IC POTASH CORP.

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ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

February 23, 2012

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GENERAL

Reference is made in this annual information form (the "**Annual Information Form**" or "**AIF**") to the audited financial statements (the **"Financial Statements"**) and management's discussion and analysis ("**MD&A**") for IC Potash Corp. (the "**Company**") for the fiscal year ended December 31, 2011, together with the auditor's report thereon.

The Financial Statements are available for review on the SEDAR website located at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards.

Unless otherwise noted herein, information in this Annual Information Form is presented as at December 31, 2011. In this AIF, references to "$" are to Canadian dollars.

All references in this AIF to the Company also include references to all of the Company's subsidiaries unless the context requires otherwise.

EXCHANGE RATE INFORMATION

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars in effect at the end of each of the following periods; the average rate of exchange for those periods; and the rate of exchange in effect at the end of each of those periods, each based on the noon buying rate published by the Bank of Canada.

	Years ended December 31		
	2011	**2010**	**2009**
High	$1.0604	$1.0778	$1.3000
Low	$0.9449	$0.9946	$1.0292
Average for the Period	$0.9891	$1.0299	$1.1420
End of Period	$1.0170	$0.9946	$1.0466

On February 23, 2012 the noon buying rate was U.S. $1.00 = $0.9985 as published by the Bank of Canada.

FORWARD LOOKING STATEMENTS

Some of the statements contained herein, including, without limitation, financial and business prospects and financial outlooks, may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will," "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause the Company's actual results, performance or achievements to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic, performance or achievements of the Company and market conditions and other risks and uncertainties including those discussed under "Risk Factors" and elsewhere in this Annual Information Form. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward looking statements. Forward-looking statements contained herein are made as of the date of this Annual Information Form and the Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by law. There can be no assurance that forward-looking statements will prove to be

accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements and other information contained herein concerning mineral exploration and management's general expectations concerning the mineral exploration industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. This data is inherently imprecise, although generally indicative of relative market positions, market share and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, mineral exploration involves risks and uncertainties and industry data is subject to change based on various factors.

Forward-looking statements included in this Annual Information Form include, but are not limited to, statements with respect to: (i) the focus of capital expenditures; (ii) the Company's goal of creating shareholder value by concentrating on the conversion of polyhalite into sulphate of potash ("**SOP**") and sulphate of potash magnesia ("**SOPM**"); (iii) management's plans and expectations regarding: (a) the potential development of polyhalite to satisfy various needs of the potash fertilizer markets; and (b) the identification of optimal methods for the conversion of polyhalite into SOP and SOPM; (iv) management's outlook regarding future trends; (v) the purchase, sale or development of exploration properties; (vi) exploration and acquisition plans; (vii) the quantity of mineral resources and uncertainties regarding preliminary economic assessment results; (viii) treatment under governmental regulatory regimes and tax laws; and (ix) the performance characteristics of the Company's mineral resource properties.

In addition, statements relating to "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the resources described can be profitably mined in the future.

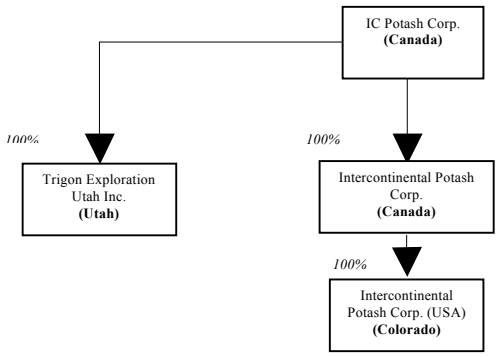
Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form are but are not limited to: (i) stage of development; (ii) no history of mineral production; (iii) exploration, development and operating risks; (iv) reliability of resource estimates; (v) uncertainty of preliminary assessment results; (vi) land title and surface rights; (vii) infrastructure; (viii) reliance on a limited number of properties; (ix) environmental regulation and risks; (x) requirement for permits and licenses; (xi) government regulation; (xii) political risks; (xiii) key executives; (xiv) potential conflicts of interest; (xv) labour and employment matters; (xvi) difficulties in effecting service of process; (xvii) foreign subsidiaries; (xviii) competition; (xix) litigation; (xx) insurance and uninsured risks; (xxi) dividend policy; (xxii) potential volatility of market price of the Common Shares of the Company ("**Common Shares**"); (xxiii) future sales of Common Shares by existing shareholders; (xxiv) global financial condition; (xxv) additional capital; (xxvi) commodity prices; (xxvii) exchange rate fluctuations; (xxviii) hedging; (xxix) technical information; and (xxx) project risk.

CORPORATE STRUCTURE

The Company was incorporated under the *Canada Business Corporation Act* (the "**CBCA**") on November 8, 2002. The Company filed articles of amendment on December 4, 2009, changing its name from "Trigon Uranium Corp." to "IC Potash Corp." and effecting a four to one share consolidation. The Company's head office is located at First Canadian Place, Suite 5600, 100 King Street West, Toronto, Ontario, M5X 1C9 and its registered office is located at 50 Richmond Street East, Suite 101, Toronto, Ontario, M5C 1N7.

The Company is a reporting issuer under applicable securities legislation in the provinces and territories of Alberta, British Columbia, Ontario, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and the Northwest Territories and its outstanding Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "ICP" and trade on the OTCQX under the symbol "ICPTF".

The following chart illustrates the Company's intercorporate relationships and each of its subsidiaries. All subsidiaries are wholly owned by the Company either directly or indirectly.



DESCRIPTION OF THE BUSINESS

General

The Company is focused on the exploration for and development of potassium fertilizer minerals in the southwest United States with particular emphasis on SOP and SOPM. The Company intends to develop a polyhalite mine at its Ochoa property in Lea County, New Mexico (the "**Ochoa Project**").

Polyhalite is an evaporite mineral containing potassium, magnesium, sulphate and calcium, all important plant nutrients. The Company's plans focus on the use of polyhalite as feedstock to produce SOP and SOPM. The Company is focused on becoming a bottom quartile cost producer of SOP in the world. The Company's initial analysis is that polyhalite can be converted to SOP and SOPM on a cost effective basis. The Company estimates that SOP has an established market size of approximately six million tonnes per year. SOP is a widely used fertilizer in the fruit, vegetable, tobacco and horticultural industries in saline and dry soils and in soils in which there is a significant amount of agriculture with a wide variety of crops such as in China, India, the Mediterranean and the United States. SOPM is a highly desirable potash product for soils with magnesium deficiency, including those found in Europe and Southeast Asia and has a total global market size of over one million tonnes. SOPM is the natural mineral langbeinite that is sold as a potash fertilizer under the brand names of K-MAG and TRIO.

The Company intends to develop the Ochoa Project into a world-class production and distribution facility. The Company's core corporate objectives include:

1. producing and distributing SOPM as well as premium-priced SOP that typically sells for a substantial premium over traditional potash, i.e., Muriate of Potash ("**MOP**");

2. producing SOP at a bottom quartile cost globally and leveraging this advantage to enter into existing and new markets;

3. developing a processing facility that can be increased in scale with a low incremental capital cost; and

4. developing strong relationships with project stakeholders and delivering net benefits to the community at large.

Through its indirect wholly-owned subsidiary, Intercontinental Potash Corp. (USA) ("**ICP**"), the Company holds a 100% interest in the Ochoa Project. The Ochoa Project is comprised of 34 Bureau of Land Management ("**BLM**") federal potassium prospecting permits ("**Prospecting Permits**") covering approximately 76,000 acres and 17 New Mexico State Land Office mining leases covering approximately 26,000 acres.

Each Prospecting Permit has a term of two years, renewable for an additional two years, and is convertible to a preference right lease ("**PRL**") upon demonstration to the satisfaction of the BLM that a valuable deposit has been discovered and that the land is more valuable for the development of its potassium content than for any non-mineral land use. Currently, all of the BLM permits are for mineral exploration purposes. The next annual rent of approximately $18,000 in the aggregate is due on December 1, 2012 for 16 of the BLM permits, approximately $6,000 in the aggregate is due on March 1, 2013 for five BLM permits, and approximately $14,000 in the aggregate is due on April 1, 2013 for the remaining 13 BLM permits. The payments that were due on March 1, 2012 and April 1, 2012 have been made. The Company issued 500,000 Common Shares during 2009 as part of the acquisition of the Prospecting Permits. The Company also paid US$50,000 into a permit bond that may be refundable if certain prospecting permit and reclamation requirements are satisfied.

The Company has applied to convert 26 of the Prospecting Permits, on any portion of which the Company has demonstrated measured or indicated resources, to PRLs, which do not expire. The BLM has accepted ICP's application to convert these 26 Prospecting Permits to PRLs. The following Prospecting Permits are in transition to PRLs: ten permits with annual payments due on December 1, five permits with annual payments due on March 1, and eleven permits with annual payments due on April 1. By accepting ICP's application to convert these Prospecting Permits to PRLs, these Prospecting Permits will not lapse during the period required to obtain permits for development, which is estimated to take approximately two to two-and-a-half years. These PRLs will be issued when the environmental impact statement ("**EIS**") is complete and the BLM issues the record of decision ("**ROD**"). The Company's mineral rights are maintained until the BLM makes the decision whether or not to issue the PRLs. Of the eight Prospecting Permits that were not part of the application for PRLs, most are still believed to have measured or indicated resources and the Company plans to drill to demonstrate measured or indicated resources on those Prospecting Permits and apply for related PRLs before the Prospecting Permits lapse. Any remaining Prospecting Permits that have no indication of mineralization will be allowed to lapse.

The state mining leases have a term of ten years with subsequent renewals if, over three consecutive years during the term, the average annual production is not below the amount necessary to generate the minimum royalty required. The Company has posted a US$25,000 bond that may be refundable if certain prospecting and reclamation requirements are satisfied for performance and surface or improvement damage in respect of the state mining leases. The next annual rent of approximately $26,000 in the aggregate is due on May 24, 2012 for the 17 state mining leases.

Pursuant to private agreements, a 3% net profits royalty (the "**NPR**") is payable on the Ochoa Project for a term of 25 years commencing from the initiation of production of which 1% of the royalty is payable to a director of the Company. The Company may acquire, at its option, up to one-half of the NPR at a price of $3,000,000 per 0.5% royalty interest. The NPR is not payable until all capital required to build the project is repaid. An additional royalty of US$1.00 per ton of polyhalite mined for the first 1,000,000 tons and US$0.50 per ton thereafter is also payable on the Ochoa Project pursuant to an agreement with an arm's length third party.

A minimum advance royalty payment of $8 per acre is payable to the State of New Mexico Commissioner of Public Lands on the 17 state mining leases that commenced in 2010. Once the Ochoa Project comes into production, minimum royalties of $8 per acre or 2.5% of the gross value of production after processing, whichever is greater, will be owed on the state mining leases. In addition, once the Ochoa Project comes into production, and no later than six years from obtaining federal BLM leases, minimum royalty payments of $3.00 per acre or 2% of the gross value at the point of shipment to market, whichever is greater, are expected to be imposed on the federal BLM leases.

The Company has applied for six BLM permits covering approximately 9,000 acres in New Mexico. These new BLM permits will be subject to the royalties pursuant to the private agreements and federal royalties, each as described above, once the Ochoa Project comes into production. The Company believes this land may

be prospective for polyhalite and other potash minerals and, if obtained, will form part of the Ochoa Project, increasing the Ochoa Project's total acreage to approximately 111,000 acres.

The Company has initiated the environmental permit process. The Company signed a memorandum of understanding and cost reimbursement agreement (the "**MOU**") with the BLM for the purpose of commencing the formal portion of environmental approvals for the Company's new operation. As part of reviewing the Company's mine plan of operations ("**MPO**"), the BLM requires that an EIS be prepared. The EIS will be prepared in accordance with the requirements of the National Environmental Policy Act ("**NEPA**") and the Council on Environmental Quality ("**CEQ**"). The MOU defines the respective responsibilities, conditions and procedures to be followed by the Company and the BLM during the preparation of the EIS. The EIS will assess the environmental impacts of the proposed mine facilities described in the MPO. The BLM will use the EIS to make a decision regarding the awarding of permits to construct and run the operations.

The Company filed its MPO with the BLM on September 30, 2011. The MPO provides an in-depth description of the land usage, water sources, tailings ponds, construction, mining, processing and reclamation operations for the Ochoa Project and will define all alternatives for mining and processing. The MPO serves as the primary document for mine permitting and will provide the basis for the EIS. The BLM, as the lead federal agency overseeing the permitting of the Ochoa Project and the review and processing of the Company's MPO, is required to comply with the NEPA before the MPO can be approved and construction authorized. The lead independent consultant responsible for the preparation of the EIS has been selected by the BLM, and that consultant started working on the EIS in late 2011.

The Company has commenced a program to establish the characteristics of the groundwater supply for the Ochoa Project. Using conventional drilling techniques, the Company intends to use a brackish and non-potable water supply from two wells which are approximately 5,400 feet deep. The target water-producing zone is the Permian-age Capitan Reef ("**Captain Reef**"), a confined aquifer that is recognized by the New Mexico Office of the State Engineer and U.S. Geological Survey as a significant brackish water resource with a history of industrial use. The Capitan Reef is hydraulically separated from shallow, fresh-water aquifers in the vicinity of the Ochoa Project. By supplying the Ochoa Project with deep and salty water that is not in use for domestic, municipal, agricultural, or other uses, the Company will secure water resources without competing with the surrounding communities' needs for water.

The New Mexico Office of the State Engineer and the New Mexico State Land Office granted ICP permits to drill two wells. The Company intends to construct both wells to production capacity. Following well construction, ICP intends to complete a pumping test to characterize the hydraulic properties of the aquifer. The Company intends to use the data generated by these wells in support of the Hydrologic Impact Assessment described in the EIS. Drilling on the first well started in January 2012.

The Company commenced working on a feasibility study in respect of the Ochoa Project.

Specialized Skill and Knowledge

Various aspects of the Company's business require specialized skill and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, mining engineering, process engineering, logistical planning and implementation of exploration programs as well as finance and accounting. It is possible that delays or increased costs may be experienced by the Company in locating and/or retaining skilled and knowledgeable employees and consultants in order to proceed with its planned exploration and development at the Ochoa Project. See "Risk Factors – Key Executives."

Business Cycle

The exploration and development business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. The Company's operations are

related and sensitive to the market price of SOP. Fertilizer prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, production, global or regional political, economic or financial situations and other factors beyond the Company's control.

Economic Dependence

The Company's business is dependent on the Ochoa Project.

Employees

As at December 31, 2011, the Company had an aggregate of 14 full-time employees. The Company is dependent on the services of key executives, including the President and Chief Executive Officer of the Company and a small number of highly skilled and experienced executives and personnel. See "Risk Factors – Key Executives."

Environmental Protection

In the United States, mining operations are extensively regulated at all levels of government. All aspects of the Company's operations are subject to environmental laws and regulations, including laws and regulations regarding land reclamation; air and water quality standards; the generation, treatment, storage, disposal and handling of hazardous substances and wastes; and the cleanup of hazardous substances releases. The following is a summary of the significant existing environmental, health and safety laws and regulations to which the Company's business operations are subject or will be subject to as it continues to develop its properties.

The Comprehensive Environmental, Response, Compensation, and Liability Act ("**CERCLA**") and comparable state statutes, impose strict, joint and several liability on current and former owners and operators of sites and on persons who disposed of or arranged for the disposal of hazardous substances found at such sites. It is not uncommon for the government to file claims requiring cleanup actions, demands for reimbursement for government-incurred cleanup costs, or natural resource damages, or for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment. The Federal Resource Conservation and Recovery Act ("**RCRA**") and comparable state statutes govern the disposal of solid waste and hazardous waste and authorize the imposition of substantial fines and penalties for noncompliance, as well as requirements for corrective actions. CERCLA, RCRA and comparable state statutes can impose liability for clean-up of sites and disposal of substances found on exploration, mining and processing sites long after activities on such sites have been completed.

The Clean Air Act ("**CAA**"), as amended, restricts the emission of air pollutants from many sources, including mining and processing activities. The Company's exploration and mining activities may produce air emissions, including fugitive dust and other air pollutants from stationary equipment, storage facilities and the use of mobile sources such as trucks and heavy construction equipment, which are subject to review, monitoring and/or control requirements under the CAA and state air quality laws. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to incur capital costs in order to remain in compliance. In addition, permitting rules may impose limitations on the Company's future production levels or result in additional capital expenditures in order to comply with the rules.

The Clean Water Act ("**CWA**") and comparable state statutes impose restrictions and controls on the discharge of pollutants into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the Environmental Protection Agency ("**EPA**") or an analogous state agency. The CWA also regulates storm water facilities and requires a storm water discharge permit for certain activities. Such a permit requires the regulated facility to monitor and sample storm water run-off from its operations. The CWA and regulations implemented thereunder also

prohibit discharges of dredged and fill material in wetlands and other waters of the United States unless authorized by an appropriately issued permit. The CWA and comparable state statutes provide for civil, criminal and administrative penalties for unauthorized discharges of pollutants and impose liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release.

The Safe Drinking Water Act ("**SWDA**") and the Underground Injection Control ("**UIC**") program promulgated thereunder, regulate the drilling and operation of subsurface injection wells. The EPA directly administers the UIC program in some states and in others the responsibility for the program has been delegated to the state. The program requires that a permit be obtained before drilling a disposal or injection well. Violation of these regulations and/or contamination of groundwater by mining related activities may result in fines, penalties, and remediation costs, among other sanctions and liabilities under the SWDA and state laws. In addition, third party claims may be filed by landowners and other parties claiming damages for alternative water supplies, property damages, and bodily injury.

The NEPA requires federal agencies to integrate environmental considerations into their decision-making processes by evaluating the environmental impacts of their proposed actions, including issuance of permits to mining facilities and assessing alternatives to those actions. If a proposed action could significantly affect the environment, the agency must prepare a detailed statement known as an EIS. The EPA, other federal agencies, and any interested third parties will review and comment on the scoping of the EIS and the adequacy of and findings set forth in the draft and final EIS. This process can cause delays in issuance of required permits or result in changes to a project to mitigate its potential environmental impact, which can in turn impact the economic feasibility of a proposed project.

The Company's properties and activities are subject to numerous other laws and regulations governing protection of the environment, species protection and historical preservation, including but not limited to, the Endangered Species Act, Migratory Bird Treaty Act, Bald and Golden Eagle Protection Act, the National Historic Preservation Act, the Native American Graves Protection and Repatriation Act, Archaeological Resources Protection Act, Paleontological Resources Preservation Act and their state counterparts and other similar statutes.

Exploration and mining operations for potassium and associated minerals on BLM land are regulated pursuant to the Mineral Leasing Act of 1920 and applicable regulations found in the Code of Federal Regulations which govern operations for discoveries, testing, development, mining, reclamation and processing of potassium and associated minerals and requires lessees, licensees, permitees and operators to take actions consistent with federal and state water and air quality standards needed to avoid, minimize or repair, among other things, soil erosion, air pollution, surface or ground water pollution, damage to improvements, damage to recreation, scenic, historical and ecological values of the lands and damage to archaeological and paleontological resources. In addition, an approved mining plan is required before operations are commenced. An operator/lessee must also dispose of all wastes in accordance with its lease terms, approved mining plan and applicable federal, state and local laws and regulations. Finally the BLM and other federal, state and local governmental agencies have enforcement authority to abate violations by shutting down operations or cancelling leases, licenses or permits.

The New Mexico Environmental Department is responsible for enforcing most of New Mexico's environmental statutes and regulations in concert with other constituent state agencies. These include the Environmental Improvement Act, the Water Quality Act, the Air Quality Control Act and their associated regulations. The state Water Quality Control Commission develops and adopts water quality regulations, and the state Environmental Improvement Board develops and adopts a wide range of other environmental regulations.

To date, applicable environmental laws and regulations have had no material financial or operational effects on the Company's operations and the Company does not foresee any material effects in the future. See also "Risk Factors – Environmental Risks and Hazards."

Foreign Operations

All of the Company's current operations are currently conducted in New Mexico. Any changes in regulations or shifts in political attitudes in this jurisdiction, or other jurisdictions in which the Company may have projects from time to time, are beyond the Company's control and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income or other taxes, expropriation of property, repatriation of profits, royalties, environmental legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted.

ICP's federal prospecting permits are governed by the United States Code of Federal Regulations Title 43 - Public Lands: Interior. Subpart 3505 of part 3500 of Chapter 2 outlines the requirements for prospecting permits and leasing of solid minerals other than coal and oil shale. ICP's New Mexico State Land Office mining leases are governed by Chapter 19 of the New Mexico Statutes and Chapter 2 of Title 19 of the New Mexico Administrative Code.

Competition

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and experience. See "Risk Factors – Competition."

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2011

On March 17, 2011, the Company completed a bought deal offering (the "**Offering**") of 12,500,000 Common Shares at a price of $1.60 per Common Share for aggregate gross proceeds of $20,000,000.

Effective April 1, 2011, the Company obtained 13 additional BLM permits covering an area of 27,923 acres in Lea County, New Mexico.

On June 10, 2011 the Company graduated from having its Common Shares listed on the TSX Venture Exchange (the "**TSXV**"), to having its Common Shares listed on the TSX.

On August 29, 2011, the Company entered into a memorandum of understanding and cost reimbursement agreement (the "**MOU**") with the BLM for the purpose of commencing the formal portion of environmental approvals for the Company's new SOP operation.

On October 25, 2011 the Company filed a MPO with the BLM which provides an in-depth description of the land usage, water sources, tailings ponds, construction, mining processing, and reclamation operations for the Ochoa Project and will define all alternatives for mining and processing. The MPO serves as the primary document for mine permitting and will provide the basis for the EIS. The lead independent consultant responsible for the preparation of the EIS has been selected by the BLM.

On November 29, 2011 the Company's report dated November 25, 2011 entitled "NI 43-101 Technical Report on the Polyhalite Resources and Updated Mineral Resource Estimate for the Ochoa Project, Lea County, Southeast New Mexico" (the "**Resource Report**") was filed on SEDAR and provides details regarding revised resource estimates on the Ochoa Project

On December 30, 2011, the Company filed its report entitled "NI 43-101 Technical Report Prefeasibility Study for the Ochoa Project Lea County, New Mexico" (the "**Prefeasibility Report**"). The Prefeasibility Report was prepared for the Company by Gustavson Associates, LLC of Colorado ("**Gustavson**"). See "Material Properties."

2010

On March 1, 2010, the Company obtained five additional BLM permits covering an area of 11,555 acres in Lea County, New Mexico. On May 24, 2010, the Company also obtained 17 state mining leases with the New Mexico State Land Office covering 25,890 acres. Both the new BLM permits and the new state mining leases form part of the Ochoa Project. See "Description of the Business."

On September 15, 2010, the Company completed a private placement (the "**Private Placement**") for aggregate gross proceeds of $15,000,000 pursuant to which it issued 37,500,000 units ("**2010 Units**"). Each 2010 Unit consisted of one Common Share and one-half of one share purchase warrant with each whole share purchase warrant (a "**2010 Warrant**") exercisable into one Common Share at an exercise price of $0.65 per share until September 15, 2013. Pursuant to the Private Placement, Resource Capital Fund V L.P. ("**RCF**") purchased 25,000,000 2010 Units making RCF the Company's largest shareholder holding as at the closing date of the Private Placement: (i) approximately 25.8% of the issued and outstanding Common Shares on a non-diluted basis; and (ii) approximately 28.6% of the Common Shares on a fully diluted basis.

Pursuant to a subscription agreement between RCF and the Company dated August 29, 2010 entered into in connection with the Private Placement (the "**RCF Agreement**"), RCF is granted the following rights provided that it holds at least ten percent of the Common Shares calculated on a fully diluted basis:

1. if the Company proposes to issue equity securities other than (i) pursuant to the Company's stock option plan; (ii) pursuant to the exercise of options issued pursuant to the Company's stock option plan; (iii) pursuant to the exercise of any convertible securities; (iv) for property or consideration other than money; or (v) in connection with a transaction in which all of the Company's shareholders are treated equally, RCF is entitled to purchase that number of equity securities to allow it to maintain its pro rata interest in the Company on the same terms and conditions as such equity securities are offered to other purchasers; and

2. the right to nominate one nominee to the Company's board of directors.

2009

On February 9, 2009, Intercontinental Potash Corp. ("**ICP Canada**") issued 500,000 common shares ("**ICP Common Shares**") valued at $30,000 pursuant to an obligation to issue shares on a mineral property acquisition.

On November 30, 2009, the Company acquired all of the ICP Common Shares that it did not own (the "**Acquisition**") in consideration for the issuance of one Common Share for each such ICP Common Share, resulting in the issuance of 25,800,001 Common Shares.

On December 2 and 3, 2009, ICP Canada completed a private placement financing (the "**ICP Financing**") of 17,841,900 units ("**2009 Units**") at a price of $0.40 per 2009 Unit for aggregate gross proceeds to ICP Canada of approximately $7,136,000. Each 2009 Unit was comprised of one ICP Common Share and one-half of one common share purchase warrant of ICP Canada (each whole such warrant, a "**2009 Warrant**"), with each 2009 Warrant being exercisable for one ICP Common Share for a period of two years at a price of $0.65 per share. In the event that the closing price of the Common Shares became equal to or greater than $1.00 for a period of 20 consecutive business days, the expiry date of the 2009 Warrants could be accelerated at ICP Canada's discretion.

Immediately following the ICP Financing, each ICP Common Share was exchanged for one Common Share, and the 2009 Warrants became exercisable into Common Shares in lieu of ICP Common Shares. On January 21, 2011, the Company announced that the expiry date of the 2009 Warrants had been accelerated to February 21, 2011. All of the 2009 Warrants were exercised prior to their expiry.

Prior to the Acquisition, the Company had operated as a uranium exploration and development company focused on deposits located in the southwestern United States. The Company's strategy included the development of advanced uranium projects and opportune acquisitions of uranium development properties. However, with the decline in spot and long-term uranium prices during 2009, the Company's management viewed the prospects in the uranium exploration and development business, in terms of expected profitability and financability, as significantly diminished. As a result, the Company changed its focus to the exploration and development of potassium fertilizer minerals, completed the Acquisition and allowed all of its uranium property interests to lapse effective September 1, 2009.

MATERIAL PROPERTY

The Ochoa Project

Information referenced in this section referring to the Ochoa Property is from the Prefeasibility Report dated December 30, 2011 prepared by William Crowl, Donald Hulse and Gary Tucker for the Company on behalf of Gustavson Associates, LLP ("**Gustavson**") and which can be found under the Company's SEDAR profile.

Property Description and Location

The Ochoa Project is located about 60 miles east of Carlsbad, New Mexico and less than 20 miles west of the Texas-New Mexico state line. The Ochoa Project spans portions of 10 Township-range blocks, with lease mineral rights totalling 103,000 acres.

The Ochoa Project is located within the Permian Basin of the Great Plains physiographic province. Evaporites in New Mexico and Texas occur in the Permian sedimentary basin, which is roughly oval in shape and elongated in a northeast–southwest direction. The Delaware and Midland subbasins of the upper Permian Basin are separated by the Central Basin Platform and contain extensive evaporite deposits of the Ochoa Series, which lie between the Capitan Reef limestone of the underlying Guadalupe Series and the fine clastic sediments of the Dewey Lake red beds

Through its wholly-owned subsidiary, ICP, the Company holds a 100% interest in the Ochoa Project in New Mexico. The Ochoa Project is composed of 34 federal BLM Prospecting Permits covering approximately 76,000 acres and 17 New Mexico State Land Office ("**NMSLO**") mining leases covering approximately 26,000 acres. The Ochoa Project is currently in advanced exploration status.

ICP will have an exclusive option to lease these tracts from the BLM during the two-year option or extension periods with conversion to PRLs upon demonstration of a chiefly valuable resource.

Each state mining lease has a term of ten years with subsequent renewals if, over three consecutive years during the term, the average annual production is not below the amount necessary to generate the minimum royalty required. ICP has posted a $25,000 bond for performance and surface or improvement damage with respect to the state mining leases. The next annual rent of approximately $26,000 in the aggregate is due by May 24, 2012, for the 17 state mining leases.

Royalties are payable to the BLM and to the State of New Mexico (at an average rate of 2.25% of gross sales), and to private parties at a rate of $1.00/ton of finished product for the first 1,000,000 tons sold and at $0.50/ton thereafter. There is a 3% net profit royalty that can be reduced to 1.5% net profit with a payment of $9 million, all of which terminates after 25 years thereafter. Total royalties are projected to average $15.5 million per year. Total payments for state and BLM royalties, property taxes and state and federal income taxes are projected to be $5,193.1 million (25% of gross revenues).

ICP currently plans on locating the facilities on leased and BLM land. The final location of facilities will be determined during feasibility studies and according to negotiations with the leaseholders with whom ICP has established and has maintained good relations.

The permitting schedule for the Ochoa Project will be significantly influenced by NEPA. NEPA typically requires baseline studies for at least one year followed by a public review and comment periods for scoping and draft EIS documents. Other permits include: mine registration, air, underground water, state trust land leases, explosive and utility location.

Proposed mining projects are typically also evaluated for a range of social, economic, cultural and environmental impacts in response to NEPA and state permitting regulations.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Ochoa Project is readily accessible via State Highway 128 and an extensive network of gravel roads. The Ochoa Project is traversed by County Road 2, as well as two track roads and primitive jeep roads. Airports are located in Hobbs (Lea County) and Carlsbad (Eddy County). A rail line runs through Jal, 15 miles to the east of the project area, south to El Paso, Texas, and a rail spur connects to the waste isolation pilot plant site ten miles to the west.

The project area is located in Lea County in southeast New Mexico, near the border between Lea and Eddy Counties. According to the 2010 census, the population of Lea County is 64,727 and the population of Eddy County is 53,829. The town of Jal, with a population of about 2,000, is the nearest community to the Ochoa Project, just a few miles southeast of ICP's land holdings on State Highway 128. Food, fuel, and limited services are available in Jal, and heavy equipment, industrial supplies, and mining support services are available in Carlsbad and Hobbs, New Mexico and Midland, Texas. Experienced labor for construction, mining and processing operations is available from nearly all of the southeastern New Mexico communities, including Carlsbad, Loving, and Hobbs.

There are active and plugged oil and gas wells within the project limits with road, power and pipeline associated with development that has taken place to service these wells. These infrastructure improvements mainly consist of small dirt roads for vehicle access to the wells.

The climate of the Ochoa Project area is semi-arid with generally mild temperatures. The prevailing winds are from the southeast during the summer months and from the west during the winter months. Winter temperatures range from -20^{o}F to 50^{o}F. Summer daytime high temperatures are typically above 90^{o}F with night-time lows of 70^{o}F. Average annual precipitation is about 13 inches, approximately half of which is associated with thunder storms that occur from June through September. Exploration, mining, and mineral processing can be carried out year-round on the Ochoa Project.

The Ochoa Project is located in the Pecos Valley section of the southern Great Plains physiographic province. Terrain is relatively flat with minor arroyos and low-quality, semi-arid rangeland. Elevation ranges from 3,100 feet to 3,750 feet above sea level. Vegetation is dominated by mesquite, shinnery oak and coarse grasses. Soil cover is composed of caliche rubble and wind-blown sand. The northern portion of the project is situated in sandy dune country which supports limited plant species.

The Ochoa Project is anticipated to require about 900 gallons per minute (gmp) of water, however a capacity of approximately 2,000 gpm of water is used herein to allow for expansion and optimization of the process flow sheet. This translates into approximately 2.9 million gallons per day (mgd), or approximately 3,200 acre-feet per year (ac-ft/yr). Water is available for the Ochoa Project from a variety of potential sources. Options that are under consideration for supplying the Ochoa Project include: (1) purchasing water from the City of Carlsbad, New Mexico's Double Eagle Water System (supplied by the Double Eagle Well Field) or other municipalities; (2) purchasing and transferring water rights; (3) purchasing water from an out-of-state source; (4) applying for a new appropriation from the Capitan Administrative Basin (the "**Capitan Basin**"); or (5) developing deep brackish groundwater (for which a water right is not required for mining operations). Note

that the Ochoa Project site is in the Carlsbad Administrative Basin (the "**Carlsbad Basin**") and adjacent to the Capitan Basin (Figure 20-1); however the Carlsbad Basin is closed to new appropriations.

History

The Ochoa Project is a new mineral discovery and deposit in the immediate project area has no mining history.

The Delaware Basin has been explored for hydrocarbons since the early 20th century, but it has not been the subject of any previous exploration for polyhalite. ICP's planned commercial utilization of polyhalite as a raw material for production of SOP and other potassium/ magnesium fertilizers is based on work done in the 1920s to 1950s by the U.S. Bureau of Mines (the "**USBM**") and Potash Corporation of America. Economic production of potash from potassium chloride, langbeinite, and sodium chloride minerals in the Carlsbad area significantly curbed interest in, and precluded the use of, the polyhalite production process. ICP began preliminary polyhalite exploration in 2008 when it applied for exploration permits and initiated a scoping study. The 2008 scoping study prepared by Mincon indicated that the Ochoa Project area had good potential for a sizeable polyhalite deposit.

ICP drilled 13 core holes at the Ochoa Project prior to August 2009. The August 2009 preliminary economic assessment completed by Gustavson supported the prospects for polyhalite production from the Ochoa Project. As of September 1, 2011, ICP had completed a total of 20 core holes and had analyzed the chemical composition of polyhalite samples obtained during drilling.

Process test work was performed on the core samples taken at the Ochoa Project by Hazen Research Inc. of Golden Colorado throughout the spring and summer of 2011 with direction and support from Rick Chastain and Tom Neuman.

Geological Setting

The Ochoa Project lies at the northeastern margin of the Delaware Basin. The Delaware Basin is a structural sub-basin of the large Permian Basin that dominated the region of southeast New Mexico, West Texas and northern Mexico from 265 mega-annums to 230 mega-annums. The Permian Basin is an asymmetrical depression formed on top of Precambrian basement rocks. Marine sediments accumulated in the basin throughout the Paleozoic Era. The slow collision of the North American and South American crustal plates resulted in tectonic subdivision of the Permian Basin into numerous sub-basins, of which the Delaware and Midland basins are the largest.

The sedimentary sequence of the Delaware Basin is composed of deep water siliciclastics, shelf carbonates, marginal marine evaporites, and terrestrial red beds. The deep water siliciclastics and shelf carbonates occur well below the horizon of interest and are not discussed further. Extensive and thick evaporate deposits occur throughout the Late Permian (Ochoan-age) rocks within the basin. Ochoan-age sedimentary deposits, specifically the Castile, Salado, and Rustler Formations are the primary focus of polyhalite exploration. Collectively, the Castile, Salado and Rustler evaporite-bearing formations are over 4,000 feet thick.

The Castile Formation is the oldest evaporite cycle of the Ochoan series in the Delaware Basin. The Castile Formation is composed of anhydrite, halite, and limestone with anhydrite interbeds.

The Salado Formation consists of cyclic anhydrite, halite, and clay deposits. Potassium minerals in the Salado Formation occur as interbeds within the anhydrite and halite stratigraphic units. Potash occurs in the form of polyhalite in anhydrite, and as sylvite, langbeinite or carnallite in halite. The Salado Formation is divided into three units: the upper, lower, and middle, in the northern portion of the Delaware Basin.

The target horizon of the Ochoa Project is the polyhalite found within the Rustler Formation. The Rustler Formation is composed of anhydrite, halite, dolomite, sandy siltstone, and polyhalite (Jones 1972). There are five recognized members of the Rustler Formation, which are, from oldest to youngest, the Lost Medaños,

Culebra, Tamarisk, Magenta, and Forty-niner. Polyhalite occurs in the Tamarisk Member of the Rustler Formation.

The Los Medaños Member consists of siliclastics, halitic mudstones and muddy halite, and sulfate minerals, principally anhydrite (Powers and Holt 1999). The Culebra Member consists of pinkish gray dolomite. The Tamarisk Member is comprised of three sub-units: a lower basal anhydrite, a middle halite-rich mudstone, and an upper anhydrite. Polyhalite occurs within the lower anhydrite. The thickness of the Tamarisk varies principally as a function of the thickness of the middle halite-rich mudstone unit. The Magenta Member is predominantly dolomite with minor amounts of gypsum. The Forty-niner Member has a similar general stratigraphy to the Tamarisk as it is made up of a lower and an upper anhydrite with a middle siltstone.

The Dewey Lake Formation is composed of mudstone, siltstone, claystone, and interbedded sandstones consistent with typical terrestrial red beds. The formation is divided into upper and lower members. The lower Dewey Lake is characterized by gypsum filled fractures, and the upper Dewey Lake is cemented by carbonate (Beauheim and Holt 1990).

The geology of the Ochoa Project is characterized by a simple structural setting and conformable stratigraphic sequences. The stratigraphic section of interest, the Rustler Formation, is present in its entirety throughout the project area. In general, the Ochoa Project area overlies a gentle, symmetrical synform with a northwest-southeast axial orientation. The synform appears to have full closure to the northwest and dips slightly to the southeast. Borns and Shaffer (1985) completed a regional correlation of 276 borehole geophysical logs to identify the horizons of the Ochoan-age rocks in the Delaware Basin. Correlation of the additional geophysical logs carried out by ICP has improved the understanding and resolution of the subsurface geology in the Ochoa Project area. The horizon of interest in the project area is interpreted to have accumulated in a shallow marginal marine setting, specifically a lagoon environment.

Mineralization

Polyhalite mineralization within the Ochoa Project area occurs within the lower half of the Tamarisk Member of the Rustler Formation. The polyhalite is interpreted to have formed in a paleolagoon of Ochoan-age. Polyhalite mineralization occurs throughout a roughly oval shaped area approximately 20 miles in length and approximately nine miles in width. The mineralized area is characterized by a bed thickness greater than four feet across the majority of the area and a narrow peripheral zone that contains bed thickness from zero to four feet thick.

Exploration

A reconnaissance area of approximately 1,000 miles squared was studied in order to identify major geologic features and determine the basic distribution of lithologicic units, including polyhalite mineralization. This work relied on published reports and was supplemented with petroleum data records and well logs obtained from public and commercial sources. A general “target” geologic framework from the top of the Rustler Formation down to the top of the Salado Formation was established. Polyhalite mineralization occurs approximately midway between the two contacts.

ICP has acquired 812 geophysical borehole logs from various exploration sources. Wireline log readings from these boreholes were used to interpret subsurface lithology.

Fifteen petrophysical wireline log markers were defined within the target geologic framework. Six of these are formal lithostratigraphic units that are encountered throughout the study area. The remaining nine markers are associated with individual sedimentary beds within the formal lithostratigraphic units which exhibit unique petrophysical responses.

The effective use of marker correlation and mapping of exploration is limited to establishing structural framework, estimating lithostratigraphic volumes and evaluating physical trends such as changes in elevation and thickness. At this stage of exploration, facies analysis is ongoing.

Some of the markers were not present throughout the entire reconnaissance area (e.g., Halite, APH_05, APH_06, Top Polyhalite and Base Polyhalite), indicating a limit to the mineralization and presumed delineation of the paleoshoreline. Structural maps with contoured surfaces of the marker bed horizons were created based on the correlated wireline logs.

Previous studies by others have concluded that the current study reconnaissance area is a depocenter within the Delaware Basin. The results of correlating and mapping the subsurface markers of the Rustler Formation support that hypothesis and suggest the following with regard to the structure of the basin:

- Elongate depression oriented northwest-southeast.
- Closed in the northwest and open but restricted in the southeast.
- Bounded on the east by a well-defined ridge (50 to 200 foot relief, two-three miles wide).
- Bounded on the west and north by broad sloping ramp.
- No disruptions were identified (e.g. sharp elevation changes, sharp isopach variations or sharp slope changes from marker to marker).
- No significant migration of the basin depocenter axis or other framework features including highs, lows and edges.
- Variation in thickness between markers is very consistent but clearly thin or truncate toward and at the edges of the sub-basin.
- No clear evidence of significant faults were seen.

The geology of the Ochoa Project area is representative of a depositional basin that has experienced uplift and minor structural deformation. The interpretation of a structurally quiescent depositional basin is supported by strong marker correlation, consistent thicknesses between markers, consistent slope of surfaces within the sub-basin and the thinning trend and truncation of markers near areas where underlying markers begin to shallow in depth. The present shape and slope of the basin is probably enhanced by post-lithification events in the region, the most important being salt dissolution and subsidence in the Nash Draw to the west and the San Simon Swale to the east.

Drilling

ICP successfully drilled, cored, logged, plugged and abandoned twenty vertical exploration holes across the permit area during a two-phase exploration drilling campaign. Each drill hole was drilled as an upper portion and a lower portion. The upper portion was drilled using a rotary drill and cased for borehole integrity and aquifer protection. The upper portion contained formations from the ground surface to within approximately 50-75 feet of the top of the polyhalite mineralized bed. Coring was implemented from this point for the purpose of analytical data collection.

Drilling conditions in the Ochoa Project are good due to gently rolling terrain and easy access provided by oil and gas well roads. Pad sites are constructed when needed. No aquifers were encountered during the ICP drilling program.

Rotary drilling was used to advance each hole through the Dewey Lake Formation and into the upper portion of the Rustler Formation. This portion of the drill hole was advanced using a water based gel chemical drilling fluid. Rock chips were collected in five foot intervals, washed in water, logged for lithologic description, placed in chip trays and transported to and stored at the core lab in Hobbs, New Mexico. The geologist at the rig assessed cuttings, rig performance and offset well correlation to identify the approximate depth above the polyhalite mineralization at which to begin core drilling and collection. In exploration phases

1 and 2, this depth was approximately 20 feet above the polyhalite seam and was delineated by an anhydrite marker bed (i.e., APH_05 and APH_06). In phase 2B drilling core was also recovered for roof rock geotechnical analysis and the core point was moved to roughly 50 to 75 feet above the polyhalite seam.

For the target evaporite intervals, a salt saturated drilling fluid was used to minimize dissolution and alteration of water soluble minerals, which were predominantly halite and polyhalite. Use of the salt saturated drilling fluid was initiated prior to drilling to core point. This provided sufficient time to establish stable chemical and rheological properties in the drilling fluid- both the active and reserve drilling fluid systems. At the core point, the rotary drilling assembly was removed from the hole and replaced with a 40 foot core barrel and bottom hole assembly. The coring tools were run in the hole and a 40 foot core run was completed. The core barrel and drill string were then tripped out and the core was recovered. The process was repeated if a second or third core run was desired.

Upon completion of coring, the holes were logged with wireline petrophysical tools. Logs collected during phase 1 include total gamma, caliper and standard electric logs. No density or neutron logs were acquired during phase 1. The specific tools used in phase 1 varied and presentation was not standardized. Phase 2 and 2B holes were logged using a consistent suite of tools and the logs collected include spectral gamma, laterolog and induction electrical, formation density and neutron density logs.

All drill holes are vertical or sub-vertical. Wireline gyroscopic surveys were acquired during the open hole logging procedures.

Core recovery in the polyhalite and anhydrite zones was excellent in terms of length and the fact that there was minimal alteration of the rock by the salt based drilling fluid. Halite zones above and below the polyhalite reacted with the drilling fluid and partially dissolved. The degree of dissolution depended on the salt saturation condition of the drilling fluid. In most cases, the core was under gauge by less than one-two millimetres. Severe reduction in gauge (e.g., one centimetre radial reduction) occurred when the drilling fluid was not properly conditioned or maintained near salt saturation or when there was a prolonged coring time caused by a slow penetration rate at the anhydrite and polyhalite horizons.

Chemical reaction between the drilling fluid and rock-forming minerals did not appear to be a significant issue. Visual appearance of the surface of the core did not show any noteworthy pitting or efflorescence. The core was not washed or scrubbed to remove drilling fluid and it is possible that some amount of the halite detected by x-ray diffraction ("**XRD**") was a result of drilling fluid contamination.

In addition to core, drill cuttings were collected at five foot intervals from spud to total depth. After drilling and logging operations were complete, all wells were plugged from total depth to ground surface.

Drill hole summary reports were compiled for phase 1 (six holes), phase 2 (seven holes) and phase 2B (seven holes). These reports contain all field operational records, core description and photographic records and assay data.

Sampling Method and Approach and Security of Samples

Sodium chloride-saturated drilling fluids were used during coring to ensure minimal alteration of the recovered core. The rate of penetration, revolutions per minute, weight on bit, pump pressure and strokes per minute were documented as the core was advanced. Upon completion of coring, the drill string was picked up and the indication of the core break observed and noted. The drill string and core barrel were carefully brought to surface. The core barrel was hung vertically in the derrick and the core removed. Core removal was recorded on video to ensure that proper orientation of the core was maintained during transportation from the core barrel to the core trailer.

The core was laid out on a core logging table and fit together to reconstruct the continuous core recovered. If core loss was suspected a spacer was placed in the layout until the core was matched to the petrophysical logs. The core was measured and percent core recovery was calculated. Initial core loss and broken/rubble

core intervals were documented. The core was cleaned with dry rags and marked with driller depths in foot increments and vertical orientation. The marked core was videotaped and boxed with bags of rumbled core, foam spacers, to reduce movement of core in the boxes as well as desiccant packs. The core box tops and bottoms were labelled on two sides with the drill hole name, core run number, box number and interval contained in the box. The boxes were sealed with security tape and a chain of custody was completed which documented when the core was transported to the core lab. All cores were transported by an ICP company vehicle from the field to the core lab.

When the core arrived at the core lab, the chain of custody was checked to verify all materials were present and in a secured condition. If security had been compromised, an investigation was initiated. The core was depth corrected to get the most accurate depth for geologic modeling and mine planning. The depth correction also verified lost core intervals.

Depth correcting was conducted by comparing the driller depths and wireline log depths of the casing bottom and key lithology changes. The most confident depth was selected for the corrected depth if a discrepancy existed between the driller depth and wireline log depth. Corrected depths were marked in red permanent marker. The core was compared to the final wireline logs to verify or modify the initial core loss intervals documented in the field, as appropriate.

Improved sample handling protocols were instituted in phase 2B of the project. The whole core was photographed with a Canon EOS Rebel T1i camera, mounted on a stationary tri-pod. The core was passed by the camera on a rolling table to keep consistent parameters for all photographs. Each photograph contains an engineer scale, color scale and a gray scale. The individual photographs were archived and stitched together using computer software to create a single photograph containing well name, lithologic contacts, engineer scale, color and gray scale and adjusted depths.

The whole core was cut into two halves; one half was then cut into two quarters. One quarter was canted (the outer curved potion of the quarter core was cut off). This eliminated the possibility of sending core altered by the drilling fluid to the lab for analysis. The canted quarters were used as the analytical samples and were cut in three inch to six inch interval lengths. The samples were assigned a blind number from a sample book which correlated the well name, sample interval and a sample description to the blind number. The samples were individually vacuum sealed in six inch by ten inch, three millimetre poly bags with their respective blind number and sent to the lab. Multiple core runs may have been sent to the lab in a batch but a single core run was never split between two batches. A chain of custody was completed for each batch of samples sent to the lab, documenting the sample numbers contained in the batch, shipment date and mode of transfer. A signed copy of the chain of custody was returned to ICP when the package was delivered to the lab.

All retained core was individually vacuum sealed in less than two foot intervals in six millimetre poly tubing with a 1/6 Tyvek® desiccant pack, humidity indicator and index card with the well name and interval labelled. All vacuum sealed core intervals were replaced in the appropriate core boxes with adjusted depths labelled on two sides in red marker and maximum temperature indicators placed on the inside of the boxes. Core boxes were stacked five boxes high on a back shelf for long-term storage after the core is processed.

The sampling program utilized duplicate, blank and standard samples inserted into the sample batches for testing alongside the samples from intervals of interest. This allowed for a check and correction of sample test results, as necessary. Duplicate samples were used to provide a measure of the repeatability of test results, including sample homogeneity and testing procedures. Duplicate samples were assigned a different sample number than their counterpart sample. Blank samples did not contain the material of interest – potassium- and provided a measure of cross-contamination between individual samples as they were prepared and tested. Standard samples have a known composition which allowed for a comparison between the lab test results and the known composition of the standard. These standards or standard reference materials ("**SRMs**"), provide a means of comparison to identify instances and degrees of underreporting or over reporting of chemical species in the sample testing results.

An analytical batch consisted of 12 to 20 samples made up of core samples, one or two duplicates, one SRM and one blank. During phase 1 of exploration no duplicates were run. SRM consisted of polyhalite, sylvite, langbeinite or commercial fertilizer; and the blanks were quartz sand. Upon review of the first program, a decision was made that too many standards were being used and the composition of those standards were not well established. The blank (a silicate) was determined to be inappropriate because it was not of similar type to the sample (i.e. sulfate). During phase 2, SRM was limited to langbeinite, polyhalite or arcanite (reagent grade K2SO4) and reagent grade CaSO4 was used as the blank.

During phase 1 and 2, samples were shipped to two contract labs for preparation and XRD and x-ray fluorescence ("**XRF**") analysis and to one lab for inductively coupled plasma optical emission spectrometry ("**OES**") and supporting analysis. The results of the different methods of analyses were evaluated and ICP determined that quantitative XRF and XRD analyses were the most useful in establishing polyhalite grade. A new protocol was established for phase 2B samples and this protocol was applied to a new set of phase 1 and phase 2 samples in order to standardize all samples and results.

During phase 2B exploration, ICP standardized the sampling process and began using only XRD and XRF analyses from H&M Analytical Service labs in Allentown, New Jersey. Samples from phase 1 and phase 2 were reanalyzed according to this process in order to standardize all analytical data. The entire amount of each sample was crushed with a jaw crusher to <6 mm and then ground in a Retsch RM100 motorized mortar and pestle to a fine powder (-325 mesh) that was suitable for XRD analyses. The following processing methods were used by H&M Analytical Services in processing the core samples received from ICP.

A small amount of each fine powder was placed into a standard sample holder and put into a Panalytical X'pert MPD Pro X-ray diffractometer using copper (Cu) radiation at 40 kilovolts (kV) / 40 milliamperes (MA). Scans were run over the range of 10° – 80° with a step size of 0.0156° and a counting time of 100 seconds per step. Once the diffraction patterns had been collected, crystallographic databases (International Centre for Diffraction Data and Inorganic Crystal Structure Database) were used to identify the minerals present. Finally, quantitative phase analysis was performed with a Rietveld Refinement analysis which has a typical accuracy of about 1%.

The fluorescence samples were mixed with 20% Paraffin and pressed in a die at 30 tons for five minutes to produce a standard 40 mm XRF specimen. Each pellet was then tested on a Bruker S4 Wavelength Dispersive X-ray Fluorescence Spectrometer for elements between sodium (Na) and uranium (U). This analysis uses a spectrometer, a sequential instrument to examine one element at a time using kV settings, filters, collimators and monochromators that are optimized for each element.

Semi-quantitative analysis was then performed using the Fundamental Parameters method, a standardless technique. This analytical method takes into account the fluorescence yield, absorption and matrix effects to estimate the atomic chemical composition. This technique has an accuracy of about five percent for the major elements.

Full quantitative analyses were performed for sodium (Na), chlorine (Cl), magnesium (Mg), sulfur (S), potassium (K) and calcium (Ca). The remaining trace elements were analyzed by a semiquantitative analysis also based on a Fundamental Parameters method. The results are a hybrid of fully quantitative analysis for the major elements (with error of plus or minus 1%) and semiquantitative analysis for the trace elements (with errors of plus or minus 10%).

Gustavson determined that the sample preparation, security and analytical procedures ICP used were in accordance with NI 43-101.

Mineral Processing and Metallurgical Testing

ICP intends to generate potassium and magnesium sulfate liquors using a process that is based on one of the processes proposed by the USBM. The USBM conducted extensive study of potassium sulfate generation processes in the 1930s and 1940s (e.g., Conley and Partridge 1944; Wroth 1930), and the fundamentals underlying those processes are now well understood. Potassium sulfate generation methods were demonstrated on a laboratory scale and parameters needed to implement the processes on an industrial scale were developed. ICP has conducted laboratory-scale mineral processing and metallurgical testing at Hazen Research ("Hazen"), HPD, LLC (a subsidiary of Veolia Water Solutions & Technologies, located in Plainfield, Illinois) ("HPD") and other laboratories to confirm the process and generate design data needed to design the commercial operation. The test work is ongoing for process optimization.

Polyhalite will first be crushed to minus ten mesh which was determined by initial testing to be the best size for extracting the potassium from the polyhalite. The second step of the processing is calcination where the crushed polyhalite is heated to 480-520˚C with 500 ˚C appearing to be optimum, making the potassium magnesium and sulfate contained in the polyhalite soluble in water for leaching. A rotary kiln was considered in the Prefeasibility Report; other options include vertical flash and fluid bed technology. Additional test work prior to the feasibility study is needed to determine the optimum equipment configuration. After calcination, the material will be leached to dissolve the polyhalite and the resulting brine will be sent to the crystallizer circuit. The crystallization circuit changed from use of evaporation ponds, previously considered in the preliminary economic assessment to mechanical vapor recompression ("**MVR**") in order to precipitate potassium sulfate and langbeinite from the solution. These products are then dried and granulated in order to create a particle suitable for the market. Exhaust gases from the process will be scrubbed and dust will be captured prior to discharging gases back into the atmosphere.

Batch scale test work performed on all six critical operations (comminution, washing, calcination, leaching, crystallization and granulation) proved that the process works technically. Basic engineering was generated to design the process flow sheet and to size equipment for the Prefeasibility Report. The test work and highlights of results undertaken for this study include the following:

1. Abrasion index: The abrasion index ("**Ai**") was calculated for three different representative samples of Ochoa polyhalite ore. This data was used to calculate the steel media wear in equipment. Because, the Ochoa polyhalite ore is relatively soft and not abrasive, no future Ai testing is planned.

    (a) The Sag Mill Comminution testing: The Sag Mill Comminution ("**SMC**") test was performed on Ochoa core. The SMC test generates a relationship between input energy (kilowatt per ton and the percent of broken product passing a specified sieve size. The results are used to determine the drop-weight index ("**DWi**"), which is a measure of the strength of the rock when broken under impact conditions and has the units kWh/m3. Approximately 99% of the DWi values lie in the range 0.5 to14.0 kilowatt-hours per meter cubed with soft ores being at the low end of this range and hard ores at the high end. The Ochoa ore had a drop weight index of 2.59 indicating that it is a soft ore. This information was used to calculate power input for grinding the ore. No future SMC testing is expected.

    (b) Rod Mill Work Index ("**RWi**"): The rod mill work index was determined for two representative Ochoa ore samples. The data was used in the design and sizing of the rod mill. Results were 9.5 and 10.4 RWi for 14 mesh grind.

    (c) Batch Rod Mill Testing: Three open-circuits and one closed-circuit batch rod mill tests were performed. The open circuit test was designed to determine if grind time had much effect on the generation of fines. The test showed a large effect, with the one minute grind producing the lowest fines content in the -10 mesh material (about 45% compared to 72% and 79% for the three minute and five minute grinds). The closed circuit test consisted of five cycles with the -10 mesh material removed after each cycle and fresh ore added as make

up. Although the test clearly had not reached steady state, the cycle five data represents the best estimate available to date of the particle size distribution ("**psd**") to be expected in the process. Future larger scale testing will provide better estimates of the process psd for equipment sizing.

2. Washing: A sodium chloride brine similar in composition to the recirculating brine to be used in the full scale process was used in the closed cycle rod mill test to evaluate the effectiveness of halite leaching. The results showed that essentially all of the sodium chloride was dissolved and the losses of potassium and magnesium were minimal (as expected based on the USBM work). Analysis of the solids yielded an initial sodium concentration of 0.794 weight % and a final concentration of 0.016 weight % after washing, showing a dramatic decrease in sodium concentration and thus, halite concentration in the ore.

3. Calcination:

   (a) Thermo-gravimetric Analysis ("**TGA**") was used to determine the change in weight of the sample when subjected to increasing temperature. This test was used to evaluate the loss of crystal bound water and other weight loss in the polyhalite when subjected to increasing temperatures. The loss of crystal bound water can clearly be seen at around 300 to 400° C. Equilibrium temperature was reached almost immediately between the polyhalite sample and the test shell. Leaching tests showed that the ideal calcination temperature is 480-520° C. The mass loss at 525° C corresponds to another change in the crystal that was later determined to make the polyhalite less soluble through leaching.

   (b) Differential Thermal Analysis-Differential Thermal Analysis ("**DTA**") was used in conjunction with TGA to determine transformations that have occurred to the material when subjected to varying temperatures. This test was used to investigate the modification of the polyhalite crystal as the temperature is increased. The large trough corresponds to the release of the waters of hydration from the polyhalite crystal. While TGA records a change in the mass of the sample, DTA records a difference in temperature between the sample and the shell of the test kiln corresponding to energy used in a kinetic reaction within the samples' crystal structure. The loss of water is observed at around 300-400° C which is similar to the TGA scan.

   (c) Lab Scale Rotary Kiln: Forty tests were conducted using a laboratory rotary kiln with several varying conditions to calcine polyhalite. The polyhalite samples were calcined in the rotary kiln and then leached to determine the efficiency of the calcination. The solubility of the calcined polyhalite is directly related to the efficiency of the calcination process. The 40 calcination tests were then leached to determine the efficiency of the calcination and its effect on solubility. From there, the ideal calcination temperature was observed to be around 500° C. It was thought that particle size would play a role in the efficiency of the calcination and so several particle sizes were chosen. The -10 mesh particles showed the best leaching characteristics after calcination. With the given resonance times, the larger particles were thought to be incompletely calcined which was supported by leach data.

   (d) The extraction procedure used was as follows: samples of calcined polyhalite were added to atmospheric boiling water solutions and boiled for 60 minutes. This test extracted the soluble solid phases from the calcined polyhalite. The residual solids and liquid were analyzed for respective minerals, elements including, potassium, magnesium and sulphate. These tests determined to what extent the solids became soluble, thus indicating the effectiveness of the calcination test conditions.

Calcination was most effective under conditions similar to those reported as superior by the USBM.

4. Leaching: Batch leaching tests using water as the solvent showed that strong liquors with high leaching recoveries could not be achieved in single stage leaching. Therefore, basic investigations of the solubility and kinetics of the dissolution of the solids from the single stage leaching tests were conducted. These results were used to predict the performance of a two stage counter current leaching process. The predicted liquor concentration for a process with a greater than 95% leaching efficiency is 7.5 g K2SO4/100 g H2O. Six locked-cycle leaching tests were performed to simulate a two stage counter current leach process. The high evaporation losses associated with such small scale tests made the data very difficult to interpret. However, reinterpretation of the data suggested liquor concentrations of about 6.8g K2SO4/100g H2O could be produced with a leaching efficiency of about 95%. This is slightly lower than the value predicted by the earlier work. Larger scale testing will be necessary to provide data for use in the feasibility study.

5. Crystallization and Granulation:

   (a) Lab Scale Crystallizer- Laboratory scale langbeinite crystallization was performed using HPD's laboratory.

   (b) Also included in the HPD testing was the conversion of langbeinite to leonite via lab scale reactor. These tests proved that langbeinite crystallization followed by conversion to leonite is feasible offering benefits to the process. The feed brines were created synthetically using leach data from the calcination testing. Three tests were performed on both the langbeinite crystallization and the langbeinite-leonite conversion. Langbeinite has the chemical formula K2Mg2(SO4)3 and leonite has the chemical formula K2Mg(SO4)2•4(H2O). The conversion of langbeinite to leonite takes place in a water solution and removes a magnesium sulfate molecule from langbeinite. Leonite is more readily dissolved in leach brine than langbeinite.

   (c) Granulation tests were encouraging showing that langbeinite granulation was successful; however, additional test work to optimize the process is needed for the feasibility study.

   (d) HPD has built numerous commercial SOP crystallizers and did not feel test work was needed for them to produce data for the Prefeasibility Report. SOP crystallization test work will be necessary for the feasibility study.

The process chemistry initially developed by USBM was confirmed during the preparation of the Prefeasibility Report. The samples used for the process test work are representative of the polyhalite mineralization contained within the mine plan and the test work performed on those samples successfully demonstrated the process is economically viable. Additional metallurgical test work is needed prior to the feasibility study to aid in process design and optimization and equipment selection.

Mineral Resource and Mineral Reserve Estimates

The Prefeasibility Report includes data from seven new core holes drilled during ICP's phase 2B drilling program.

Gustavson created a 2-dimensional (2D) grid model for estimating mineral resources at the Ochoa Project. Drill hole data, including collar coordinates, sample assay intervals and composite geophysical logs were provided by ICP. Gustavson updated the project database to include the additional seven drill holes completed in 2011. The Ochoa Project drill hole database contains lithology, assay, polyhalite thickness and petrophysical log data from a total of twenty diamond core holes drilled by ICP as well as petrophysical log data (and interpreted polyhalite thicknesses) from 792 oil and gas wells drilled throughout the area of interest.

The assay and geological data from the 20 ICP drill holes were used to assess the accuracy of the petrophysical markers previously used to identify the top and bottom of the polyhalite seam. Verified petrophysical markers were then used to locate the top and bottom of the polyhalite seam in the 792 oil and gas bore holes.

ICP drill hole locations are arranged in an irregular grid pattern in order to maximize the collection of information with regard to the polyhalite seam within the property boundary. The drill holes are spaced approximately 10,000 feet apart with a minimum distance of 4,170 feet and a maximum distance of 23,738 feet.

The ICP core holes were sampled on approximate six inch intervals. The thickness of the polyhalite seam in the core holes was determined based on assay data and is represented by the longest continuous set of sample intervals with grades of >10% polyhalite. Thickness values were determined by Upstream Resources LLC ("**Upstream**") and verified by Gustavson.

Gustavson statistically analyzed the thicknesses determined by Upstream. Special attention was paid to the thickness of the polyhalite seam because it represents the largest data set available for use in resource estimation. The thickness of the polyhalite seam dictates the volume of polyhalite within the property boundary. Histograms, probability plots and cumulative frequency plots were generated in order to evaluate and describe the distribution of the polyhalite seam with regard to thickness. Gustavson determined that the distribution of the thickness data is Gaussian (normal). The mean, median and mode of a normal distribution are all approximately equal and all are valid measures of the center of the data distribution (measure of central tendency). The mean (5.13 feet) value occurs most frequently and has the highest probability of occurring.

Experimental variogram values were computed using the polyhalite thickness data. A spherical variogram was fit to the computed experimental variogram values. The spherical variogram is Gustavson's interpretation of the spatial variability of the polyhalite thickness data and is used to filter noise resulting from imperfect measurements or lack of data. The nugget, sill and range defined by the spherical variogram are used in the kriging algorithm during the modeling process.

Gustavson used 2D Sequential Gaussian Simulation ("**SGS**") to model the polyhalite thickness with Stanford Geostatistical Modeling Software. SGS is a proven, effective method of modeling normally distributed data. Data from all 812 drill holes were used in the simulation process. A 975,000 foot wide by 1,735,000 foot long grid with nodes on 100 foot centers was defined. SGS uses conditional probability distribution to provide possible values at unsampled locations within the grid. The values are conditional upon available data and are estimated using an ordinary kriging algorithm. The SGS software program builds a Gaussian distribution around the kriged value (the mean of the distribution) at a node on the grid with a variance that matches the kriged variance. The algorithm uses a random number generator to select a probability from the estimated distribution and assigns the corresponding thickness value to the node. The program proceeds through the grid node by node taking into account the previously assigned values at the other nodes. After all nodes have been assigned a value, the realization is complete. Fifty realizations were generated by repeating the steps outlined above. Each of these realizations has an equal probability of predicting the actual values at the grid nodes.

The realizations were validated individually to ensure that the sample distribution and spatial variability were honoured. For all 50 realizations, the median model ("**M-type**") and the average model ("**E-type**") were evaluated to confirm that the measured sample thicknesses were adequately represented in the models. Gustavson chose to report an M-type estimate because it represents the least absolute error and honours the sample distribution and spatial variability. The M-type model represents the median value of all 50 realizations at each point. Gustavson reblocked the 100 foot grid centers to a 500 foot grid to correct for volume variance.

Grade was estimated for three zone classifications: above the polyhalite seam, within the polyhalite seam, and below the polyhalite seam. The geologic units above and below the polyhalite seam are anhydrite-dominated, though they may contain some percentage of polyhalite. Thickness of the anhydrite-dominated zones is represented by the thickness of sample intervals in core assay tables above and below the identified polyhalite seam. The spatial distribution of the anhydrite-dominated zones with regard to thickness was modeled using the same methods as were used for the polyhalite seam and also with 50 simulations. The geologic character and general distribution of both anhydrite-dominated zones are assumed to be similar to those of the polyhalite seam.

SGS was used to estimate the grade of polyhalite, anhydrite, halite, magnesite and the remaining minerals within each of the three seams based on the previously defined 975,000 foot wide by 1,735,000 foot long grid with nodes on 500 foot centers. Fifty realizations were generated for each grade estimation.

Gustavson classified the mineral resources as Measured, Indicated and Inferred. The classification of resources is based on the unsampled distance from an ICP sample point. Measured Resources occur within 0.75 miles of an ICP sample location; Indicted Resources occur between a distance of 0.75 and1.5 miles from an ICP sample point; and Resources that occur beyond the 1.5 mile radius but within the property boundaries or within a 3.0 mile radius, whichever is shorter, of an ICP sample point are classified as Inferred. Gustavson believes that this method of resource classification is reasonable and appropriate with specific regard to the Ochoa Project.

The Ochoa Project Mineral Resource estimate is summarized in the Table below. The Mineral Resource estimate includes all drill data obtained as of September 1, 2011, and was independently verified by Gustavson. The table below outlines the mineral resource (as defined in NI 43-101) contained within the ICP permit and lease area.

Mineral Resource Estimate[(1)(2)(3)]

Conditional Simulation Median Model				
4 ft Minimum Thickness	**Measured**	**Indicated**	**Measured plus Indicated**	**Inferred**
Average Thickness (ft)	5.45	5.30	5.37	5.05
Tons (million)	422	562	984	440
Grade Polyhalite	80.2%	79.9%	80.0%	80.6%
Eq Grade K_2SO_4	22.7%	22.6%	22.7%	22.8%
5 ft Minimum Thickness	**Measured**	**Indicated**	**Measured plus Indicated**	**Inferred**
Average Thickness (ft)	5.52	5.46	5.49	5.35
Tons (million)	390	448	838	269
Grade Polyhalite	80%	80.2%	80.3%	80.7%
Eq Grade K_2SO_4	22.8%	22.7%	22.8%	22.9%
6 ft Minimum Thickness	**Measured**	**Indicated**	**Measured plus Indicated**	**Inferred**
Average Thickness (ft)	6.10	60.06	6.09	6.03
Tons (million)	42	21	63	.8
Grade Polyhalite	84.5%	84.4%	84.5%	84.2%
Eq Grade K_2SO_4	24.0%	23.9%	23.9%	23.9%

Notes:
(*1) Mineral resources that are not mineral reserves have not demonstrated economic viability and may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues, and are subject to the findings of a full feasibility study.*

(2) The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and exploration is insufficient to define these inferred resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading inferred resources to indicated or measured resources.

*(3) The mineral resources reported here were estimated according to the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") standards on Mineral Resources and Reserves, Definitions and Guidelines dated November 27, 2010.*

Mineral reserves were estimated by Gustavson according to the CIM definitions and based on technical data and information received prior to November 25, 2011. A mine plan was created for a portion of the polyhalite resources. The initial mine plan covers a portion of the resources that have a low concentration of active and abandoned oil and gas wells. There are two areas that have been excluded from the mine plan because of a higher number of existing active and abandoned oil and gas wells that would make mining more difficult and result in lower ore recovery. It is intended that these areas will be reconsidered in the feasibility study. The mineable portion of the mineral resource considers a 90% ore extraction in areas over 1500 feet away from active wells. In areas closer than 1500 feet from active wells, an ore extraction of 60% is used which will inhibit subsidence. A 200 foot radius pillar will be left around each active well to provide extra stability and eliminate the potential for oil or gas inflow to the mine. Using these design parameters and the proposed production rate there is a Proven and Probable Mineral Reserve (as defined by the CIM in the CIM Definition Standards on Mineral Resources and Mineral Reserves) of 414 million tons at a polyhalite grade of 83.98% polyhalite, sufficient to last the mine for approximately 93 years of production. A more detailed mine plan was created for inclusion in the 40 year economic model.

The cutoff grade for the mineral reserve estimate is based on a proposed 40 year mine plan with an average sale price of $623 per ton of finished product. The proposed finished product is expected to be approximately 568,000 tons of SOP and 275,000 tons of langbeinite per year. The sale price is based on the forecasted prices that were included within the marketing study that was done for the Ochoa Project. At this sale price the minimum cutoff grade is 16% polyhalite, well below the 70% polyhalite value included in the mine plan. The cutoff grade is based on the forecasted sale price and the estimated operating costs. A minimum mining thickness of five feet was used to estimate the mineral reserves, based on the operating height of the proposed mining equipment. In areas where the polyhalite is less than five feet in thickness, the ore is diluted in the mine model with waste material (anhydrite) above and below the polyhalite bed. Dilution was also added to the modeled polyhalite thickness to incorporate uncertainty in ore selectivity. A minimum dilution of 0.2 feet of material both above and below the polyhalite seam was added. The table below shows the contained and recovered polyhalite and diluted grade within both the 40 year mine plan and the entire proposed mine plan.

Proven and Probable Mineral Reserves

Reserves Within 40 Year Mine Plan				
	Total Ore Tons	**Recovery Factor**	**Recovered Ore Tons**	**Diluted Grade Percent Polyhalite**
Proven	76,950,000	84.29%	64,861,000	80.14%
Probable	93,632,000	79.69%	74,613,000	78.78%
Total Proven & Probable	**170,582,000**	**81.76%**	**139,474,000**	**79.39%**

Reserves Within 40 Year Mine Plan				
	Total Ore Tons	**Recovery Factor**	**Recovered Ore Tons**	**Diluted Grade Percent Polyhalite**
Remaining Reserves Within Proposed Mine Plan				
Proven	115,709,000	84.62%	97,911,000	76.51%
Probable	128,163,000	83.44%	106,935,000	75.33%
Total Proven & Probable	**243,872,000**	**84.00%**	**204,846,000**	**75.89%**
Total Proven and Probable Reserves Within Entire Proposed Mine Plan				
	414,454,000	**83.08%**	**344,320,000**	**77.33%**

Mining Operations

Mining Method

The mining method selected for the extraction of polyhalite will be room and pillar retreat in a herringbone pattern, similar to other mines in the Carlsbad mining district. The polyhalite bed varies in depth and thickness within the proposed mine area from 1,180 feet to 1,740 feet below ground surface with a thickness range of 4.5 to 6.5 feet The area is an active production area for oil and gas companies and there are numerous active oil and gas wells within the mine plan.

An extraction rate of 90% is planned for most portions of the mine; however, in areas of the mine that are within 1,500 feet of an active gas or oil well, 60% of the polyhalite will be extracted in order to safeguard the stability of the active well and minimize ground subsidence in areas around the wells. A 200 foot radius around all active and abandoned wells will not be mined or disturbed leaving a strong pillar to reduce potential for migration of fluids or gases from well bores into the mine. There are no known natural sources of gas within the mining horizon. Nevertheless ICP has elected to follow the rules and regulations of a category III gassy mine under Mine Safety and Health Administration, Code of Federal Regulations, 30 because there are active and abandoned gas wells in the immediate area. All mine and ventilation plans will follow the rules and regulation pertaining to a category III mine.

Processing

Much of the proposed process of transforming polyhalite into SOP and langbeinite was based upon research from the USBM in the 1930's. Detailed tests were done on all aspects of the processing in order to determine that producing SOP from polyhalite is both economical and can be produced on a large scale.

Polyhalite will first be crushed to minus 10 mesh, which was determined by initial testing to be the best size for extracting the potassium from the polyhalite. The second step of the processing is calcination where the crushed polyhalite is heated to 480-520˚C with 500 ˚C appearing to be optimum, making the potassium magnesium and sulfate contained in the polyhalite soluble in water for leaching. A rotary kiln was considered in the Prefeasibility Report; however, other options include vertical flash and fluid bed technology. Additional test work prior to the feasibility study is needed to determine the optimum equipment configuration. After calcination, the material will be leached to dissolve the polyhalite and the resulting brine will be sent to the crystallizer circuit. The crystallization circuit changed from use of evaporation ponds, previously considered in the preliminary economic assessment, to Mechanical Vapor Recompression ("**MVR**") in order to precipitate potassium sulfate and langbeinite from the solution. These products are then

dried and granulated in order to create a particle suitable for the market. Exhaust gases from the process will be scrubbed and dust will be captured prior to discharging gases back into the atmosphere.

The layout of the plant was generated by the FLSmidth Group ("**FLSmidth**") in July 2011. FLSmidth Group is responsible for the front-end processes (crushing, milling, calcining, leaching) and the back-end processes (crystal drying, granulation, on-site product storage). HPD is responsible for the evaporators and crystallizers using MVR and phase chemistry to produce langbeinite and SOP crystals.

Market Studies and Contracts

ICP commissioned CRU Strategies Limited ("**CRU Group**") to evaluate the world-wide fertilizer market and forecast the expected sales prices for SOP and SOPM as finished products in ICP's main target markets of North and South America and Asia. The demand for SOP, the main finished product from the Ochoa Project, is expected to rise by 1.3 million tons during the 15 year period analyzed from 2010 to 2025, with 0.95 million tons of that increase occurring from 2015 to 2025. The Ochoa Project is projected to produce 250,000 tons of SOP in 2016 and ramp up to its normal level of 568,000 tons in 2018. ICP believes that its production will not exceed the market's ability to absorb it.

The CRU Group's study projects the following sales prices for granular SOP and SOPM for the Ochoa Project's planned production for 2016 – 2025. The average of the projected SOP and SOPM prices from 2022 – 2025 were used for the rest of the 40 years in the study.

Forecast Sales Prices, SOP and SOPM; 2016-2055 (in US dollars)

Production Year	Projected SOP Sales Price, $	Projected SOPM Sales Price, $
2016	592	206
2017	622	210
2018	642	215
2019	704	231
2020	765	246
2021	815	261
2022	915	285
2023	813	261
2024	778	253
2025	745	245

Operating Costs

Operating costs are based on scheduled production, equipment requirements, operating hours, hourly equipment operating costs and manpower requirements. These costs and requirements were determined from a variety of sources that included: estimates from vendors (FLSmidth and HPD); Gustavson's historical and internal cost estimates; InfoMine USA Mine and Mill Equipment Cost Estimators Guide; and ICP employees' first-hand knowledge and information of the potash operations in the Carlsbad region.

The detailed equipment costs for the mine and processing plant include maintenance parts, lube, tires, wear parts, supplies and diesel fuel, as applicable. Electricity costs and labour were tracked separately from the equipment operating costs. All necessary maintenance and operational staff were included in the staff and personnel detail. The operating costs were determined based on production of 568 thousand tons of SOP and 275 thousand tons of langbeinite per year which is equivalent to 660 thousand tons of SOP exclusively. All costs per ton of finished product are based on a total combined basis. A summary of the average annual

operating costs are shown in the table below. Major component rebuild costs are not included within the operating costs as these items are capitalized in sustaining capital.

Average Annual Operating Costs in US Dollars

Operating Cost	Average Annual Cost	Cost/ton ore	Cost/ton of Product
Mining	$24,033,000	$6.91	$28.95
Processing	$85,946,000	$24.72	$103.54
Loadout	$3,331,000	$0.96	$4.01
General & Administrative	$8,969,000	$2.58	$10.81
Total Operating Costs	**$122,279,00**	**$35.17**	**$147.31**

Manpower requirement and wages were estimated with extensive input from Randy Foote, Chief Operating Officer of ICP, Ken Kramer, Corporate Controller of ICP and Tom McGuire, Director of Technical Services for ICP. All of these people have extensive knowledge in operating and staffing Potash mines and processing plants in the Carlsbad, New Mexico Region.

The mine is scheduled to operate 20 hours per day with two 10-hour shifts. The four hours that the mine is not in operation will allow for a daily maintenance window. The processing plant and trucking operations to the Jal loadout will operate 24 hours per day with three eight-hour or two 12-hour shifts. The Jal loadout will operate on a single eight hour shift per day. All hourly workers have a 6% overtime allowance based on their base salary and burden is 40% of base salary for all employees of the mine.

The overall operating cost for the mine is approximately $24 million per year. Mine costs include parts, supplies and maintenance materials for all mining equipment as well as diesel for any pieces of equipment that do not run on electricity. Operating costs were determined for each individual piece of equipment and aggregated on an annual basis. The annual electricity cost for the mine was calculated from installed horsepower of the equipment in the mine at the prevailing rates.

Processing costs for the plant were determined by FLSmidth for all areas excluding the crystallizer portion. HPD determined the operating costs for the crystallizer portion of the plant. FLSmidth used 3% of the installed equipment costs, per year, for the plant supplies and 4% per year for the annual maintenance costs. HPD determined the annual operating costs for the crystallizers which include equipment costs and supplies to be 1.5% of the total cost of the crystallizer portion of the processing facility. The annual electrical cost for the plant was calculated from installed horsepower of the equipment in the plant at the prevailing rates of $0.052/kWH and the natural gas price of $3.75/100 cubic feet.

Finished product will be transported to the loadout facility in Jal, New Mexico approximately 22 miles east of the processing plant. The Prefeasibility report assumes ICP will run its own trucking fleet to transport the product to Jal. The operating costs in this portion include all materials, supplies, mechanical parts, diesel, and electricity. Costs were determined for each individual piece of equipment and aggregated on an annual basis. The rail load out facility will have its own electrical supply separate from the plant and mine. Road taxes are $0.04 per truck mile.

General and administrative labour costs include general management, safety, accounting, environmental, purchasing, sales and plant power management. Office supplies and equipment are projected at $0.03 per ton of ore, insurance at $1.2 million per year (based on comparison with operations of similar size and extent in the area) and annual property taxes at 1.1% of the previous year's revenue.

Capital Costs

The Ochoa Project is expected to average an annual throughput of approximately 3.25 million tons per year over its first phase of 40 years, and to require an initial investment of $705.6 million, comprised of mine assets, plant assets, loadout facilities in Jal, site utilities and reclamation bonding.

A capital projection for the mine was developed by Gustavson for the Ochoa Project utilizing the room and pillar method of mining and a conveyor system installed in a 15% decline developed to connect the underground workings to the plant facilities on surface. A 20 foot diameter shaft will be constructed to provide ventilation to the mine and to transport men into and out of the mine and to move materials and small equipment into the mine, while providing a secondary escapeway. A stockpile facility will be constructed to provide surge storage of mined ore at the beginning of the plant. Roads, parking lots and waste storage will be developed as well as structures for a truck repair shop, water provision/treatment for up to 1,000 gallons per minute, warehousing of supplies/parts and laboratory services to support the operations. Continuing and sustaining capital to expand the mine, to ramp up ore delivery to match the plant throughput as the plant is brought to full capacity over 1.5 years and to maintain mine functionality and reliability is expected to require approximately $48.2 million in the first 5 years and around $3.2 million per year thereafter, with additional major replacements in years 11, 16, 21, 26, 31 and 36.

Initial plant capital for full-scale operations, as projected by FLSmidth and HPD, would amount to $519.5 million, which accounts for contingencies. The plant will include multiple, discrete circuits for comminution, calcining, leaching, pre-concentration, crystallization and separation, granulation, loadout and shipping, power generation, water provision and tailings management. Sustaining capital has been estimated at approximately $1.0 million per annum.

A finished product loadout facility will be built in Jal, New Mexico, approximately 22 miles from the plant. It will contain receiving, storage and truck and train loading facilities totalling $32.7 million with indirect and owner's costs.

Initial site utilities, including water piping, communications, general electrical distribution and switching, gas piping and other minor services is estimated to require $13.9 million. Sustaining capital of $400,000 is expected to be required for site utilities annually. An initial $4.0 million allowance for reclamation bonding was included, along with an annual continuing provision of $0.5 million per year. The table below summarizes the initial capital projections for the Ochoa Project (in US dollars).

Estimated Capital Costs	Cost
Mine Department	
Underground Equipment	$23,340,000
Surface Equipment	3,765,000
Earthwork Development	19,036,000
Administrative Capital	10,000,000
Primary Development	62,970,000
Indirect Costs @ 4.0%	4,764,000
Owner's Costs @ 3.0%	3,574,000
Total Mine Department Capital	**$127,449,000**

Plant Department	
Contracted Construction	
Crushing	$2,508,000
Milling/NaCl Wash	28,602,000
Calcining	71,450,000
Leaching	45,478,000
Production/Granulation	52,972,000
Loadout and Shipping (at plant)	10,867,000
Tailings	133,000
Concentrate Pond	109,000
Water Management	8,099,000
Electricity/Natural Gas	1,050,000
Boiler/Steam	17,132,000
Air Pollution Control	15,792,000
Total Contracted Construction Capital	**$254,192,000**
Turn-Key Construction	
Leonite Dissolver System	$1,600,000
SOP Evaporator Preconcentrator System	51,000,000
SOP Evaporator Crystallizer System	51,000,000
SOP Separation System	3,200,000
Langbeinite Crystallizer Feed Tank and Pumps	800,000
Langbeinite Evaporator/Crystallizer System	102,000,000
Langbeinite Separation System	1,600,000
Langbeinite Decomposition System	13,600,000
Leonite Separation System	2,400,000
Total Turn-Key Construction Capital	**$227,200,000**
Total Plant Department Capital	**$481,392,000**

Description	Cost
Product Loadout Department	
Jal Loadout Facility	$30,585,000
Indirect Costs @ 4.0%	1,223,000
Owner's Costs @ 3.0%	918,000
Total Product Loadout Capital	**$32,726,000**
Utilities and Reclamation	
Utilities	$12,338,000
Indirect Costs @ 4.0%	495,000
Owner's Costs @ 3.0%	370,000
Reclamation Bonding	4,000,000
Total Description	**$17,203,000**

Description	Cost
Contingency	
Contingency, @ 5% of Mine & JAL Facilities	$8,669,000
Contingency, @ 15% of Constructed Plant	38,129,000
Total Contingency	**$46,798,000**
Total Initial Capital	**$705,568,000**

Economic Analysis

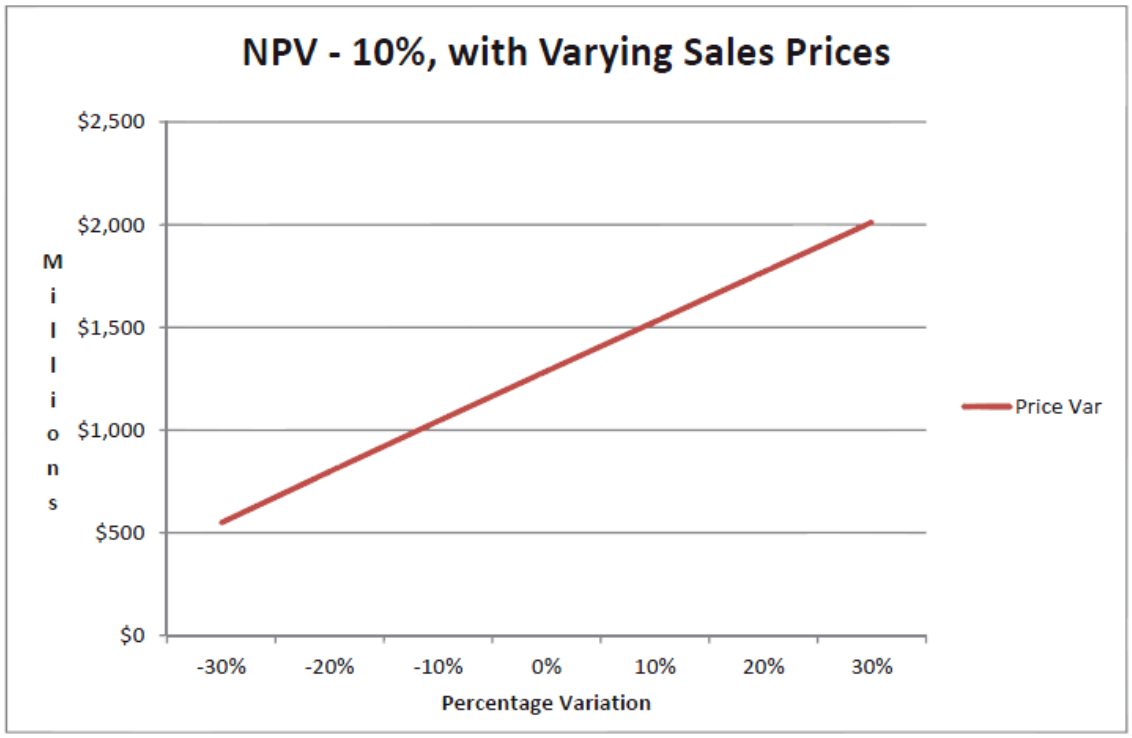
The economic evaluation for the Ochoa Project is based on the underground mine design for reserves controlled by ICP and incorporates processing, loadout and administrative activities. The economic model assumes the first 40 years of mining available reserves. Those reserves closest to the plant location will be exploited initially at a rate of approximately 3.25 million tons per year. The starting point for the economic model is assumed to be the date final permits are obtained. The economic analysis below is stated in US dollars.

The projected unit operating costs over 40 years are based on average annual ore production of approximately 3,250,000 (10,000 tons per day) and 337 days per year of operation.

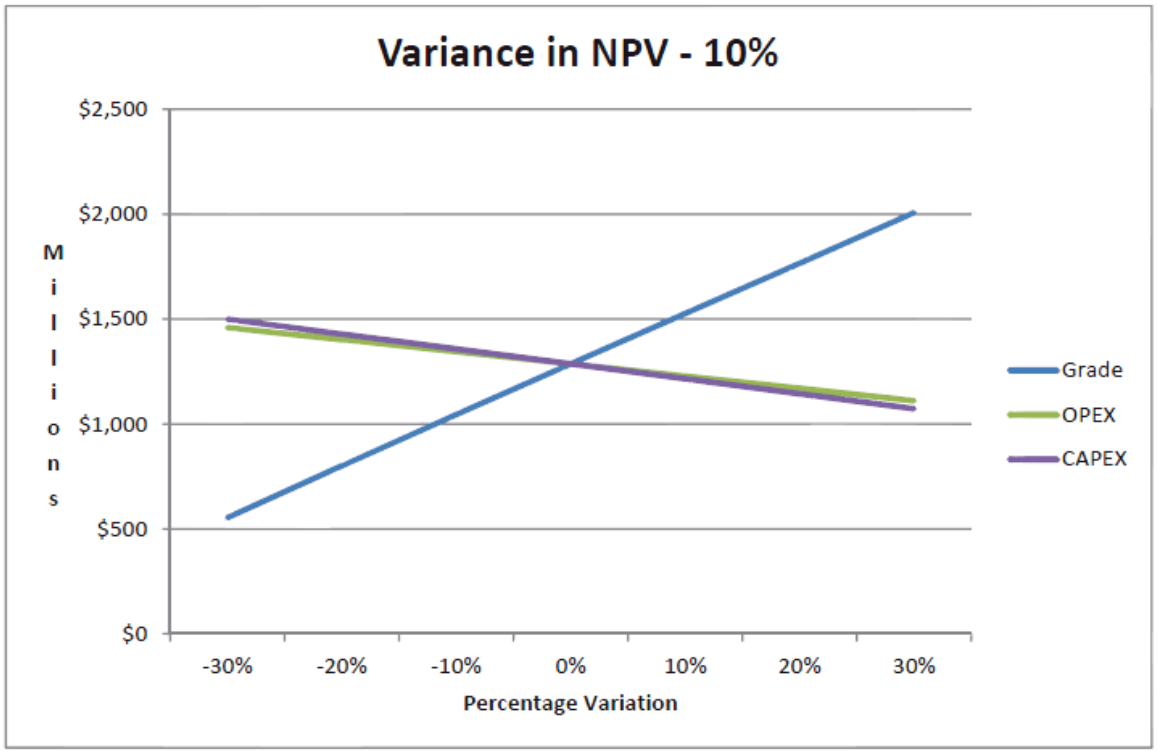
Revenues are expected to average around $517.4 million per year, at a life of mine average SOP product price of $801/ton and SOPM price averaging about $257/ton. Royalties are payable to the BLM and to the State of New Mexico (at an average rate of 2.25% of gross sales) and to private parties at a rate of $1.00/ton of finished product for the first 1,000,000 tons sold and at $0.50/ton thereafter. There is a 3% net profit royalty that can be reduced to a 1.5% net profit royalty with a payment of $9 million, all of which terminates after 25 years thereafter. Total royalties are projected to average $15.5 million per year. Total payments for state and BLM royalties, property taxes and state and federal income taxes are projected to be $5,193.1 million (25% of gross revenues) over the life of the mine.

Based upon the studies of capital, operating and marketing for finished products, the Ochoa Project's first 40 years of projected operations demonstrate robust economics based upon an initial capital investment of $706 million ($837/ton of annual finish product) with an after tax net present value at 10% discount rate of $1,286 million with a projected payback period of 3.93 years and an expected payback multiple of 14.4 (for the first 40 years only). The Ochoa Project would generate an internal rate of return, after tax, of approximately 25.9%. The gross operating margin, based upon the estimations referred to above, is expected to average 73.4% based on gross revenue.

The Ochoa Project economics are most sensitive to changes in the sales prices of its products. An increase of 10% in the average sales prices would augment the after-tax, Net Present Value (the "**NPV**") at 10% discount (the "**NPV-10**") by 19% as illustrated in the table below.



The project economics will vary modestly with variations in the operating and cash costs, yielding a 5% decline in the After-Tax, NPV-10 for each 10% increase in the operating costs and a 6% decline in the After-Tax, NPV-10 for each 10% increase in the capital costs. The variation in the after-tax, NPV-10 from the variation from changes in the sales prices as illustrated in the Figure below.



Gustavson considered sensitivity to production, raising production by 50%, to an average production level of 852,000 tons of SOP and 412,500 tons of SOPM per year (990,000 tons SOP equivalent). In this case, initial capital expenditures are expected to rise to $958.3 million (approximately $758 per ton of finished product) and annual operating costs are estimated to average around $135 per ton of finished product. The projected NPV at a 10% discount would be $2,002 million after-tax for the first 40 years of operations and the payback period would be approximately 3.8 years.

Risks of the Prefeasibilty

Gustavson has identified areas of risk and quantified the relative risk of each aspect and made recommendations to reduce the risk of the most significant items.

Gustavson recognizes that the stability information tested and used in the Prefeasibility Report are appropriate for the rock types and testing accomplished, to date. This is not a significant risk area but additional analysis and some test work will need to be accomplished prior to the feasibility study and final design.

There is always risk associated with dilution when mining a four-six foot horizon underground. Gustavson recognizes that the risk is low and manageable.

The process test work accomplished thus far has carried the process definition quite far. There are still some outstanding questions regarding the selection of the appropriate process equipment and approach in some areas of the process. Additional test work is needed to finalize the equipment selection. For instance, excessive fines from the rod mill could lead to parallel calcination circuits one for fines and one for coarse material.

Ultimate recovery of SOP involves recovery at each step of the process. Additional test work is required to determine how each of these steps will affect recovery and what can be done to maximize recovery. At this point in the project, final recovery of product combination is yet to be determined.

The mine and plant will require greater than 100 megawatts of power. ICP has been working with Xcel Energy, Inc. in defining how this power will be supplied. Permitting and construction of a power line to the site may require a longer duration than currently planned, and is therefore a risk.

Water is planned to be extracted from the Capitan Reef; however the quantity and quality available has yet to be determined. Work is ongoing to drill into the reef for testing purposes. For now, the risk of inadequate water supply exists but is low.

The Prefeasibility Report includes a large assortment of equipment. The unknown factors in the process design lead to a minor risk in the sizing of the equipment.

The project development plan is based upon a 24-month duration for the EIS and reaching a ROD. This duration is certainly achievable; however, it is out of the direct control of the project team and therefore could require additional time. At the same time, however, this project is supported by the BLM and the local community.

The capital costs for the plant and infrastructure were developed in detail; however, error of omission is possible. Combined with the unknown factors in the process design, there is a risk that plant and infrastructure costs may rise.

The fluctuation in fuel prices over the past few years demonstrates the possibility of risk associated with increasing fuel prices. The price of fuel used in the Prefeasibility Report has been exceeded by the actual

cost of fuel in the past few years; however, these increases have only lasted for short durations of time and may change.

SOP has a large demand world-wide; however, the price does fluctuate pursuant to the economics of various regions. As a result, the Ochoa Project will be exposed to this price risk.

In order to develop and operate the project while maintaining its ability to meet its financial obligations as they come due, the Company will have to raise equity and other financing. The Company has been successful in raising funds in the recent past, and intends to raise a combination of debt and equity to provide for its liquidity during development and initial operations, although there are no guarantees that such financing will be available.

The predicted NPV is a direct function of most of the factors included in the Prefeasibility Report, and reflects all the risks discussed above.

ICP exploration and Development Plan

Based on Gustavson's recommendations, ICP has developed an exploration and development plan that includes the following items in support of a feasibility study:

- Geotechnical testing of soils for building and equipment foundations.
- Core drill holes of the entire rock column of the shaft and two ramp locations needed for hydrologic and rock condition data for design of the shaft and ramp.
- Locked cycle and small-scale pilot scale process test work for equipment selection, optimization and final process design.
- Further definition drilling to increase confidence in the ore grade and thickness for the early (+/-10) years of the mine plan, and to provide additional polyhalite for process test work.
- Mineral resource and reserve updates based on the definition drilling.
- Completion of aerial surveys to provide topographic control for site layout and facility design.
- Hydrological testing including installation of two water wells and pump testing. This data will be used to demonstrate water quality, sufficient quantity, and will be used for development of hydrological models needed for the permitting effort. These test wells should be sufficiently large to be the production wells for the mine and processing facilities.
- Hiring the primary engineering group for the preparation of a feasibility study.
- Updated marketing study for SOP and Langbeinite.
- Negotiations and a memorandum of understanding with oil and gas companies to demonstrate and document their support and cooperation with ICP's effort to co-develop the Ochoa Project.
- Negotiation and development of work plans and agreements for electricity and natural gas supply to the Ochoa Project.
- Negotiation with rail transportation companies regarding the construction of sidings, loadout, and product transportation rates.

- Continuation of the environmental permitting process, including base line air quality data, continuation of biological surveys, cultural surveys, and supporting the ongoing NEPA process leading to an EIS which is being prepared for the BLM.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on its business, financial condition and results of operations, or the trading price of the Common Shares.

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 polyhalite will be discovered or commercialized. The market for direct application polyhalite as a multi-nutrient potash has not yet been established. Notwithstanding earlier agricultural testing by the Company, significant field testing will be required. Additional studies will also be required to determine the optimal methods by which polyhalite may be converted to SOP. There can be no assurances that such optimal conversion methods will be identified or that a market for direct application polyhalite as a multi-nutrient potash will become established.

No History of Mineral Production

The Company has never had any interest in mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at the Ochoa Project or any future properties, nor is there any assurance that the Company's exploration programs thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any of the Company's properties 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 which are currently being explored for, availability of additional capital and financing, the actual costs of bringing properties into production and the nature of any mineral deposits.

Exploration, Development and Operating Risks

Mineral exploration and development operations generally involve a high degree of risk. 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, rock bursts, cave-ins, flooding and other conditions involved in the drilling and 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, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas 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, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Ochoa Project will consist of mixed rights, including various federal permits, state leases, fee lands, and surface rights, all of which must be obtained and maintained in order to go to production.

There is no certainty that the Company's expenditures towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of polyhalite or other minerals.

Reliability of Resource Estimates

There is no certainty that any of the mineral resources identified on the Ochoa Project will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, mineral prices. Any material change in the quantity of mineral resources, grade, or stripping ratio may also affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. 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 such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's properties, consolidated results of operations and consolidated financial condition.

Scale of Operations

While the process involved in converting polyhalite to SOP has been demonstrated in previous pilot-scale tests, and each of the unit operations has been used on an industrial scale, the Ochoa Project, if advanced to the stage of production, would be the first industrial scale operation to convert polyhalite to SOP. Testing and engineering efforts are continuing to define the optimum process and for equipment selection. There can be no assurance that such process optimization will be achieved. In addition, as various designs are considered and tested, the projected mining, transportation and administrative functions may be Affected. Therefore, capital and operating costs may be subject to change.

Uncertainty of Prefeasibility Results

The results of the Prefeasibility Report are used to determine the economic viability of a deposit. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. While the Prefeasibility Report is based on the best information available to the Company for the level of study, the Company cannot be certain that actual costs will not significantly exceed the estimated cost in the Prefeasibility Report and that the other assumptions on which the Prefeasibility Report is based will be accurate. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates and other assumptions contained in the Prefeasibility Report to account for this uncertainty, there can be no assurance that the contingency factor is adequate.

Land Title and Surface Rights

No assurances can be given that there are no title defects affecting the Ochoa Project. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it currently holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, such mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. If there are title defects with respect to any properties, the Company may lose its interest in the affected property or be required to

compensate other persons with respect to its activities on the affected property. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply and the availability of skilled labour and other infrastructure are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's consolidated business, operations, condition and results of operations.

Reliance on a Limited Number of Properties

The Company's only material property is the Ochoa Project. As a result, unless it acquires additional property interests, any adverse developments affecting the Ochoa Project could have a material adverse effect on the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations.

Environmental Regulation and Risks

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. 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. Environmental hazards may exist on the Ochoa Project which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Government approvals, approval of aboriginal people and permits are currently, and may in the future be required in connection with the Company's direct and indirect operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of exploration and evaluation assets. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of exploration and evaluation assets may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current environmental laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new exploration and evaluation assets.

Requirement for Permits and Licenses

The Company's operations require it to obtain licences for operating, permits, and in some cases, renewals of existing licences and permits from the authorities in the United States. The Company believes that it currently holds or has applied for all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations in respect of the Ochoa Project and also

believes that it is complying in all material respects with the terms of such licences and permits. However, the Company's ability to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. The failure to obtain such permits or licenses, or delays in obtaining such permits or licenses, could increase the Company's costs and delay its activities, and could adversely affect the business or operations of the Company. Government approvals, approval of members of surrounding communities and permits and licenses are currently and will in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of exploration and evaluation assets.

Government Regulation

The mineral exploration and development activities of the undertaken by the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, historical and cultural preservation and other matters. Exploration and development activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities in respect of its properties, as well as its ability to explore and operate those properties in which it current holds an interest or in respect of which it obtains exploration and/or development rights in the future.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Political Risks

Future political actions cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the countries in which the Company holds property interests in the future may adversely affect the Company's business, results of operations and financial condition.

Key Executives

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 exploration and development plans progress at the Ochoa 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.

Potential Conflicts of Interest

There are potential conflicts of interest to which some of the Company's directors and officers will be subject in connection with its operations. Some of the directors and officers are engaged and will continue to be engaged in the search of mineral resource interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts of interest, if any, which arise will be subject to and be governed by procedures prescribed by the CBCA which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the Company to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the CBCA. Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the Company's best interests and its shareholders.

Labour and Employment Matters

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions it carries on business. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition.

Difficulties in Effecting Service of Process

It may be difficult to effect service of process on the Company's directors, officers and others, from time to time, to the extent that they reside outside of Canada. Three of the Company's directors currently reside outside of Canada. Substantially all of the assets of these persons are located outside of Canada. It may also not be possible to enforce against certain of the Company's directors, officers, and experts, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada, to the extent that such persons reside outside of Canada.

Foreign Subsidiaries

The Company conducts its operations through ICP, its U.S. subsidiary. Therefore, the Company is dependent on the cash flows of ICP to meet its obligations. The ability of ICP to make payments to the Company may be constrained by the following factors: (i) the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which ICP operates; and (ii) the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Competition

The mining industry is competitive in all of its phases. The Company faces strong competition from other companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals and other minerals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive exploration and development properties on terms it considers acceptable or at all. Consequently, the consolidated revenues, operations and financial condition of the Company could be materially adversely affected.

Litigation

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Like most companies, the Company is subject to the threat of litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it could have a material adverse effect on our financial position, results of operations or the Company's property development.

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 occurrences 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. Although the Company may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining Company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its business, consolidated financial performance and results of operations.

Dividend Policy

The Company has not paid dividends on the Common Shares to date. Payment of any future dividends, if any, will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's consolidated operating results, financial condition, and current and anticipated cash needs.

Potential Volatility of Market Price of Common Shares

Securities of various publically listed companies have, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. 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 SOP 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. Moreover, it is likely that during future quarterly periods, the Company's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, 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, a significant number of the Company's shareholders at any given time may have an investment profit in the Common Shares that they may seek to liquidate.

Global Financial Condition

Current global financial conditions have been subject to increased volatility and numerous commercial enterprises have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms acceptable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted. In addition, general economic indicators, including employment levels, announced corporate earnings, economic growth and consumer confidence, have deteriorated. Any or all of these economic factors, as well as other related features, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Additional Capital

The Company's exploration and development of its properties, including continued exploration and development projects, the construction of mining facilities and the commencement of mining operations in the future, may require substantial additional financing. Failure to obtain sufficient financing may result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties and may lead to a loss of an interest in a property. Additional financing may not be available when needed. Even if such additional financing is available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to existing shareholders or sale of other disposition of an interest in any of the Company's assets or properties. Failure to raise capital when needed could have a material adverse effect on the Company's business, financial condition and results of operations.

Commodity Prices

The price of the Common Shares, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of potash or other minerals. The price of potash and other minerals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of potash or other minerals could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of potash and other minerals, cash flow from any potential future mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Potential future production from the Company's mining properties is dependent upon the prices of potash

and other minerals (including polyhalite) being adequate to make these properties economic. In addition to adversely affecting the Company's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Potash and other minerals are generally sold in U.S. dollars and the Company's costs are incurred principally in U.S. dollars. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of mineral exploration and production in U.S. dollar terms.

Hedging

The Company does not have any producing properties and, therefore, does not have a hedging policy and has no current intention of adopting such a policy. Accordingly, the Company has no protection from declines in mineral prices or exposure to foreign currency risk.

Technical Information

The disclosure in this Annual Information Form of a scientific or technical nature of the Company's material properties, including disclosure of mineral reserves and resources, is based on the Prefeasibility Report prepared for the Ochoa Project in accordance with NI 43-101 and other information that has been prepared by or under the supervision of "qualified persons" (as such term is defined in NI 43-101) and included in this Annual Information Form with the consent of such persons. The Prefeasibility Report has been filed on SEDAR and can be reviewed at 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 a great amount of 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. 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.

Other Project Risks

There are many risks associated with the Ochoa Project that were identified in the Resource Report and the Prefeasibility Report, including: (i) process plant may be more expensive than anticipated as this is the only large scale plant to convert polyhalite into SOP and SOPM; (ii) product quality must be consistent over long periods of time; (iii) capital costs may increase due to heavy demand in mining equipment; (iv) major suppliers may undercut prices to prevent additional competition; (v) the SOP and SOPM markets may be more difficult to develop than anticipated; (vi) permitting, bonding, and permit requirements may increase the capital requirements, and the time necessary to develop the project; and (vii) water for mining and processing may become more difficult or expensive to obtain.

DIVIDENDS

The Company has never declared or paid cash dividends on the Common Shares. Any future dividend payment will be made at the discretion of the board of directors, and will depend on the Company's

financial needs to fund its exploration programs and its future growth, and any other factor that the board deems necessary to consider in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares, of which as at February 23, 2012 there were 121,246,514 issued and outstanding Common Shares. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, and to attend and to cast one (1) vote per Common Share held at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and traded on the TSX under the symbol "ICP" and the following table indicates the high and low values and volume with respect to trading activity for the Common Shares on a monthly basis during the fiscal year ended December 31, 2011.

Month[(1)]	High ($)	Low ($)	Volume
December 2011	1.06	0.80	3,339,776
November 2011	1.3	0.94	5,404,193
October 2011	1.14	0.770	2,925,401
September 2011	1.19	0.74	2,610,262
August 2011	1.28	0.99	6,603,144
July 2011	1.34	1.06	4,012,707
June 2011	1.27	0.98	28,640,536
May 2011	1.29	0.93	11,995,038
April 2011	1.60	1.11	8,403,445
March 2011	1.63	1.18	14,704,485
February 2011	1.89	1.50	29,120,629
January 2011	1.77	1.270	19,935,179

Notes
(1) The Common Shares were listed on the TSXV under the symbol "ICP" until June 10, 2011 when they commenced trading on the TSX.

Prior Sales

The following table contains details of the prior sales of securities by the Company during the fiscal year ended December 31, 2011.

Date Issued	Number of Securities	Type of Securities	Price Per Security
October 17, 2011	1,263,750	Options[7]	N/A
August 2, 2011	500,000	Common Shares	$0.65[1]
July 14, 2011	500,000	Options[6]	N/A
June 20, 2011	100,000	Common Shares	$0.80[2]
May 9, 2011	425,000	Options[5]	N/A
March 24, 2011	34,888	Common Shares	$0.65[1]
March 21, 2011	33,510	Common Shares	$0.65[1]
March 17, 2011	12,500,000	Common Shares	$1.60
March 16, 2011	1,100,000	Options[4]	N/A
March 15, 2011	78,300	Common Shares	$0.65[1]
March 3, 2011	606,601	Common Shares	$0.65[1]
February 17, 2011	12,500	Common Shares	$0.65[1]
February 16, 2011	890,000	Common Shares	$0.65[1]
February 15, 2011	750,000	Common Shares	$0.40[2]
February 15, 2011	62,500	Common Shares	$0.65[1]
February 11, 2011	656,250	Common Shares	$0.65[1]
February 9, 2011	2,843,500	Common Shares	$0.65[1]
February 8, 2011	1,191,250	Common Shares	$0.65[1]
February 4, 2011	1,156,250	Common Shares	$0.65[1]
January 28, 2011	237,500	Common Shares	$0.65[1]
January 25, 2011	130,000	Common Shares	$0.40[2]
January 19, 2011	660,000	Common Shares	$0.65[1]
January 14, 2011	60,000	Common Shares	$0.65[1]
January 13, 2011	700,000	Options[3]	N/A
January 10, 2011	1,288,700	Common Shares	$0.65[1]

Notes
(1) Issued pursuant to the exercise of Warrants.
(2) Issued pursuant to the exercise of Stock Options
(3) With an exercise price of $1.42 per Common Share.
(4) With an exercise price of $1.40 per Common Share.
(5) With an exercise price of $1.40 per Common Share.
(6) With an exercise price of $1.06 per Common Share.
(7) With an exercise price of $1.07 per Common Share.

ESCROWED SHARES

Designation of Class	Number of Securities Held in Escrow or that are subject to Contractual Restriction on Transfer at December 31, 2011	Percentage of Class
Common Shares	2,262,186	1.87%

Computershare Trust Company of Canada acts as the escrow agent. The Common Shares will be released from escrow or become freely trading as follows:

Date	Number of Common Shares
June 16, 2012	702,187
December 16, 2012	1,559,999

Notes:
(1) No additional Common Shares were subject to escrow as at December 31, 2011.

DIRECTORS AND OFFICERS

The following table sets forth the name and province and country of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and period of service as a director (if applicable). Each of the directors of the Company will hold office until the next annual meeting of shareholders and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

Name and Province and Country of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
Sidney Himmel[(1)(2)(3)] Ontario, Canada	Chief Executive Officer, President and Director	President and Chief Executive Officer of the Company (2006 to present). Chief Financial Officer of the Company (2003 to 2006).	2003
George Poling[(1)(2)(4)] British Columbia, Canada	Chairman and Director	Retired (2006 to present). President and Chief Executive Officer of the Company (2003 to 2006). Senior Vice President of Rescan Environmental Services Ltd., environmental consulting firm (1997 to 2007).	2003
Honourable Pierre Pettigrew P.C.[(2)(6)] Ontario, Canada	Director	Executive Advisor, International at Deloitte & Touche LLP (2006 to present). Minister of the Government of Canada (1996 to 2006).	2009
Anthony Grey[(1)(4)] Australia	Director	Chairman of International Ferro Metals Limited, a ferrochrome mining company (2004 to present).	2009
Ernest Angelo Jr. [(1)(6)] Texas, U.S.A.	Director	Self-employed petroleum engineer (1964 to present). Managing Partner of Discovery Exploration, an oil and gas investment company (1975 to present).	2009
Kay Randall Foote[(1)(9)] New Mexico, U.S.A.	Director and Chief Operating Officer of Intercontinental Potash Corp. (USA)	Chief Operating Officer of Intercontinental Potash Corp. (USA) from 2009 to Present. Director of New Mexico Operations of Uranium Resources Inc. from 2008 to 2009. Vice President and General Manager of Mississippi Chemical Corporation and Intrepid Potash from 1987 to 2008.	2011

Name and Province and Country of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
Duane Parnham[4][5][6] Ontario, Canada	Director	Executive Chairman of Giyani Gold Corp. (formerly 99 Capital Corp.) from November 2010 to present. Director of Angus Mining (Namibia) Inc. from September 2010 to October 2011. Executive Chairman of UNX Energy Corp. (formerly Universal Power Corp.) from October 2007 to April 2011. Founding Officer and Director of Forsys Metals Corp. from November 2004 to May 2010. Chairman of Nebu Resources Inc. from December 2009 to October 2010.	2011
Mark Frewin[6] London, U.K.	Director	Director of Forsys Metals Corp. since September 2005. Vice-President Legal Affairs of Forsys Metals Corp. since June 2010. Head of Legal Affairs of Forsys Metals Corp. from June 2007 to June 2010. Partner of McCarthy Tetrault LLP since January 2006. Director of UNX Energy Corp. from February 2010 to April 2011.	2011
Kevin Strong Manitoba, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer of the Company (2008 to present). Chief Financial Officer of Nordic Oil and Gas Ltd., an oil and gas producer (2008 to 2008). Manager, TSX Venture Exchange (Winnipeg office) (2000 to 2007).	N/A
Tommy Cope New Mexico, USA	Executive Vice President, Intercontinental Potash Corp. (USA)	Executive Vice President, ICP (USA) (2011 to present) Vice President of Business Development of ICP (USA) (2010 to 2011). Manager of Procurement and Contracts of Louisiana Energy Services from 2009 to 2010. Vice President of Transportation of Albertson's Grocery from 2000 to 2009.	N/A
Terre Lane Colorado, U.S.A.	Senior VP of Engineering and Project Management	Senior Vice President of Engineering and Project Management of Intercontinental Potash Corp. (USA) (2011 to present). Associate Principal Mining Engineer for Gustavson Associates, and President of Kelmantha Technology Inc, from 2010 to 2011. Principal Mining Engineer for Gustavson Associates LLC from 2008 to 2010. Senior Mining Engineer for Gustavson Associates LLC from 2007 to 2008. Independent Consultant from 2000 to 2007.	N/A

Notes:
(1) Member of the Technical Advisory Committee (the "**Technical Committee**").
(2) Member of the Safety and Environmental Committee (the "**Safety Committee**").
(3) Chairman of the Safety Committee.
(4) Member of the Audit and Disclosure Committee (the "**Audit Committee**") of the Company.
(5) Chairman of the Nominating, Governance, and Compensation Committee (the "**Compensation Committee**").
(6) Member of the Compensation Committee.
(7) Chairman of the Audit Committee.
(8) The information as to Common Shares beneficially owned (directly or indirectly) or over which the Nominees exercise control or direction not being within the knowledge of the Company has been provided by the respective Nominees individually.
(9) Chairman of the Technical Committee.

As of February 23, 2012, an aggregate of 4,431,247 Common Shares (representing approximately 3.65% of all issued and outstanding Common Shares as at such date) are beneficially owned or controlled or directed (directly or indirectly) by all of the directors and executive officers of the Company, as a group.

Corporate Cease Trade Orders

Other than indicated below, no director or executive officer of the Company is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On August 28, 2007, the Pennsylvania Securities Commission issued a summary order to cease and desist against the Company, at which time Dr. Poling was serving as a director of the Company, and Mr. Himmel was serving as a director and officer of the Company. On June 24, 2008, the Pennsylvania Securities Commission accepted an offer of settlement made by the Company to settle proceedings regarding an alleged violation of the Pennsylvania Securities Act of 1972 without admitting or denying the allegations. The Company was ordered to pay US$3,500 plus costs of US$1,500.

Bankruptcies and Other Proceeding

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

(a) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or 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; or

(b) has, within the ten years before the date hereof, 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, executive officer or shareholder, other than:

In 1985, Mr. Angelo was serving as a Director of Security National Bank when the bank was taken over by the Federal Deposit Insurance Corporation.

In 2005, Mr. Lee was the Chairman of the board of the Albuquerque Petroleum Club when its board of directors voted to file for bankruptcy under applicable law.

Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect material the control of the Company, has been subject to:

(a) 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) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Circumstances may arise where officers or members of the board of directors of the Company are directors or officers of corporations that are in competition to the interests of the Company. No assurances can be given that opportunities identified by such board members will be provided to the Company. Pursuant to the CBCA, directors who have an interest in a proposed transaction upon which the board of directors is voting are required to disclose their interests and refrain from voting on the transaction. See also "Risk Factors – Potential Conflicts of Interest."

AUDIT COMMITTEE

Audit Committee Charter

The Company's Audit Committee is governed by an Audit Committee charter, the text of which is included in this AIF as Appendix A.

Composition of the Audit Committee

The Audit Committee has been constituted to oversee the financial reporting processes of the Company and is comprised of Messrs. Grey, Parnham and Dr. Poling. Each of the members of the Audit Committee is considered to be "financially literate" and "independent" for the purpose of National Instrument 52-110- Audit Committees (" **NI 52-110**"). The education and experience of each Audit Committee Member that is relevant to the performance of his responsibilities as an Audit committee Member is summarized below:

- Mr. Grey has been the Chairman of International Ferro Metals Limited, a ferrochrome and mining company since 2002 and is also a director of Mega Uranium Ltd., which is a TSX listed company. Mr. Grey was formerly the Managing Director of Pancontinental Mining Ltd. and served as Chairman of Precious Metals Australia. Mr. Grey graduated with a Bachelor of Arts in History (Honours) and a Juris Doctor from the University of Toronto. He practiced law with a major law firm in Toronto for seven years.

- Dr. Poling has several years experience as a director of public mining companies and has been the Chair of the Environmental and Safety Committee and a member of the Compensation Committee, a director and Chairman of the Board of BioteQ Environmental Technologies Inc., a TSX listed corporation, since December 2000. Dr. Poling was a director of Quadra Mining Ltd., a TSX listed corporation, from February 2004 until May, 2010, a director of Minterra Resource Corp., a TSX listed and corporation from 1995 to 2009 and the Senior Vice President of Rescan Environmental Services Ltd., a Canadian-based environmental and engineering consulting firm.

- Mr. Parnham has several years experience as a director and senior officer of public resource companies. He is currently Executive Chairman of Giyani Gold Corp. and formerly Director of Angus Mining Inc. (which are both listed on the TSX Venture Exchange). He was previously the Executive Chairman of Forsys Metals and UNX Energy Corp., both publicly-listed companies.

Pre-Approval Policies and Procedures

The Audit Committee charter sets out procedures regarding the provision of non-audit services by the Company's auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted non-audit and non-audit-related services.

Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2010 and 2011 for audit and non-audit related services:

Type of Work	Year Ended December 31, 2011	Year Ended December 31, 2010
Audit Fees [1]	$127,450	$96,000
Audit-related Fees [2]	$60,300	$26,000
Tax Advisory Fees [3]	$11,600	$22,000
All other Fees	$25,000	Nil
Total	$224,350	$144,000

Notes:
(1) Aggregate fees billed for the Company's annual financial statements and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.
(2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.
(3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below, no director, executive officer or 10% shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction

within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or will materially affect the Company.

ICP is party to a royalty agreement dated May 1, 2008 with Bald Eagle Resources Ltd. (**"Bald Eagle"**) pursuant to which ICP has granted a 1% royalty on profits earned in respect of the Ochoa Project. The royalties were negotiated as a finder's fee on the acquisition of the permits for the Ochoa Project. Bald Eagle is a private company which is 60% owned by Mr. Sidney Himmel, the President and Chief Executive Officer of the Company.

In addition, certain of the directors and officers of the Company held ICP Common Shares at the time of Reorganization, in connection with which such common shares of ICP were exchanged for Common Shares. See "General Development of the Business – Three Year History – 2009."

LEGAL PROCEEDINGS

There are no material pending legal proceedings or regulatory actions to which the Company is a party or of which any of the Company's properties are subject, nor are any such proceedings or actions currently known by the Company to be contemplated.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company of Canada, at its principal offices in the City of Vancouver, British Columbia.

AUDITORS

The auditors of the Company are Davidson & Company LLP Chartered Accountants, located in Vancouver, British Columbia.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business and the RCF Agreement (see "General Development of the Business") that are material to the Company and that were entered into by the Company within the most recently completed financial year or were entered into since January 1, 2002 and are still in effect.

EXPERTS

Names of Experts

Following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Company during or relating to the financial year ended December 31, 2011, whose profession or business gives authority to such report, valuation, statement or opinion:

1. Davidson & Company LLP (regarding the Financial Statements and auditor's report thereon); and

6. The persons or companies that have prepared the Prefeasibility Report are William Crowl, Donald Hulse and Gary Tucker all on behalf of Gustavson Associates, LLC (collectively, the "**Authors**").

Interests of Experts

Each of the Authors has advised the Company that they are and were at all relevant times the registered and/or beneficial owner, directly or indirectly, of less than one percent of the outstanding Common Shares.

Davidson & Company LLP has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management proxy circular of the Company dated May 17, 2011.

Additional financial information is provided in the Company's Financial Statements and MD&A for the financial year ended December 31, 2011.

APPENDIX A
CHARTER OF THE AUDIT AND DISCLOSURE COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE OF THIS CHARTER

The Audit and Disclosure Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of IC Potash Corp. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;

b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;

c) ensure that there is an appropriate standard of corporate conduct for senior financial personnel and employees;

d) review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and in the case of the annual financial statements and related management's discussion and analysis, report thereon to the Board for approval of same;

e) recommend to the Board the independent auditors to be nominated and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and

f) provide oversight of all disclosure relating to, and information derived from, financial statements, management's discussion and analysis and information.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

b) set and pay the compensation for advisors employed by the Committee; and

c) communicate directly with the internal and external auditors.

3. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission ("**OSC**"), the Toronto Stock Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule "A" attached hereto.

b) Each member of the Committee shall be "independent" and "financially literate". An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which, in the view of the Board of Directors of the Corporation, could be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule "B" hereto. A "financially literate" director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation's financial statements.

c) Each member of the Committee shall sit at the appointment of the Board of Directors, and in any event, only so long as he or she shall be independent. The Committee shall report to the Board of Directors.

d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.

e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

i) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

j) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.

k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation, other than those relating to non-audit services and annual audit fees which do not require the approval of the Board.

l) The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. RESPONSIBILITIES

a) Financial Accounting and Reporting Process and Internal Controls

i) The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles,

practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

ii) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

iii) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.

iv) The Committee shall review any press release or other document, such as a Prospectus, containing disclosure regarding financial information that is required to be reviewed by the Committee under any applicable laws or by one of the other Charters before the Corporation publicly discloses this information.

v) The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.

vi) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

vii) The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.

viii) The Committee shall ensure that there is an appropriate standard of corporate conduct.

ix) The Committee shall follow procedures established as set out in Schedule "C" attached hereto, for:

- the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

- the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

x) As requested, by the Board the Committee shall provide oversight to related party transactions entered into by the Corporation.

xi) The Committee shall establish the budget process, which shall include the setting of spending limits and authorizations, as well as periodic reports from the Chief Financial Officer comparing actual spending to the budget.

xii) The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

b) Independent Auditors

i) The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors' report directly to the Committee.

ii) The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

iii) The pre-approval of the Committee shall be required as further set out in Schedule "D" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter. This pre-approval may be delegated to the Chairman of the Committee.

iv) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.

v) The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.

vi) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

vii) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.

viii) The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.

ix) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

x) The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

xi) The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

c) Disclosure

The Committee shall assist the Senior Officers in fulfilling their responsibility for oversight of the accuracy and timeliness of the disclosures made by the Corporation by being responsible for the following tasks, in each case subject to the supervision and oversight of the Senior Officers:

i. Ensure timely, complete and factual disclosure of material information is disseminated as widely as necessary;

ii. Approve release of information;

iii. Support adherence to insider trading reporting and rules;

iv. Design and establish controls and other procedures (which may include procedures currently used by the Corporation) that are designed to ensure that (1) information required by the Corporation to be disclosed to applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities and other written information that the Corporation will disclose to the investment community is recorded, processed, summarized and reported accurately and on a timely basis and (2) information is accumulated and communicated to Management, including the Senior Officers, as appropriate to allow timely decisions regarding such required disclosure;

v. Design and update the Corporation's Disclosure Policy;

vi. Review and supervise the preparation of the Corporation's (i) periodic and current reports, proxy statements, information statements, registration statements and any other information filed with all applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities, (ii) press releases containing financial information, earnings guidance, information about material acquisitions or dispositions or other information material to the Corporation's security holders, and (iii) correspondence containing financial information broadly disseminated to shareholders (collectively, the "Disclosure Statements") and review disclosure policies for financial information displayed on the Corporation's corporate / investor relations website;

vii. Monitor and evaluate the integrity and effectiveness of the Corporation's Disclosure Controls; and

viii. Discuss with the Senior Officers all relevant information with respect to the Committee's proceedings, the preparation of the Disclosure Statements and the Committee's evaluation of the effectiveness of the Corporation's Disclosure Controls.

d) Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

SCHEDULE "A"
POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT AND DISCLOSURE COMMITTEE

1. PURPOSE

The Chairman of the Audit and Disclosure Committee (the "Committee") of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

2. WHO MAY BE CHAIRMAN

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chairman:

a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;

b) ensuring adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually;

c) providing leadership to the Committee to enhance the Committee's effectiveness, including:

   i) providing the information to the Board relative to the Committee's issues and initiatives and reviewing and submitting to the Board an appraisal of the Corporation's independent auditors and internal auditing functions;

   ii) ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial and control matters;

   iii) ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;

   iv) ensuring that the Committee serves as an independent and objective party to monitor the Corporation's financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;

   v) ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;

vi) ensuring that procedures are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any separate disclosure committee of the Corporation if applicable;

d) ensuring that procedures are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns, ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget regarding questionable accounting or auditing matters; and

e) managing the Committee, including:

i) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;

ii) preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;

iii) ensuring meetings are appropriate in terms of frequency, length and content;

iv) obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;

v) overseeing the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;

vi) ensuring that the auditor's report directly to the Committee, as representatives of the Corporation's shareholders; and

vii) annually reviewing with the Committee its own performance.

SCHEDULE "B"
NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES ("NI 52-110")

Section 1.4 — Meaning of Independence

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

(1) Despite any determination made under section 1.4 of NI 52-110, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar

position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE "C"
PROCEDURES FOR RECEIPT OF COMPLAINTS AND SUBMISSIONS

RELATING TO ACCOUNTING MATTERS

1. The Corporation shall inform employees on the Corporation's website, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "Complaints Officer") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters. If no officer is designated by the Corporation, the Chairman of the Audit Committee shall be designated the Complaints Officer.

2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.

3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.

5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

SCHEDULE "D"
PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

   (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;

   (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

   (c) actuarial services;

   (d) internal audit outsourcing services;

   (e) management functions;

   (f) human resources;

   (g) broker or dealer, investment adviser or investment banking services;

   (h) legal services; and

   (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation's accounting standards, from time to time determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole, unless specifically delegated to the Chairman of the Committee.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee annually.