants, geologists, engineers and others for professional expertise, especially on new solution mining plan optimization and finalization. Substantial expenditures are required to construct mines, establish mineral resources and reserve estimates through drilling, carry out environmental and social impact assessments, develop metallurgical processes and develop or explore plant infrastructure and mine facilities at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, this could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Litigation and Legal Claims***

As of September 30, 2021, various vendors filed builders' liens for up to \$34,338,000 against WPC as a result of its delayed payment on the outstanding payables related to mineral property, plant and equipment. Certain of these vendors also filed legal claims against Western Potash in amounts totaling \$4,638,000. As at September 30, 2022, WPC settled above mentioned outstanding accounts and related claims.

The case with Lockwood Financial Ltd. was officially dismissed in the Supreme Court of British Columbia on September 21, 2022.

The Company does not have any knowledge of any expected litigation as of September 30<sup>th</sup>, 2022.

### ***Insurance and Uninsured Risks***

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such risks and hazards could result in damage to exploration and evaluation assets or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability. In 2022, the Company applied for CGL, Property damage, and environmental & umbrella related coverages because of the restart of construction and operations in order to protect the Company against possible risks.

### ***Potential Volatility of Market Price of Common Shares and Related Litigation Risks***

Securities of publicly listed companies such as the Company have, from time to time, experienced significant price and volume fluctuations unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of the common shares. In addition, the market price of the common shares is likely to be highly volatile. Factors such as potash prices, the average volume of shares traded, announcements by competitors, changes in stock market analyst recommendations regarding the Company and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the Company's shares. It is likely that the Company's results or development may fluctuate significantly or fail to meet the expectations of stock market analysts and investors, in such event, the market price of the common shares could be materially adversely affected. In the past, securities class action litigation has often been initiated following periods of volatility in the market price of a company's securities. Such litigation, if brought against the Company, could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, financial position and results of operations.

### ***Future Sales of Common Shares by Existing Shareholders***

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares. The Company has previously completed private placements at prices per share which may be, from time to time, lower than the market price of the common shares. Accordingly, some of the Company's shareholders at any given time may have an investment profit in the common shares that they may seek to liquidate.

### ***Technical Information and Project Risks***

The disclosure in this AIF of a scientific or technical nature of the Company's material properties, including disclosure of mineral reserves and resources, is based, in part, on technical reports prepared for the Milestone Project in accordance with NI 43-101, and other information that has all been prepared by or under the

supervision of “qualified persons” (as such term is defined in NI 43-101). The Technical Report, and previous technical reports, have been filed on SEDAR and can be reviewed at [www.sedar.com](http://www.sedar.com). Actual recoveries of mineral products may differ from reported mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, “indicated” and “inferred” mineral resources have uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an “indicated” or “inferred” mineral resource will ever be upgraded to a higher category of resource. Mineral resources that are not mineral reserves do not have demonstrated economic viability given existing mining plans. Readers are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves. Additional work and assumptions are required to upgrade mineral resource to mineral reserves. There are many additional risks associated with the Milestone Project that were identified in the Technical Report and elsewhere and such risks are incorporated by reference. See Item 1.1 and Item 4.4.

The Milestone Project is currently a demonstration plant, and as such there are a number of technical and economic risks. These risks will be reflected in declining potash sales prices or production volumes, which have the largest effect on project economics.

There are a number of technical and construction risks associated with the innovative use of selective horizontal solution mining. These risks include drilling the cavern, long-term potash recovery rates, construction CAPEX costs, and sustaining and operating costs. The Company is using a number of construction strategies to plan for strict control of the construction costs, and engaging leading engineering firms to leverage their experience. To maintain potash recovery rates, additional well drilling is planned during operations and drilling costs have been included in the sustaining CAPEX. However, actual conditions in the caverns (including geological, flow and dissolution) may be overestimated in cavern production models.

Weather conditions (including snow and flooding) may affect both the construction schedule and operations (in particular road restrictions which may reduce the Company’s ability to ship product off-site). The Company has developed contingency plans to minimize the risk associated with weather events, including flexibility in construction schedules, contingencies, appropriate productivity factors, and product shipping plans. These include on-site storage and an annual plant maintenance shutdown during the period of spring road bans. The COVID-19 pandemic or similar future pandemics could cause further disruptions to operations, construction and supplies. Management has taken necessary measures, including pre-screening, limiting access only to key personnel, cleaning and disinfection, and social distancing to minimize on-site impact of COVID-19.

The development of the Milestone Project will include the construction and operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labour, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance construction and development activities. It is common for new mining operations to experience unexpected costs, problems and delays during construction, development, and mine start-up. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations. In the event of significant delays in completion of Milestone Phase I Project or in achieving commercial production, or if its capital costs were to be significantly higher than estimated, these could have a significant adverse effect on the Company’s results of operation, cash flow from operations and financial condition.

### ***Credit Risk***

Credit risk is the risk of loss associated with a counterparty’s inability to fulfil its payment obligations. The Company’s credit risk is primarily attributable to cash and cash equivalents, term deposits, accounts and other receivables, and deposits the carrying value of which represents the Company’s maximum exposure to credit risk. Cash and cash equivalents and term deposits are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal.

### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The management is of the view that the market risk in the foreseeable future is relatively limited and therefore is under control.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2022. The Company's loan payable and promissory notes are not subject to interest rate risk as they are not subject to variable interest rates.

### **Foreign Currency Risk**

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CA\$"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, short-term investments, accounts payable and accrued liabilities are held in CA\$ and United States dollars ("US\$"), therefore, the Company's US\$ accounts are subject to fluctuation against the CA\$.

### **Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company currently settles its financial obligations from Cash. As of September 30, 2022, the Company has net working capital of \$22,388,277 including cash and cash equivalents of \$2,200,558. The working capital has increased by \$58,748,214 in comparison to the year ended September 30, 2021. The Company also had a credit facility with an undrawn amount of \$40,000,000.

The Company's major liabilities and obligations mature as follows:

	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27 thereafter
	1 Year	2 Year	3 Year	4 Year	5 Year and thereafter
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities (exclude interest payable)	4,665,122	-	-	-	-
Interest Payable	787,430	-	-	-	-
Loans payable	-	6,064,996	12,049,992	12,049,992	18,074,988
Financing arrangement	9,400,000	-	-	-	-
<b>Total undiscounted value</b>	<b>14,852,552</b>	<b>6,064,996</b>	<b>12,049,992</b>	<b>12,049,992</b>	<b>18,074,988</b>
<b>Carrying value as of September 30, 2022</b>	<b>14,376,956</b>	<b>3,761,767</b>	<b>7,450,383</b>	<b>7,450,383</b>	<b>11,175,575</b>

As of September 30, 2022, the Company had current liabilities of \$14,376,956 which are due within 12 months. The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program, are continuously monitored, and adjusted as input variables change. These variables include, but are not limited to, available credit facilities, changes in commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable



production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

### ***Going Concern Risk***

Management had judged that the Company has the ability to continue in operation for at least twelve months from September 30, 2022 and to realize its assets and discharge its liabilities in the normal course of operations. Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

### **4.3 Asset-backed Securities Outstanding**

Not applicable.

### **4.4 Material Mineral Projects**

#### *4.4.1 Milestone Project, Saskatchewan, Canada*

Western Resources Corp. wholly owns the Milestone Project in Regina through its subsidiary of Western Potash Corp. The Company is focused on building an innovative and efficient potash solution mine at its Milestone property, which is located 35 kilometers southeast of Regina, Saskatchewan, a region with some of the largest producing potash solution mines in the world. The Company is devoted to developing its Milestone Project in an ecologically sustainable, economically efficient and socially responsible manner. Once completed, the Milestone Project is expected to be the first potash mine in the world that is expected to leave little to no salt tailings on the surface, thereby significantly reducing water consumption and long-term environmental liabilities.

#### **Summary from the Updated Technical Report on the Milestone Project**

The information set out below in this section 4.4.1 has been derived from and is based in part on the Summary set out in the updated National Instrument 43-101 ("NI 43-101") compliant Technical Report filed by the Company on SEDAR in December 2021, titled "NI 43-101 Technical Report Summarizing Detailed Engineering and Mine Life Review, Milestone Phase 1 Project (Subsurface Mineral Lease KLSA008), Saskatchewan. The report was prepared by Kyle Krushelniski, P.Eng. of March Consulting Associates Inc., who is a Qualified Person under NI 43-101 and is the lead author of the Technical Report.

#### **Mineral Resource Estimates**

The Milestone Phase 1 Project is based mainly on Mineral Resources in the Belle Plaine and Patience Lake Members in the Unitized Area. March Consulting Associates re-estimated the reserves within an expanded unitization area for the new mining plan which results in:

- A proven reserve of 11.7 million tonnes (Mt) at an average grade of 32.4% KCl; and
- A probable reserve of 19.5 Mt at a grade of 33.5% KCl.

Cavern losses (10%) and processing recoveries of 95% have been applied to the reserves. The proven and probable reserves within the Unitized Area are sufficient for a mine life of over 200 years at the target production rate. Milestone Phase I Project economics are based on an operation period of 40 years at target production. Excess reserves would be available to extend mine life or increase production in the future.

And the resource estimate within Saskatchewan Subsurface Mineral Lease KLSA 008 is as follows:

- A Measured Resource of 418.5 million tonnes (Mt) at a grade of 20.8% K<sub>2</sub>O;
- An Indicated Resource of 2,304.2 Mt, grading 21.0% K<sub>2</sub>O ; and
- An Inferred Resource of 2,575.2 Mt, grading 21.4% K<sub>2</sub>O.

### **Summary of Exploration, Drilling, and Other Studies**

The Company conducted its main mining exploration drilling activities between 2008 and 2011, and the most recent drilling of the three pairs of production wells in the latter half of 2019 for the Milestone Phase I Project. In 2008, existing historical data was analyzed and interpreted and identified the presence of widespread Prairie Evaporite formations. In 2009, Boyd PetroSearch purchased existing 2D seismic data and reprocessed and interpreted the data. In the fall of 2009 Boyd PetroSearch ran an additional 179 line-km of 2D seismic surveys in the area. Between January and April 2010, Boyd PetroSearch completed 3D seismic reflection survey of 98 km<sup>2</sup> of the lease area in Township 14 Range 17 West of the Second Meridian and a 9.7 km 2D survey line east of the 3D survey area and parallel to the east boundary of the township. Detailed discussion of the results of these programs is provided in the Company's 2015 Technical Report.

During the 2009–2011 exploration program, 11 cored exploration wells were completed on the KLSA 008 Lease area. One hole (M 010) was geophysically logged and sampled for geomechanical and solubility testing, but was neither assayed nor used in the Mineral Resource Evaporite Formation that is host to the potash deposits in Saskatchewan.

Laboratory dissolution testing of core samples was performed in 2011 by NG Consulting of Sondershausen, Germany. The samples were collected from the Patience Lake Member, the interbed between the Patience Lake and Belle Plaine Members, the floor below the Belle Plaine Member, the interbed above the Esterhazy Member, the Esterhazy Member, and the basal salt below the Esterhazy Member. The results of the testing indicated that:

- Dissolution rates varied as expected between those for pure sylvinite and pure halite and correlated well with theoretical data.
- Dissolution rates of the samples fell in a range similar to that for common sylvinite from other deposits.
- No significant difference in dissolution rates were observed for the Patience Lake, Belle Plaine, and Esterhazy Members.
- Roughly 20% higher dissolution rates were observed for 75°C as compared to 60°C.
- The presence of insoluble material, e.g. anhydrite, reduced the dissolution rate up to 30%.
- The dissolution testing provided a preliminary relationship between dissolution rate and KCl content of the sylvinite at 60°C and 75°C. Note that dissolution testing has not yet been performed at a temperature of 100°C assumed for the Phase I Pilot Project.

A second set of dissolution tests was performed in late 2011 and January 2012. The purpose of this testing was to provide information regarding the relationship between the brine KCl grade and the grade of sylvite in the rock. The testing was necessary to investigate an apparent direct correlation between brine grade and grade in the rock that has been observed in both full-scale pilot tests and commercial caverns. The criteria for economically recoverable potash include minimum thickness of the bed or beds, potash grade, and acceptable limits on undesirable impurities. The impurity of concern is the magnesium content; high magnesium reduces the saturation content of the brine and reduces the plant recovery of the potash during processing. The thickness cut-off is based on the economics of recovering cost of the cavern development with revenue from the produced potash and is generally in the range of 1 to 2 meters. Other parameters may also influence the thickness cut-off.

Temperature measurements from the drilling confirm the presence of a relatively high formation temperature. Temperature is an important component of the economics of future solution mining on the property. A relatively

high temperature offers advantages in solution mass-balance and savings in capital, energy, and processing costs. The solubility of potash increases with temperature such that the higher the formation temperature, the higher the yield of KCl in the brine solution to be processed for potash recovery. Temperature measurements from all the wells show bottom-hole temperatures during well logging ranging from 58°C to 65.5°C. The in-situ temperature exceeds the logged bottom-hole temperature because the bottom-hole temperature is the temperature of the drilling mud, which is not in equilibrium with the formation. The formation temperature is estimated to be 62.5°C.

## **Land and Minerals**

The Milestone Project includes 84,557 acres of Crown held Mineral Leases, and 65,305 acres of acquired Freehold Leases. The renewable, 21-year Crown lease was granted by the Government of Saskatchewan under a Ministerial Order and provides the Company with full and exclusive power and right to mine Crown owned subsurface minerals, including potash, subject to the provisions outlined by the Saskatchewan Subsurface Mineral Regulations (1960) and the Subsurface Mineral Tenure Regulations (2015). The Company has completed the drilling of eleven potash exploration wells on the property, acquired several hundred-line kilometers of 2D seismic study, and conducted a 3D seismic study during the exploration program. The leases are adjacent to potash permits held by other multinational mining companies.

The Company has signed a Unitization Agreement with the Ministry of Energy and Resources and all included freeholder mineral owners, to unitize the four mineral sections around the Phase I site providing mineral resources for the life of the plant. The agreement outlines the royalty payments in proportion to their percentage ownership of the Unitized Area on commencement of production.

## **Permits**

Western Potash Corp. previously investigated the full-scale Phases II and III 2.8 million tonnes per year Milestone Project by completing multiple Resource and Reserve Estimates (2010, 2011, 2012, and 2013), a Scoping Study (2011), a Prefeasibility Study (2011), and a Feasibility Study (2012). The Saskatchewan Ministry of Environment (“MoE”) issued Environmental Assessment Approval (“EAA”) for the Milestone Project in March of 2013. The original 2013 approval was amended in 2015 to include the new mining methodology and the scale of the Phase I plant. Following the conclusion of the AMEC Phase I Pilot Study, a second EAA amendment application was submitted detailing the final engineering and location of the Phase I plant, and approval was received in 2017 and again updated in 2019 with the SNC-Lavalin engineering. A Development Agreement with the Rural Municipality of Lajord No. 128 was initially signed in 2015, and updated with the Milestone Phase 1 Project design in 2017 and 2019.

Western Potash Corp. has received numerous permits and approvals for the Phase I development and operation of hot mining. The Saskatchewan Ministry of Environment (“SMoE”) has issued an operating approval hot mining, and the Rural Municipality (“RM”) of Lajord has approved necessary building permits and agreed to a Project Agreement with the Company. Additional regulatory approvals and permits will be processed as required. An Environmental Management Plan (“EMP”), Conceptual Decommissioning and Reclamation plan in support of reclamation bonds, and an Annual Environmental Report, all for 2020, were also submitted to the SMoE. The Company has also submitted the 2021 Annual Environmental Report and plans to the SMoE. EMP is updated and submitted to the SMoE on an as-needed basis, and the Company has submitted 2021 and 2022 versions of the EMP with appropriate updates to reflect current project status. Additional permits will be received as the project continues to progress.

## **Engineering Studies**

The Phase I pilot plant uses selective solution mining of the Milestone deposit, starting with a smaller, low capital cost pilot project. The Phase I project is being re-designed to produce 146,000 tonnes per year of potash over a project life of 40 years.

SNC Lavalin has completed Final Engineering. All of the major packages of equipment required for the plant and ancillary facilities have been procured and 100% delivered to the project site.

### **Solution Mining**

Western Potash Corp. successfully started and operated the selective solution mining for approximately 18 months from October 2019 to May 2021, and then for 7 months from May 2022 to Dec 2022. This involved heating the brine via submerged combustion and glycol heating units, pumping the brine into the caverns, and preferentially extracting the KCl (leaving the NaCl in place underground). Potash is being accumulated in the crystallization pond.

Using experience and data obtained from the operations, and in conjunction with a number of leading solution mining experts, an optimized solution mining plan has been developed.

### **Construction**

During 2020, Stuart Olson completed about 78% of the total work for the processing plant and minefield areas (based on incurred costs for all activities including engineering, procurement, infrastructure and construction). Work also focused on establishing facilities to allow hot mining activities. Hot mining commenced in Q2 of 2020 and continued through the remainder of the year until end of May 2021.

As construction resumed in May of 2022, all of the bulk material has been purchased and is on-site, as well as over 100% of the equipment. The storage building has completed its structural steel and most of the cladding, and the process and compaction areas has all structural steel completed, all equipment rough set, and most of the cladding completed.

Construction is expected to be completed by Q1 of 2023, after which the commissioning efforts will begin.

### **Community and Infrastructure**

The Company is committed to maintaining good relationships with the local community, government and business, through open and transparent communication, feedback and ongoing engagement with all parties with a view to benefiting the local community. An Open House was hosted in the RM of Lajord in August 2022 attracting over 50 local residents. Officials from various Ministries of the Province of Saskatchewan paid site visit to the mine plant in June 2022, including the Ministry of Trade and Export Development, Ministry of Energy and Resources and Ministry of Environment. Those and regular meetings with all levels of government have continued to confirm their respective strong supports for the project.

All other site infrastructure projects (gas, power, water, roads, telecommunication) are complete.

## **ITEM 5: DIVIDENDS & DISTRIBUTIONS**

### **5.1 Dividends & Distributions**

To date the Company has not paid any cash dividends or distributions on its common shares nor does it intend to pay any cash dividends or distributions on its shares in the immediate future. Cash dividends or distributions will, in all probability, only be paid in the event the Company successfully brings one of its properties into production. The Company at present has no intention of paying cash dividends or distributions on its common shares as it anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

## **ITEM 6: DESCRIPTION OF CAPITAL STRUCTURE**

### **6.1 General Description of Capital Structure**

The Company's authorized capital consists of an unlimited number of common shares without par value of which 408,490,478 shares were issued and outstanding as of September 30<sup>th</sup>, 2022. All of the issued common shares are fully paid and non-assessable.

Shareholders are entitled to one vote for each common share on all matters to be voted on by the shareholders. Each common share is equal to every other common share and all common shares participate equally on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets among shareholders for the purpose of winding up the affairs after the Company has paid out its liabilities. Shareholders are entitled to receive pro rata such dividends as may be declared by the board of directors out of funds legally available therefore and to receive pro rata the remaining property of the Company upon dissolution. No common shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights, and no provisions for redemption, retraction, purchase or cancellation, surrender, sinking fund or purchase fund. Provisions as to the creation, modification, amendment or variation of such rights or such provisions are contained in the *Business Corporations Act* (British Columbia) and the Articles of the Company. The Company has also adopted a Shareholder Rights Plan (See Item 1.1).

### **6.2 Constraints**

There are no known constraints on the ownership of the securities of the Company to ensure that the Company has a required level of Canadian ownership.

### **6.3 Ratings**

There are no known ratings, including provisional ratings, by rating organizations for any securities of the Company which are outstanding and such ratings continue in effect.

## ITEM 7: MARKET FOR SECURITIES

### 7.1 Trading Price and Volume

The Company's common shares are traded on the Toronto Stock Exchange (the "TSX") in Canada under the symbol "WRX". On July 12, 2011, the common shares of the Company's predecessor company, Western Potash Corp., now a wholly owned subsidiary as a result of a Plan of Arrangement completed in March 2017, were first listed and posted for trading on the TSX and were delisted from TSX Venture Exchange (the "TSXV"), the stock exchange that the Company was initially listed on. On April 10, 2019, the Company closed a rights offering. As a result, a total of 93,437,110 common shares of the Company are issued to holders of Rights at a subscription price of C\$0.12 per share which represents gross proceeds of \$11,212,454. In connection with the rights offering, the Company incurred \$91,789 in share issuance costs. On The total issued and outstanding capital of the Company, following the share conversion of Vantage, as of this AIF filing is 408,490,478 common shares. The following table provides the high and low prices and volume for the Company's shares on the TSX for the periods indicated (stated in terms of Canadian dollars):

Month	Open (CAD \$)	High (CAD \$)	Low (CAD \$)	Close (CAD \$)	Volume (Shares)
October 2021	\$ 0.18	\$ 0.22	\$ 0.18	\$ 0.21	810,500
November 2021	\$ 0.19	\$ 0.20	\$ 0.17	\$ 0.18	658,700
December 2021	\$ 0.18	\$ 0.19	\$ 0.15	\$ 0.16	1,055,100
January 2022	\$ 0.16	\$ 0.29	\$ 0.16	\$ 0.25	2,307,400
February 2022	\$ 0.25	\$ 0.48	\$ 0.25	\$ 0.42	4,612,800
March 2022	\$ 0.42	\$ 0.43	\$ 0.34	\$ 0.41	1,021,300
April 2022	\$ 0.41	\$ 0.41	\$ 0.34	\$ 0.38	351,500
May 2022	\$ 0.38	\$ 0.38	\$ 0.30	\$ 0.30	490,000
June 2022	\$ 0.30	\$ 0.33	\$ 0.23	\$ 0.25	202,500
July 2022	\$ 0.25	\$ 0.28	\$ 0.21	\$ 0.24	324,000
August 2022	\$ 0.23	\$ 0.34	\$ 0.23	\$ 0.25	758,700
September 2022	\$ 0.25	\$ 0.26	\$ 0.22	\$ 0.22	225,500

## ITEM 8: ESCROWED SECURITIES

### 8.1 Escrowed Securities

There are no common shares of the Company beneficially owned by directors, officers and insiders of the Company that are subject to any escrow conditions.

## ITEM 9: DIRECTORS AND OFFICERS

### 9.1 Name, Occupation and Security Holdings

Following are the full names, province/state and country of residence, respective positions with the Company and the principal occupations within the preceding five years, for all of the directors and officers of the Company:

Name and Ordinary Residence <sup>(1)</sup>	Principal Occupation or Employment during the past five years <sup>(1) (2)</sup>	Current Position with Company and Period of Service <sup>(3)</sup> & WRX securities owned
Bill Xue <sup>(6)</sup> British Columbia, Canada	Mr. Xue is Managing Director of Tairui Mining Inc.	Director since Sept 16, 2015; President since Sept 28, 2015; CEO since April 5, 2017.  1,600,000 stock options, and 1,500,000 common shares
George Gao <sup>(6) (7)</sup> Ontario, Canada	Senior Vice President of the Company since May 2016 and Chief Administrative Officer of the Company between May 2016 and April, 2017; Interim CFO of the Company from October 1, 2018 to April 30, 2019.	Director since March 2021. Senior VP Corporate Finance since May 2019. CFO since April 2021.  1,500,000 stock options, Nil Common Shares
Weimin Wang <sup>(4) (5)</sup> Beijing, China	Mr. Wang was CEO and President of China BlueChemical Ltd (“CBC”). He was elected as Chairman of CBC in May 2020. Prior to that, Mr. Wang was general manager, vice president and Chairman of Hubei Dayukou Chemical Co., Ltd., respectively.	Director from June 15, 2020 to July 2022.  Nil stock options, Nil Common Shares
Guy Bentinck <sup>(4) (5) (7)</sup> Ontario, Canada	Mr. Bentinck’s experiences include having served as Senior VP and CFO of Fairfax Africa, President and CEO of Potash Ridge Corporation, and Senior VP Finance, CFO and SVP Capital Projects of Sherritt International Corporation.	Director since March 2020.  800,000 stock options, Nil Common Shares
Andrew Hancharyk <sup>(4) (7)</sup> British Columbia, Canada	Andrew is a lawyer and independent director of Discovery Harbour Resources Corp. He is a lawyer for the Government of British Columbia. Prior to that, he was Director of Corporate Services for The County of the Corporation of Prince Edward, Picton, ON. He has also served as General Counsel and Chief Legal Officer in publicly traded mining companies.	Director since March 2021  800,000 stock options, Nil Common Shares
Yujia Ren Beijing, China	Managing Director of Beijing Tairui Innovation Capital Management Ltd. (“Tairui”), which is the parent company of the Vancouver based Tairui Mining Inc.	Director from March 13, 2020 to July 2022  Nil stock options, Nil Common Shares
Jerry Zhang <sup>(6)</sup> BC, Canada	Mr. Zhang joined Western Potash Corp. as a consultant in July 2011 and was transferred to Western Resources Corp. in April 2017 with the completion of the Plan of Arrangement of the two companies. He is currently Senior Vice President of Western Resources Corp., and Senior Vice President of Western Potash Corp.	Corporate Secretary from September 2016 to September 2022;  1,500,000 stock options, Nil Common Shares

Matthew Wood Saskatchewan, Canada	Mr. Wood was VP Technology of Western Potash Corp. since October 2016. He was Project Director of the Western Potash Corp. from August 2016 till October 2018. Prior to that, he was Senior Project Leader, Vale Canada Ltd. from September 2009 to July 2016.	VP, Technology from October 1, 2018 to March 2022.  Nil stock options, Nil Common Shares
Fritz Venter Saskatchewan, Canada	Mr. Venter is currently COO of Western Potash Corp. He was CEO & President of Western Potash Corp. from Aug 2019 till March 2021; Senior Vice President of SNC-Lavalin from Nov. 2016 to July 2019; Project Director & MPG Director, FLUOR from Oct. 2014 to Oct. 2016.	Director since June 2019 until March 2021;  2,000,000 Stock Options, Nil common shares
Xia Qinglong Beijing, China	Mr. Xia was Chairman of the International Corp. of SNOOC. Prior to this, Mr. Xia served as CEO of ChinaBlue Chemical Ltd. from June 2016 to August 2018.	Director, July 2016 to May 2020.  Nil Common Shares or stock options
Yinping Wang Beijing, China	Mr. Wang was independent director of China Xuyang Group (HK: 01907). Previously, he was CEO and Chairman of Shenyang Zhiying Pharmaceutical at China Pioneer Pharma Holdings Limited. Mr. Wang also served as VP of Sinochem Group.	Director, April 2017 to September 2020.  Nil Common Shares or stock options
James Moore British Columbia, Canada	Senior Business Advisor at the multinational law firm Dentons. He also serves as Chancellor of the University of Northern British Columbia. Previously, he served as Canada's Minister of Industry, Minister of Canadian Heritage & Official Languages, and Secretary of State for the Asia Pacific Gateway and Minister for the 2010 Olympics. He was chair of the Cabinet Committee on Economic Prosperity and Vice Chair of the Operations and Social Affairs Cabinet Committees and served as the Senior Regional Minister for the province of British Columbia.	Chairman, April 2017 to March 2020.  Nil Stock Options or Common Shares
Jennifer Fang Ontario, Canada	Ms. Fang is the Managing Partner of Highnoon Capital & Consulting Inc. Most recently, Jennifer was the national Managing Director, China Business Network & Strategy for PwC Canada.	Director, April 2017 to November 2019.  Nil Common Shares
Mark Fracchia Alberta, Canada	Mr. Fracchia has over 30 years of management, executive and director experience to Western. He is well connected in the potash world and has a track record of accomplishments in leadership, strategy, vision and, in particular, innovative potash mining technology. His extensive experiences include having served as General Manager at various Potash sites, VP of Safety, Health, Environmental & Security, and culminating as President of Potash, all at PotashCorp. (now Nutrien).	Director since March 2022  1,800,000 Stock Options Nil Common Share
Justin Xing Hong Kong, China	Mr. Xing is the Chairman of Vantage Chance Limited and oversees various investment activities under the company.	Director since Oct, 2022.  1,000,000 Stock Options Nil Common Shares
Jack Xue British Columbia, Canada	Mr. Xue is the Corporate Secretary & Cost Controller of Western Potash Corp, his close involvement with the project allows for more efficient distribution of information among WRX board & executives.	Corporate Secretary since Oct 2022.  700,000 Stock Options Nil Common Shares



- (1) The information of Directors and Officers concerning residence and prior occupation during the past five years is not within the knowledge of the Company and has been furnished by the respective directors and officers.
- (2) Unless otherwise stated above or herein, each of the above-named nominees has held the principal occupation or employment indicated for at least five years.
- (3) Terms of the Directors of the Company expire annually at each annual general meeting of the Company.
- (4) Member of Audit Committee.
- (5) Member of Compensation Committee.
- (6) Member of Executive Committee.
- (7) Member of Corporate Disclosure Policy Committee.

As of December 29, 2022, 344,455,492 common shares of the Company were beneficially owned, directly or indirectly, by the directors and executive officers as a group, representing approximately 84.32% of the issued and outstanding voting securities (408,490,478 Shares).

## 9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of the AIF and during the 10 years prior to the date of the AIF, none of the directors or executive officers of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or any personal holding company of the foregoing persons:

- (a) is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:
  - (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.,
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.
- (b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer and shareholder.

No director, officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has:

- (a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

## 9.3 Conflicts of Interest

No directors and officers of the Company are directly and or indirectly involved in the mining and mineral exploration industry that may have a conflict of interest with the Company. However, if in any case in the future that any of the directors and or officers of the Company have any kind of conflicts of interest with the Company, it shall be disclosed by the directors and or officers in accordance with the *Business Corporations Act* (British Columbia) and they will govern themselves in respect thereof to the best of their ability with the obligations imposed on them by law.

## **ITEM 10: PROMOTERS**

### **10.1 Promoters**

Within the three most recently completed financial years ended September 30, 2022 and up to the date of this AIF, the Company does not have, nor employed, any person or company acting or performing as a promoter for the Company other than the current directors of the Company.

## **ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **11.1 Legal Proceeding and Regulatory Actions**

#### **a) Lockwood Financial Ltd.**

By an agreement dated September 1, 2010, the Company retained Lockwood Financial Ltd. (“Lockwood”) to provide certain services. That agreement provided for various potential payments from the Company to Lockwood if specific triggering events occurred. A Notice of civil claim has been filed by Lockwood seeking a payment in an amount of \$1,439,056 for a success fee and additional service fee owing. It is the position of the Company that none of the triggering events occurred and that no amount is payable to Lockwood. The case was officially dismissed in the Supreme Court of British Columbia on September 21, 2022.

#### **b) Amarillo Gold Corporation**

On April 15, 2020, Western Potash entered into a legal settlement agreement with Amarillo Gold Corporation (“Amarillo” – currently operating as Hochschild Mining Brazil Holdings Corp. (“HMBHC”) after restructuring) to resolve the disputes in respect of certain taxes and penalties related to exploration permits Amarillo has become liable to pay as a result of Amarillo’s Brazilian subsidiary taking potash claims in Brazil during 2008 on behalf of Western Potash. During the year ended September 30, 2021 the Company did not make all required payments under the terms of the Amarillo Settlement and as such at September 30, 2021 was in default of the agreement and payment can be requested immediately by Amarillo. The Company has paid all outstanding debt as of September 30, 2022 and HMBHC has confirmed that all settlement conditions were satisfied

#### **c) Builders’ Liens**

As of September 30, 2021, various vendors filed builders’ liens for up to \$34,338,000 against WPC because of its delayed payment on the outstanding payables related to mineral property, plant and equipment. During the year ended September 30, 2022, the Company repaid all above stated outstanding payables and all builders’ liens, on its land and property registered on title held by the Company or any of its affiliates, were removed.

## **ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **12.1 Interest of Management and Others in Material Transactions**

During the year ended September 30, 2022, there are no management or Board members who were involved in any material transactions with the Company or with any of the subsidiaries of the Company.

## **Consulting and Employment Agreements**

Effective May 2, 2016, Milestone Potash Corp., (which was amalgamated with the Company's wholly owned Western Potash Corp.) entered into a consulting agreement with Tairui Mining Inc., a company controlled by Bill Xue ("together Tairui"). Tairui receives a monthly payment of \$20,000. The agreement renews annually for a term of one year.

Effective June 17, 2016, the Company entered into an employment agreement with Matthew Wood, to be the Project Director of the Milestone Project, and in October of 2018, he was promoted to VP Technology of the Company. The annual base salary is \$180,000 and includes regular benefits and allowances. Matthew Wood resigned on March 25, 2022.

Effective May 30, 2016, the Company entered into a consulting agreement with Rock Point Capital Inc., a company controlled by George Gao, to be Senior Vice President of the Company, and later Chief Financial Officer with an annual compensation of \$180,000. From May 2019, Mr. Gao's position changed to position of Senior VP of the Company on a part-time basis with annual salary adjusted to \$60,000. On April 1, 2021, the agreement was again amended with Mr. Gao providing consulting services still on part-time basis but as Chief Financial Officer of the Company at an updated annual salary of \$90,000. The agreement renews annually for a term of one year.

Effective August 1, 2019, the Company's wholly-owned subsidiary Western Potash Corp. entered into an employment agreement with Fritz Venter to be CEO and President with a compensation of \$240,000 per annum, and a signing bonus of \$100,000. Mr. Venter resigned from these positions as of March 30, 2021.

Effective October 1, 2022, the Company's wholly-owned subsidiary Western Potash Corp. entered into another employment agreement with Fritz Venter, with the latter being hired as COO with a compensation of \$300,000 per annum.

Except as noted in this AIF and incorporated by reference as set out in Item 1.1, within the three most recently completed financial years ended September 30, 2022 and up to the date of this AIF, none of the following:

- (a) director or executive officer of the Company;
- (b) a person or company that is direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of outstanding voting securities of the Company; and
- (c) an associate or affiliate of any of the persons or companies referred to in the above paragraphs (a) or (b),

has any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company, to the best of the Company's knowledge.

## **ITEM 13: TRANSFER AGENT AND REGISTRAR**

### **13.1 Transfer Agent and Registrar**

The Company's transfer agent and registrar is:

Computershare Investor Services Inc.  
3rd Floor, 510 Burrard Street  
Vancouver, BC Canada V6C 3B9

## **ITEM 14: MATERIAL CONTRACTS**

## 14.1 Material Contracts

There are no other contracts, other than those herein disclosed in this AIF, incorporated by reference as set out in Item 1.1 or entered into in the ordinary course of the Company's business, that are material to the Company, from the period of October 1, 2021 to September 30, 2022 (the most recently completed fiscal year), or which were entered into from October 1, 2022 to the date of this AIF, that are still in effect as of the date of this AIF.

## ITEM 15: INTERESTS OF EXPERTS

### 15.1 Names of Experts

Mr. Kyle Krushelniski, a P.Eng. with March Consulting Associates Inc., and an independent Qualified Person as defined by NI 43-101, is the lead author of the updated NI 43 101 Technical Report titled "NI 43-101 Technical Report Summarizing Detailed Engineering and Mine Life Review, Milestone Phase I Project (Subsurface Mineral Lease KLSA 008) Saskatchewan", filed by the Company on SEDAR on December 29, 2021, and dated effective November 30, 2021.

Mr. Douglas F. Hambley, Ph.D, P.E., P.Eng., P.G., Mr. Richard M. Baars, P.E., and Mr. Biao Qiu, Ph.D,P.E., each of Agapito Associates Inc., and Mr. Bryan Ilko, P. Eng of then SNC-Lavalin, all being independent Qualified Persons as defined by NI 43-101 together prepared the updated NI 43-101 technical report as filed by the Company on SEDAR on January 7, 2020, titled "NI 43-101 Technical Report Summarizing Detailed Engineering Design, Milestone Phase I Pilot Project (Subsurface Mineral Lease KLSA 008), Saskatchewan", dated and effective September 24, 2019.

Steven Huntley, Ryan Leland and P.O'Hara of Wood Group (previously Amec Foster Wheeler) were the independent Qualified Persons as defined by NI 43-101 and are the experts who prepared the Milestone Phase I project preliminary report named Milestone Pilot Plant Final Report dated November 30, 2016.

### 15.2 Interests of Experts

To the best of the Company's knowledge, the experts named in Item 15.1 did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company when the experts prepared the technical reports noted in Item 15.1.

MNP LLP, Chartered Professional Accountants are the auditors of the Company and have audited the annual consolidated financial statements for the years ended September 30, 2022 and 2021. MNP LLP confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

## ITEM 16: ADDITIONAL INFORMATION

### 16.1 Additional Information

Additional information relating to the Company:

- (a) may be found on SEDAR at [www.sedar.com](http://www.sedar.com),
- (b) additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular pertaining to its most recent Annual General Meeting of security holders that involves the election of directors, and
- (c) is also provided in the Company's financial statements and management discussion and analysis for its most recently completed financial year ended September 30, 2022.

## **16.2 Audit Committee**

### ***Audit Committee Charter***

The Audit Committee of the Board of Directors of the Company operates under a written charter that sets out its responsibilities and composition requirements. The mandate of the Audit Committee includes direct responsibility for overseeing the Company's accounting and financial reporting process and audits of financial statements, and direct responsibility for the appointment, compensation, and oversight of the work of any registered external auditor employed by the Company (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

### ***Composition of the Audit Committee***

The members of the Audit Committee for the fiscal year of 2022 are Guy Bentinck and Andrew Hancharyk (joined in March 2021), all of whom are "financially literate" and "independent", within the meaning set out in National Instrument 52-110 *Audit Committees* ("NI 52-110"). The company is currently seeking a third independent director to join Audit Committee.

### ***Relevant Education and Experience***

Guy Bentinck

MR. Guy Bentinck joined the Board of Western Resources Corp. in March 2020. He is also Chair of the Company's Audit Committee.

Mr. Bentinck is a seasoned executive with a record of accomplishments in leadership, strategy, value accretion, operations, capital markets, mergers & acquisitions, capital projects and sustainable business improvement. He is well connected in mining and financing sectors, particularly in potash industry. His extensive experiences include having served as Senior VP and CFO of Fairfax Africa, President and CEO of Potash Ridge Corporation, and Senior VP Finance, CFO and SVP Capital Projects of Sherritt International Corporation.

Mr. Bentinck has a Master of Arts degree from the University of Aberdeen, UK, and holds qualifications of Chartered Accountant / CPA in both Canada and Scotland.

Andrew Hancharyk

Andrew was appointed as member of the Company's Audit Committee when he joined the board of directors in his capacity as independent director of the Company in March 2021 passed through the Company's Annual General Meeting. He is currently a lawyer with the government of British Columbia and an independent director of Discovery Harbour Resources Corp.

Andrew was Director of Corporate Services for The County of the Corporation of Prince Edward, Picton, ON (Oct 2018 to Sep 2019); Chief Legal Officer of Largo Resources Ltd., (May 2013 to Jul 2015); Senior Legal Counsel and Consultant for CHC Helicopter Group, (Oct 2010 to Nov 2012); National Policy Manager of TMX Group - TSX Venture Exchange, Vancouver, BC (Nov 2007 to Feb 2010); General Counsel and Corporate Secretary of First Quantum Minerals Ltd., Vancouver, BC (Sep 2005 to Sep 2007) and Associate Counsel of Sherritt International Corporation/Sherritt Power Corporation, Toronto, ON (Jul 1998 to Aug 2005).

Andrew has a business and a JD/LL.B degree from the University of Ottawa and a Master of Laws from the Osgoode Hall at York University.

### ***Reliance on Certain Exemptions to Sections of NI 52-110***

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the following exemptions of NI 52-110:

- (a) the exemption in section 2.4. *De Minimis Non-audit Services*;
- (b) the exemption in section 3.2 *Initial Public Offerings*;
- (c) the exemption in section 3.4 *Events Outside Control of Member*;
- (d) the exemption in section 3.5 *Death, Disability or Resignation of Audit Committee Member*; or
- (e) an exemption from NI 52-110, in whole or part granted under Section 8, *Exemptions*

***Reliance on the Exemption in Subsection 3.3(2) or Section 3.6 of NI 52-110***

At no time since the commencement of the Company's most recently completed financial year, has the Company relied on the exemption in subsection 3.3(2), *Controlled Companies*, or section 3.6, *Temporary Exemption for Limited and Exceptional Circumstances*.

***Reliance on Section 3.8 of NI 52-110***

At no time since the commencement of the Company's most recently completed financial year, has the Company relied on the exemption in section 3.8, *Acquisition of Financial Literacy*.

***Audit Committee Oversight***

At no time since the commencement of the Company's most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

***Pre-Approval Policies and Procedures***

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors and, where applicable, by the Audit Committee, on a case-by-case basis.

***External Auditor Service Fees (By Category)***

Set forth below are details of certain service fees paid to the Company's external auditor in each of the last two fiscal years for audit services:

<b>Financial Year End</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sup>(2)</sup></b>	<b>Tax Fees <sup>(3)</sup></b>	<b>All Other Fees <sup>(4)</sup></b>
September 30, 2021	\$158,360	\$16,536	Nil	Nil
September 30, 2022	\$149,000	\$18,000	NIL	NIL

- (1) The aggregate audit fees billed by the Company's external auditor. The figure of 2022 is an estimated amount.
- (2) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees". The figure of 2022 is an estimated amount.
- (3) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.

- (4) The aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than the services reported under clauses (1), (2) and (3) above.

## SCHEDULE "A"

### to the Annual Information Form of Western Resources Corp. (the "Company")

#### CHARTER OF THE AUDIT COMMITTEE (UPDATED JULY 2020)

##### **Audit Committee Mandate**

The Audit Committee (the "**Committee**") will assist the Board of Directors (the "**Board**") of Western Resources Corp. (the "**Company**") in fulfilling its oversight responsibilities. The Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct as more fully described below. In performing its duties, the Committee will maintain effective working relationships with the Board of directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks.

##### **Committee Organization**

The Committee will be comprised of three (3) or more directors as determined by the Board, all of whom shall satisfy the "independence" requirement of the applicable securities regulatory requirements, as may be required from time to time. Each member will be "financially literate" as defined in the applicable securities regulatory requirements or shall become financially literate within a reasonable period of time after his or her appointment to the Committee. The designation or identification of a member as Committee financial expert shall not impose on such member any duties, obligations or liabilities that are greater than the duties, obligations and liabilities imposed on any other member of the Committee or Board. The Board will appoint annually, at the organizational meeting of the full board on the recommendation of the Board members, the members of the Committee. The Board will appoint one member of the Committee as the chair of the Committee. A Committee member shall be automatically removed without further action of the Board if the member ceases to be a director of the Company or is found by the Board to no longer be an independent director as required by this Charter. Committee members may be otherwise removed or replaced by a vote of the Board. No member serving on the Committee shall receive directly or indirectly, any compensation, advisory or other compensation fee from the Company or an affiliate of the Company other than director fees for service as a director. The Committee is to meet at least four (4) times annually and as many additional times as the Committee deems necessary. Committee members will endeavor to be present at all meetings either in person or by telephone. As necessary or desirable, but in any case at least quarterly, the Committee shall meet with members of management and, if required external auditors, to discuss the financial reporting and any matter that the Committee or management deems necessary. The Chairman in consultation with other members of the Committee, the Company's independent auditors and the appropriate officers of the Company, will be responsible for calling meetings of the Committee, establishing the agenda and supervising the conduct of the meeting. The Committee may also take any action permitted hereunder by unanimous written consent. The Committee may request any officer or employee of the Company or the Company's outside legal counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consult to, the Committee. Except as otherwise provided by this Charter or applicable laws or regulations, as amended from time to time:

- a. A majority of the members of the Committee meeting, either present in person or by means of remote communication, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the Committee, and
- b. All actions of the Committee shall be by affirmative vote of a majority of those members so determined to be present or represented by proxy.



## **Authority**

Subject to the prior approval of the Board, the Committee is granted the authority to investigate and require such information and explanation from management, as it considers reasonably necessary, or any matter or activity involving financial accounting, financial reporting, financial risk, and the internal controls of the Company. In addition, the Committee will require management to promptly inform the Committee and the external auditor of any material misstatement or error in the financial statements following the discovery of such instance.

The Committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Committee.

In recognition of the fact that the independent auditors are ultimately accountable to the Committee, the Committee shall have the authority and responsibility to nominate for shareholder approval, evaluate, and where appropriate, replace the independent auditors and shall approve all audit engagement fees and terms and all non-audit engagements with the independent auditors. The Committee shall consult with management but shall not delegate these responsibilities.

## **Responsibilities**

In carrying out its oversight responsibilities, the Committee will:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review with the Company's management and external auditors and recommend to the Board the Company's quarterly and annual financial statements and management discussion and analysis that is to be provided to shareholders, stakeholders and the appropriate regulatory authorities, including any financial statement contained in a prospectus, information circular, registration statement or other similar document.
3. Review with the Company's management and approve on behalf of the Board the Company's quarterly financial statements and management discussion and analysis that is to be provided to shareholders, stakeholders and the appropriate regulatory authorities.
4. Review the Company's management annual and interim earnings press release before any public disclosure.
5. Recommend to the Board the external auditors to be nominated for the purposes of preparing or issuing an audit report or performing other audit's review or attest services and the compensation to be paid to the external auditors. The external auditors shall report directly to the Committee.
6. The Committee will annually review the qualifications, expertise and resources and the overall performance of external auditor and, if necessary, recommend to the Board the termination of the external auditor (and its affiliates), in accordance with the applicable securities laws.
7. Review with management the scope and general extent of the external auditors' annual audit. The Committee's review should include an explanation from the external auditors of the factors considered in determining the audit scope, including major risk factors. The external auditors should confirm to the Committee whether or not any limitations have been placed upon the scope or nature of their audit procedures.
8. Be directly responsible for the oversight of the work of the external auditors, including the resolution of disagreements between management of the Company and the external auditors.
9. Review with the Company's management and external auditors the Company's accounting and financial reporting controls. Obtain annually in writing from the external auditors their observations, if any, on significant weaknesses in internal controls as noted in the course of the auditor's work.
10. The Committee is to meet at least once annually, with the independent auditors, separately, without any management representatives present for the purpose of oversight of accounting and financial practices and procedures.
11. Review with the Company's management and external auditors significant accounting and reporting principles, practices and procedures applied by the Company in preparing its financial statements. Discuss with the external auditors their judgment about the quality of the accounting principles used in financial reporting.

12. Inquire as to the independence of the external auditors and obtain from the external auditors, at least annually, a formal written statement delineating all relationships between the Company and the external auditors and the compensation paid to the external auditors.

13. At the completion of the annual audit, review with management and the external auditors the following:

- a. The annual financial statements and related footnotes and financial information to be included in the Company's annual report to shareholders.
- b. Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
- c. Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the external auditors during the audit, including all requested records, data and information.
- d. Inquire of the external auditors whether there have been any material disagreements with management, which, if not satisfactorily resolved, would cause them to issue a not standard report on the Company's financial statements.

14. Meet with management, to discuss any relevant significant recommendations that the external auditors may have, particularly those characterized as "material" or "serious". Typically, such recommendations will be presented by the external auditors in the form of a Letter of Comments and Recommendations to the Committee. The Committee should review responses of management to the Letter of Comments and Recommendations from external auditors and receive follow-up reports on action taken concerning the aforementioned recommendations.

15. Have the sole authority to review in advance, and grant any appropriate pre-approvals, of all non-audit services to be provided by the independent auditors and, in connection therewith, to approve all fees and other terms of engagement. The Committee shall also review and approve disclosures required to be included in periodic reports filed with securities regulators with respect to non-audit services performed by external auditors.

16. Be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, and periodically assess the adequacy of those procedures.

17. Review and approve the Company's hiring of partners, employees and former partners and employees of the present and past auditors.

18. Review any proposed appointments to senior financial positions of the Company.

19. Review with management and the external auditors the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by the Company's employees that may have a material impact in the financial statements.

20. Review all risk assessment reports prepared by management from time to time to determine if risks are properly identified and managed and if any issues need to be reported to the Board.

21. The Committee will conduct an appropriate review of all proposed related party transactions to identify potential conflict of interest and disclosure situations. The Committee shall submit the related party transaction to the Board of Directors for approval by a majority of independent directors, excluding any director who is the subject of a related transaction, and

22. The Committee will prepare a report for the inclusion on the Company's proxy statement for its annual meeting of stockholders describing the Committee's structure, its members and their experience and education. The report will address all issues then required by the rules of the regulatory authorities.

### **Complaint Procedures**

The Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidentiality, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee must periodically review such procedures to ensure they are effective and ensure compliance by the Company with such procedures.

### **“Whistleblower” Procedures**

The Committee shall provide for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and the Committee shall provide for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matter. The Company’s Whistleblower Policy was most recently updated on April 17, 2020.

### **Annual Performance Evaluation**

The Committee will conduct and review with the Board annually an evaluation of the Committee’s performance with respect to the requirements of the Charter. The evaluation should set forth the goals and objectives of the Committee for the upcoming year.

### **Other**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These are the responsibility of management and the independent auditor. Nor is it the duty of the Committee to assure compliance with the laws and regulations.

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