

**401601 B.C. Ltd.  
Suite 210 – 8399 200 Street  
Langley, B.C., V2Y 3C2**

**May 15, 2024**

**Private and Confidential**

**WesCan Energy Corp.**  
c/o EnerNext Counsel  
Suite 1620, 444 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 2T8

**Attention: Leo Berezan, Interim CEO and Director**

Dear Sirs:

The undersigned, or any company or companies that are appointed in his or their stead for the purposes of acting as lender under this letter agreement, after your acceptance hereof, hereby offers to you a loan of up to CAD\$2,300,000 on the terms stated herein (the “**Loan Agreement**”).

#### **1. BORROWER**

WesCan Energy Corp., a corporation incorporated pursuant to the laws of the Province of Alberta, Canada (the “**Borrower**”).

#### **2. LENDER**

The lender is as set out in the introduction paragraph of this letter agreement with the potential of the Loan being funded by a company owned by or otherwise nominated by the individual identified herein (the “**Lender**”).

#### **3. AVAILABLE AMOUNT AND LOAN**

Up to CAD\$2,300,000 to be made available in a single or multiple advances by the Lender to the Borrower in accordance with Section 4 of this letter agreement (the “**Available Amount**”). The total amount actually drawn down in one or multiple advances by the Borrower, up to the Available Amount, as per the provisions set forth in Section 4 below, shall constitute the loan hereunder (the “**Loan**”).

#### **4. TERM, REPAYMENT AND PREPAYMENT**

4.1. The term of the Loan is four (4) years, starting May 27, 2024 with the option to extend the term at the discretion of the Lender. The Loan shall be amortized over such four (4) year period and payments of principal and interest shall be due and payable each month on the 27<sup>th</sup> of such calendar months in accordance with the schedule attached hereto as Schedule “A”.

4.2. Notwithstanding the foregoing, upon the occurrence of any of the following events, the Loan shall become immediately due and payable, together with all accrued and unpaid interest thereon under Section 6.1 hereof, upon the following events:

- 4.2.1.1. If the Borrower does a capital raise of over CAD\$4,000,000 during the term of the Loan;
- 4.2.1.2. If the Borrower has positive net operating cash flow of over CAD\$2,000,000 in any 3 month quarterly reporting period; or
- 4.2.1.3. If the Borrower has positive net operating cash flow of over CAD\$3,000,000 for a combined two (2) quarterly reporting periods.

Should any of these events occur, repayment will be made within the ten (10) business days following the materialization of the relevant event.

- 4.3. Notwithstanding the foregoing, the Borrower may pre-pay the Loan at any time, without any penalty whatsoever, upon paying the principal amount of the Loan and any unpaid interests under Section 6.1 accrued to the date of such pre-payment.

## **5. PURPOSE**

Finance general working capital requirements of the Borrower, including payroll for employees, payment of service providers, and requirements of its business operations, including paying off any creditors of the Borrower for amounts owing as of the date hereof.

## **6. RATE AND PAYMENT OF INTERESTS, WARRANTS**

- 6.1. **Rate and payment of Interests.** 12% per annum, paid monthly.

## **7. CALCULATION OF INTERESTS**

### **7.1. Calculation of Interests**

As per Section 6.1, the Borrower shall pay interest on the Loan on a monthly basis. Subject to the above, such interest will be calculated monthly, will accrue daily on the basis of the actual number of days elapsed of the relevant quarter (including the first day, but excluding the day of payment) and based on a year of 365 days.

### **7.2. Limit on Interests**

The Borrower will not be obligated to pay any interest, fees or costs under or in connection with this letter agreement in excess of what is permitted by law.

### **7.3. Overdue Payments**

Any amount that is not paid by the Borrower when due by it under the terms and conditions of this letter agreement, shall bear interest until paid at the rate of 24% per annum. Such interest on overdue amounts will be computed daily, compounded monthly and will be payable by the Borrower both before and after any or all of default, maturity date, demand and judgement.

#### **7.4. Equivalent Yearly Rates**

The annual rates of interest to which the rates calculated in accordance with this letter agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

#### **7.5. Time and Place of Payment**

Amounts due on a day which is a Saturday, Sunday or statutory holiday in Alberta will be deemed to be due on the business day next following such day.

### **8. Security**

8.1. All obligations under the Loan shall be secured by a general security agreement on all of the present and after acquired personal property of the Borrower as well as a floating land charge regarding same, in a form to be agreed to by the Borrower and the Lender, acting reasonably.

### **9. CONDITIONS PRECEDENT**

The availability of the Loan is conditional upon the receipt of the following:

- (a) a duly executed copy of this letter agreement;
- (b) a duly executed copy of a general security agreement granting security in the present and after acquired personal property of the Borrower, in a form to be agreed to between the Borrower and Lender, acting reasonably; and
- (b) such financial and other information or documents relating to the Borrower as the Lender may reasonably require.

### **10. REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Lender that:

- (a) it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in its jurisdiction of incorporation, and is duly registered or qualified to carry on business in all other jurisdictions where the nature of its properties, assets or business makes such registration or qualification necessary or desirable;
- (b) the execution, delivery and performance by it of this letter agreement have been duly authorized by all necessary actions and do not violate its constating documents or any applicable laws or agreements to which it is subject or by which it is bound; and

I no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default (as defined below).

## 11. GENERAL COVENANTS

The Borrower covenants with the Lender, while this letter agreement is in effect:

(a) to pay all sums of money when due by it under this letter agreement;

(b) to provide the Lender with prompt written notice of any Event of Default, or any event which, with notice, lapse of time, or both, would constitute an Event of Default;

(c) to file all material tax returns which are to be filed by it from time to time, to pay or make provision for payment of all taxes (including interest and penalties) when due, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;

(d) to comply in all material respects with all applicable laws;

(e) not to, without the prior written consent of the Lender, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights, other than those in existence as of the date hereof;

(f) not to, without the prior written consent of the Lender, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;

(g) not to, without the prior written consent of the Lender, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other person, except in the ordinary course of business; and

(h) to permit the Lender or its representatives, from time to time, to visit and inspect its premises, properties and assets and examine and obtain copies of its records or other information and discuss its affairs with its auditors, counsel and other professional advisers.

## 12. EVENTS OF DEFAULT

12.1. Without limiting any other rights of the Lender under this letter agreement, if any one or more of the following events (herein an “**Event of Default**”) has occurred and is continuing:

12.1.1. the Borrower fails to pay when due any principal, interest, fees or other amounts due by it under this letter agreement;

12.1.2. the Borrower breaches any provision of this letter agreement in any material respect;

12.1.3. any representation or warranty made or deemed to have been made herein is false or inaccurate in any materially adverse respect;

12.1.4. there is a material adverse change in the financial condition, operation or ownership of the Borrower;

12.1.5. the Borrower is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;

12.1.6. any notice of intention is filed or any voluntary or involuntary case or proceeding is filed or commenced for (i) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of the Borrower, or (ii) the composition, re-scheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of the Borrower, or (iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of the Borrower, or (iv) the possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of the Borrower; or

12.1.7. any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of the Borrower or gives notice of its intention to do any of the foregoing; then the Loan will become immediately due and payable.

12.2. Upon receipt of written notice from the Lender of an Event of Default, the Borrower shall immediately pay to the Lender all amounts outstanding under the Loan, once any amounts payable to a creditor who has priority to the Lender has been paid in full.

12.3. Nothing contained in this section will limit any right of the Lender under this letter agreement to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary advance made available under this letter agreement. Furthermore, nothing in the foregoing paragraphs, or in any other paragraph of this letter agreement, and no act or omission of the Lender under this letter agreement, including any failure of the Lender to advance funds, will in any way prejudice the rights of the Lender or reduce the obligations of the Borrower under this letter agreement.

## **13. GENERAL**

### **13.1. Whole Agreement**

This letter agreement constitutes the entire understanding between the parties with respect to its subject matter, and supersedes all other agreements, commitments and arrangements, whether written or oral.

### **13.2. Severability**

If any provision of this letter agreement is held to be unenforceable, then that provision will be construed by modifying it to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded. If an unenforceable provision is modified or disregarded in accordance with this section, then the rest of this letter agreement will remain in effect as written, and the unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable.

### **13.3. Amendments**

No amendment to this letter agreement will be effective unless it is in writing and executed by both parties.

### **13.4. Waivers**

No waiver of the satisfaction of a condition or the failure to comply with an obligation under this letter agreement will be effective unless it is in writing and executed by the party granting the waiver, and no such waiver will constitute a waiver of the satisfaction of any other condition or the failure to comply with any other obligation.

### **13.5. Expenses**

Each party shall pay their respective fees, costs and expenses incurred in connection with the preparation, negotiation and documentation of this letter agreement and the operation or enforcement of this letter agreement.

### **13.6. Independent Legal Advice**

Each of the parties hereto hereby acknowledges that it has read the terms of this loan agreement, has been given an opportunity to obtain independent legal advice, and understands the terms thereof and, to the extent that it has chosen to forgo independent legal advice, has done so voluntarily and was accorded with every opportunity to avail itself of such advice and does so with full knowledge of the consequences thereof and agrees not to raise such failure to obtain advice as a defence against any claim arising hereunder.

### **13.7. Review**

The Lender may conduct periodic reviews of the affairs of the Borrower, as and when determined by the Lender, for the purpose of evaluating the financial condition of the Borrower. The Borrower shall make available to the Lender such financial statements and other information and documentation as the Lender may reasonably require and shall do all things reasonably necessary to facilitate such review by the Lender.

### **13.8. Set Off**

The Lender is authorized, but not obligated, at any time, to apply any credit balance, whether or not then due, to which the Borrower is entitled on any account in any currency at any branch or office of the Lender in or towards satisfaction of the obligations of the Borrower due to the Lender under this letter agreement. The Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.

### **13.9. Governing Law**

This letter agreement and all matters arising out of or relating to its existence, performance, termination,

interpretation, breach, are governed by, and shall be construed in accordance with, the laws of the Province of Alberta, Canada and the federal laws of Canada applicable therein, without regard to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the Province of Alberta.

**13.10. Counterpart Execution**

If the parties execute this agreement in several counterparts, then each such counterpart will be deemed to be an original and all such counterparts together will be deemed to constitute one instrument.

This offer is open for acceptance until May 17, 2024, after which date it will be null and void, unless extended in writing by the Lender.

Please confirm your acceptance of this letter agreement by signing the attached copy of this letter in the space provided below and returning it to the undersigned.

**Yours truly,**

**401601 B.C. LTD.**

**Per: (signed) "Leo Berezan"  
Leo Berezan**

**ACCEPTED AND AGREED TO THIS 17<sup>th</sup> DAY OF MAY, 2024.**

**WESCAN ENERGY CORP.**

**Per: (signed) "Ed Leung"  
Ed Leung, Interim CFO**