IC POTASH CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2013

(Unaudited – expressed in Canadian dollars)

IC POTASH CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2013	December 31, 2012
ASSETS		
Current		
Cash	$ 12,678,160	$ 36,394,591
Receivables (note 3)	60,773	60,217
Prepaid expenses	88,923	151,539
	12,827,856	36,606,347
Property, plant and equipment (note 4)	222,151	242,114
Project advances (note 5)	159,879	133,200
Deposits (note 6)	86,643	82,093
Exploration and evaluation assets (note 5)	55,198,051	37,225,214
Deferred financing costs	-	87,491
	$ 68,494,580	$ 74,376,459
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	$ 1,894,161	$ 3,490,946
Decommissioning liabilities (note 8)	564,580	268,299
	2,458,741	3,759,245
Shareholders' equity		
Share capital (note 9)	90,185,922	89,456,817
Reserves (note 9)	8,502,712	8,502,712
Deficit	(32,652,795)	(27,342,315)
	66,035,839	70,617,214
	$ 68,494,580	$ 74,376,459

Nature of operations and going concern (note 1)
Basis of presentation (note 2 b)
Commitments (note 13)
Subsequent event (note 18)

On behalf of the Board:

Signed "George Poling" **Director**

Signed "Sidney Himmel" **Director**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IC POTASH CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three Month Period Ended Sept 30, 2013	Three Month Period Ended Sept 30, 2012	Nine Month Period Ended Sept 30, 2013	Nine Month Period Ended Sept 30, 2012
EXPENSES				
Administration	**$ 141,767**	$ 184,789	**$ 501,356**	$ 557,646
Business and market development	**125,742**	166,865	**629,652**	449,759
Consulting fees	**232,003**	148,134	**837,911**	459,964
Depreciation	**21,421**	21,531	**62,824**	50,677
Foreign exchange (gain) loss	**112,325**	620,575	**(469,852)**	736,232
Investor relations	**98,570**	113,319	**357,732**	370,019
Professional fees	**206,773**	240,015	**869,262**	649,126
Regulatory fees	**14,701**	21,139	**66,761**	67,448
Rent and storage	**25,452**	11,828	**76,112**	50,155
Share-based compensation (note 10)	**-**	-	**-**	2,168,313
Travel	**80,592**	142,010	**350,727**	224,641
Wages and benefits	**511,186**	708,159	**1,701,922**	1,923,905
Operating loss	**(1,570,532)**	(2,378,364)	**(4,984,407)**	(7,707,885)
Interest income	**24,069**	81,707	**83,051**	200,231
Loss on disposal of equipment	**(2,395)**	(9,525)	**(2,395)**	(9,525)
Write-off of deferred financing costs	**(406,729)**	-	**(406,729)**	-
Loss and comprehensive loss for the period	**$ (1,955,587)**	$ (2,306,182)	**$ (5,310,480)**	$ (7,517,179)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.02)	**$ (0.03)**	$ (0.05)
Weighted average number of common shares outstanding	**152,528,084**	151,406,384	**152,137,749**	140,073,513

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IC POTASH CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (5,310,480)	$ (7,517,179)
Items not affecting cash:		
Depreciation	62,824	50,677
Loss on disposal of equipment	2,395	9,525
Share-based compensation	-	2,168,313
Unrealized foreign exchange loss (gain)	(89,760)	736,211
Write-off of deferred financing costs	406,729	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(556)	2,721
Decrease (increase) in prepaid expenses	62,616	(36,385)
Increase (decrease) in accounts payable and accrued liablilities	262,251	112,590
Net cash used in operating activities	(4,603,981)	(4,473,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(45,256)	(157,690)
Deposits	(1,852)	(28)
Project advances	(92,659)	(110,092)
Expenditures on exploration and evaluation assets	(19,469,612)	(11,639,831)
Net cash used in investing activities	(19,609,379)	(11,907,641)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	729,105	39,783,428
Share issuance costs	-	(2,721,975)
Deferred financing costs	(319,238)	-
Net cash provided by financing activities	409,867	37,061,453
Change in cash for the period	(23,803,493)	20,680,285
Effect of foreign exchange rate changes on cash	87,062	(736,232)
Cash, beginning of period	36,394,591	26,403,834
Cash, end of period	$ 12,678,160	$ 46,347,887

Supplemental disclosure with respect to cash flows (note 12)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

IC POTASH CORP

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Share Capital								
	Number of Shares		Amount		Reserves		Accumulated Deficit		Total
Balances as at December 31, 2011	121,246,514	$	52,389,928	$	5,920,664	$	(17,623,834)	$	40,686,758
Shares issued for cash	30,129,870		39,771,428		-		-		39,771,428
Share issue costs	-		(2,721,975)		-		-		(2,721,975)
Grant of stock options	-		-		2,168,313		-		2,168,313
Exercise of stock options	30,000		17,436		(5,436)		-		12,000
Loss and comprehensive loss	-		-		-		(7,517,179)		(7,517,179)
Balances as at September 30, 2012	151,406,384	$	89,456,817	$	8,083,541	$	(25,141,013)	$	72,399,345
Balances as at December 31, 2012	151,406,384	$	89,456,817	$	8,502,712	$	(27,342,315)	$	70,617,214
Exercise of warrants	1,121,700		729,105		-		-		729,105
Loss and comprehensive loss	-		-		-		(5,310,480)		(5,310,480)
Balances as at September 30, 2013	152,528,084	$	90,185,922	$	8,502,712	$	(32,652,795)	$	66,035,839

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

IC Potash Corp. ("IC Potash" or the "Company") was incorporated under the Canada Business Corporations Act on November 8, 2002. IC Potash's primary business is the acquisition and exploration of exploration and evaluation assets and it is considered to be in the advanced exploration stage. The Company is involved in exploration for potash and potash-related minerals that can be processed and converted into Sulphate of Potash ("SOP") and other fertilizers. The Company's registered head office is First Canadian Place, Suite 5600, 100 King Street West, Toronto, ON M5X 1C9. The Condensed Consolidated Interim Financial Statements ("Interim Financial Statements") are comprised of the Company and its subsidiaries (Note 2). To date, the Company has not earned operating revenue.

The Company is working on a feasibility study to determine whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

These Interim Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than in the normal course of business and at amounts different from those reflected in these Interim Financial Statements.

The Company believes that it has sufficient funds to carry out its day-to-day administrative operations for the next 12 months. The Company intends to raise additional funds during the next year so that all project plans can be fully executed during the next 12 months and full operating capacity maintained.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Statement of compliance:**

These Interim Financial Statements have been prepared in accordance with IAS 1 'Presentation of Financial Statements' ("IAS 1") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Financial Statements were authorized by the audit committee and board of directors of the Company on October 31, 2013.

b) **Basis of presentation:**

The Interim Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Interim Financial Statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These Interim Financial Statements do not include all of the information required for annual financial statements.

The significant accounting policies for the quarter are consistent with those disclosed in the audited annual financial statements for the year-ended December 31, 2012. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year-ended December 31, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

c) New standards, amendments and interpretations:

Financial instruments
IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

Consolidation
The IASB issued IFRS 10 - Consolidated Financial Statements in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and replaces current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. IFRS 10 has an effective date of January 1, 2013. The Company's subsidiaries are all 100% wholly owned and the Company is in compliance with IFRS 10. There was no change to the financial presentation as a result of this change.

Joint ventures
The IASB issued IFRS 11 – Joint Arrangements on May 12, 2011. IFRS 11 eliminates the Company's choice to proportionately consolidate jointly controlled entities and requires such entities to be accounted for using the equity method and proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The Company currently has no joint ventures and therefore the financial statements are unaffected by IFRS 11.

Interests in other entities
The IASB issued IFRS 12 – Disclosure of Interests in Other Entities in May 2011 and it applies to annual periods beginning on or after January 1, 2013. IFRS 12 requires disclosure of an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The Company's subsidiaries are all 100% wholly owned and the Company is in compliance with IFRS 12. There was no change to the financial presentation as a result of this change.

Fair-value measurement
IFRS 13 - Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. IFRS 13 deals with financial securities and derivatives. The Company does not have any derivatives, thus IFRS 13 did not affect these Interim Financial Statements.

d) Significant accounting judgements and estimates:

The preparation of these Interim Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. The most significant estimates relate to the recoverability of capitalized amounts regarding the Ochoa project and decommissioning liabilities. Based on a favorable pre-feasibility study, the Company has completed a phase 3 drilling program and the detailed work has commenced on a feasibility study and environmental permitting.

3. RECEIVABLES

Receivables are comprised of the following:

	September 30, 2013	December 31, 2012
HST receivable	$57,758	$50,595
Other receivable	3,015	9,622
Total	$60,773	$60,217

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Furniture and fixtures	Computer equipment	Exploration equipment	Vehicles	Total
As at December 31, 2011	$ 23,671	$ 65,750	$ 51,929	$ 55,300	$ 196,650
Additions	38,625	59,847	-	71,783	170,255
Disposals	-	(19,081)	-	(7,135)	(26,216)
As at December 31, 2012	62,296	106,516	51,929	119,948	340,689
Additions	-	45,256	-	-	45,256
Disposals	-	(3,987)	-	-	(3,987)
As at September 30, 2013	$ 62,296	$ 147,785	$ 51,929	$ 119,948	$ 381,958

Depreciation	Furniture and fixtures	Computer equipment	Exploration equipment	Vehicles	Total
As at December 31, 2011	$ 2,648	$ 18,557	$ 5,876	$ 8,177	$ 35,258
Additions	7,972	31,957	9,631	24,781	74,341
Disposals	-	(9,054)	-	(1,970)	(11,024)
As at December 31, 2012	10,620	41,460	15,507	30,988	98,575
Additions	7,852	28,611	5,920	20,441	62,824
Disposals	-	(1,592)	-	-	(1,592)
As at September 30, 2013	$ 18,472	$ 68,479	$ 21,427	$ 51,429	$ 159,807

Net book value:	Furniture and fixtures	Computer equipment	Exploration equipment	Vehicles	Total
As at December 31, 2011	$ 21,023	$ 47,193	$ 46,053	$ 47,123	$ 161,392
As at December 31, 2012	$ 51,676	$ 65,056	$ 36,422	$ 88,960	$ 242,114
As at September 30, 2013	$ 43,824	$ 79,306	$ 30,502	$ 68,519	$ 222,151

5. EXPLORATION AND EVALUATION ASSETS

Period ended Sept 30, 2013	**Ochoa**
Acquisition costs	
Balance, beginning of period	$ 3,563,280
Additions during the period	
Landman costs	28,401
Permit application and acquisition	902,140
Total acquisition costs	4,493,821
Deferred exploration costs	
Balance, beginning of period	33,661,934
Additions during the period	
Bulk sampling	10,546
Drilling	2,670,959
Feasibility study	11,328,153
Field expenses	7,621
Geology	212,484
Mining engineering	756,757
Office support	1,713,496
Water reclamation costs	342,280
Total deferred exploration costs	50,704,230
TOTAL	$ 55,198,051

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Year ended December 31, 2012	Ochoa
Acquisition costs	
Balance, beginning of year	$ 1,873,932
Additions during the year	
Landman costs	172,643
Permit application and acquisition	1,516,705
Total acquisition costs	3,563,280
Deferred exploration costs	
Balance, beginning of year	13,828,636
Additions during the year	
Bulk sampling	699,463
Data acquisition	9,596
Drilling	6,304,476
Environment work	65,360
Feasibility study	5,243,164
Field expenses	5,781
Geology	446,965
Metallurgical	44,177
Mining engineering	4,359,275
Office support	2,094,966
Pre-feasibility study	179,279
SOP marketing	108,371
Water reclamation costs	272,425
Total deferred exploration costs	33,661,934
TOTAL	$ 37,225,214

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to the properties are in good standing.

a) Ochoa property

During 2008, the Company acquired certain federal sub-surface potassium prospecting permits ("Permits") located in Lea County, New Mexico that expired on December 1, 2012 (ten of which are protected by a Preference Rights Lease ("PRL") application, five of which were relinquished in the first quarter of 2013, and one of which was relinquished in the fourth quarter of 2012). Annual rent is no longer payable on these expired Permits. During 2010, the Company acquired additional Permits which expire on March 1, 2014 (all of which were included in the PRL application) and New Mexico State Land Office mining leases ("Leases") with the next annual rent due on May 24, 2014. During 2011, the Company acquired additional Permits with the next annual rent due on April 1, 2014. During 2013, the Company acquired one additional Lease with the first annual rent due on January 15, 2014. The annual rent payments due on March 1, 2013, April 1, 2013, and May 24, 2013 were made. The Company paid US$50,000 into a Permit Bond and US$25,000 into a MegaBond for performance and surface or improvement damage that may be refundable if certain prospecting and reclamation requirements are satisfied, thus these amounts are recorded as deposits on the statement of financial position. The Permits are valid for two years and are renewable after two years if the Company meets performance criteria. The Company has applied to convert 26 Permits to Preference Right Leases, which do not expire. The state mining leases are valid for ten years, with subsequent renewals as long as minerals are produced in paying quantities.

Pursuant to private agreements, a 3% Overriding Royalty ("ORR") 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 ORR at a price of $3,000,000 per 0.5% royalty interest. The ORR 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 US$8 per acre is payable on the state mining leases annually. Once the Ochoa Project comes into production, minimum royalties of US$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 Bureau of Land Management ("BLM") preference right leases, minimum royalty payments of US$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.

As at September 30, 2013, the Company has made an advance of $149,479 (December 31, 2012 - $112,609) towards the regulatory review of the environmental impact statement, an advance of $10,400 (December 31, 2012 - $10,400) towards the feasibility study and an advance of $nil (December 31, 2012 - $10,191) towards landman work and process testing.

6. DEPOSITS

	September 30, 2013	December 31, 2012
BLM Permit Bond	$ 51,425	$ 49,745
MegaBond	25,713	24,873
Office security deposits	9,505	7,475
Total	$ 86,643	$ 82,093

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2013	December 31, 2012
Trade payables	$ 1,298,953	$ 1,954,991
Accrued liabilities	539,870	1,502,383
Other	55,338	33,572
Total	$ 1,894,161	$ 3,490,946

8. DECOMMISSIONING LIABILITIES

	September 30, 2013	December 31, 2012
Balance beginning of year	$ 268,299	$ -
Change in obligation	359,012	268,299
Accretion expense	-	-
Payments during the year	(62,731)	-
Balance end of period	$ 564,580	$ 268,299

Site Restoration: Ochoa Project – New Mexico

The Company completed drilling twelve core holes during fiscal 2012 and the first quarter of 2013. All of the holes have been reclaimed and the decommissioning liability has been reduced accordingly. The Company completed drilling two water wells during fiscal 2012. The decommissioning of these water wells in New Mexico is subject to legal and regulatory requirements. Estimates of the costs of decommissioning are calculated based on guidance from the New Mexico Department of Energy Minerals and Natural Resources, Mining and Minerals Division. Estimates of the costs of decommissioning are reviewed periodically by authorized officers of the Company. The above accrual represents the Company's best estimate of the present value of future decommissioning costs, discounted at 8% (based on discount rates used in our pre-feasibility study). As at September 30, 2013, the undiscounted amount of estimated future decommissioning costs in 2056 based on today's costs with 6% inflation for 44 years is USD$1,298,548 (December 31, 2012 - $1,298,548). Decommissioning costs are expected to be incurred between 2013 and 2056.

9. SHARE CAPITAL AND RESERVES

Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

Please refer to the Condensed Consolidated Interim Statements of Changes in Equity for a summary of changes in share capital and reserves for the nine month period ended September 30, 2013. Reserves relate to stock options, agent warrants, and compensatory warrants that have been issued by the Company (note 10).

During the nine month period ended September 30, 2013, the Company issued the following common shares:

- On April 5, the Company issued 1,121,700 common shares of the Company at $0.65 per share pursuant to the exercise of warrants for gross proceeds of $729,105.

During the nine month period ended September 30, 2012, the Company issued the following common shares:

- On March 1, the Company issued 30,000 common shares of the Company at $0.40 per share pursuant to the exercise of options for gross proceeds of $12,000.
- On April 12, the Company issued 30,129,870 common shares of the Company at $1.32 per share to a wholly owned subsidiary of Yara International ASA for aggregate gross proceeds of $39,771,428. The financing costs associated with this share issuance were $2,721,975.

10. STOCK OPTIONS AND WARRANTS

Stock options

The Company has an incentive stock option plan (the "Plan") whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue less any discount allowed by the stock exchange upon which the common shares are listed. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a maximum term of ten years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

As at September 30, 2013, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

10. STOCK OPTIONS AND WARRANTS (cont'd…)

Number of Options		Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
2,940,000	$	0.40	0.70	June 14, 2014
250,000		1.00	0.74	June 28, 2014
250,000		0.58	1.50	March 31, 2015
650,000		0.45	1.56	April 22, 2015
1,102,245		0.40	1.84	August 4, 2015
272,255		0.40	1.97	September 19, 2015
950,000		0.50	1.97	September 19, 2015
450,000		0.58	2.11	November 8, 2015
100,000		0.80	2.15	November 22, 2015
500,000		1.42	2.29	January 13, 2016
1,000,000		1.40	2.46	March 17, 2016
335,000		1.06	2.61	May 9, 2016
1,263,750		1.07	3.05	October 17, 2016
400,000		1.03	3.40	February 23, 2017
2,400,000		0.90	3.57	April 26, 2017
200,000		0.76	4.09	October 31, 2017
590,000		0.71	4.18	December 5, 2017
13,653,250				

10. STOCK OPTIONS AND WARRANTS (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2011	10,647,000	$ 0.74
Exercised	(30,000)	0.40
Cancelled/expired	(853,750)	1.26
Granted	4,040,000	0.88
Outstanding at December 31, 2012	13,803,250	$ 0.75
Cancelled/expired	(150,000)	1.16
Outstanding September 30, 2013	13,653,250	$ 0.75
Number of options exercisable at September 30, 2013	13,653,250	$ 0.75

Share-based compensation

During the nine month period ended September 30, 2013, the Company granted nil (September 30, 2012: 3,250,000) options to consultants, officers, employees, and directors of the Company.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the nine month period ended September 30, 2013 and September 30, 2012:

	Period ended September 30, 2013	Period ended September 30, 2012
Risk-free interest rate	-	1.57%
Expected life of options	-	4.33 years
Annualized volatility	-	107%
Dividend rate	-	-
Forfeiture rate	-	-

Volatility was determined using weekly closing share prices over a term equivalent to the expected life of the options.

10. STOCK OPTIONS AND WARRANTS (cont'd…)

Warrants

As at September 30, 2013, the Company had no warrants outstanding.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2012	16,996,701	$ 0.65
Exercised	(1,121,700)	0.65
Expired	(15,875,001)	0.65
Outstanding as at September 30, 2013	-	

11. RELATED PARTY TRANSACTIONS AND BALANCES

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	September 30, 2013	December 31, 2012
Key management personnel	$ 68,297	$ 30,323
Other related parties	-	-
	$ 68,297	$ 30,323

Key management personnel compensation (including senior officers and directors of the Company):

	Three month period ended	
	September 30, 2013	September 30, 2012
Short-term employee benefits	$ 462,045	$ 347,717
Directors' fees (included in administration costs)	57,290	62,500
Total remuneration	$ 519,335	$ 410,217

	Nine month period ended	
	September 30, 2013	September 30, 2012
Short-term employee benefits	$ 1,469,072	$ 1,214,272
Directors' fees (included in administration costs)	182,290	262,500
Share-based compensation	-	1,956,519
Total remuneration	$ 1,651,362	$ 3,433,291

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplemental disclosure with respect to cash flows	Period ended September 30, 2013		Period ended September 30, 2012	
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
Accrued exploration and evaluation assets	$	1,095,079	$	3,255,533
Advances reclassified to exploration and evaluation assets	$	65,980	$	100,000
Reserves transferred on exercise of options and agents' unit options	$	-	$	5,436
Reclamation obligation	$	296,281	$	268,272

13. COMMITMENTS

Lease

The Company has entered into four operating lease agreements for premises, with annual lease commitments as follows:

2013	$	45,475	USD	$	7,500	CAD
2014	$	28,870	USD	$	22,500	CAD
2015	$	1,500	USD	$	-	CAD
Total	$	75,845	USD	$	30,000	CAD

Production

After commencement of commercial production, the Company shall deliver and sell to Yara Balderton Ltd. ("Yara") and Yara will buy from the Company 30% of all products produced by the Ochoa project annually for a period of 15 years and will automatically extend every five years thereafter unless either party elects not to extend. Under certain circumstances, Yara has the option to purchase up to an additional 20% (for an aggregate maximum of 50%) of annual production during the term of the agreement. All products will be sold to Yara based on market prices, subject to terms of the off-take agreement dated March 30, 2012.

14. SEGMENTED INFORMATION

The Company has one reportable business segment being the acquisition and exploration of exploration and evaluation assets. Geographical information is as follows:

	September 30, 2013			December 31, 2012		
	Canada	USA	Total	Canada	USA	Total
Property, plant, and equipment	$ 4,832	$ 217,319	$ 222,151	$ 7,608	$ 234,506	$ 242,114
Exploration and evaluation assets	-	55,198,051	55,198,051	-	37,225,214	37,225,214
	$ 4,832	$ 55,415,370	$ 55,420,202	$ 7,608	$ 37,459,720	$ 37,467,328

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing, exploration, and development of its exploration and evaluation assets. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of share capital and options. The Company had no bank indebtedness at quarter-end. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

As at September 30, 2013, the Company had capital resources consisting of cash and receivables. The Company manages the capital structure and makes adjustments to it in light of changes in available funds, economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in demand investment instruments in high credit quality financial institutions to provide liquidity over the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to fund administrative operations for at least 12 months. The Company intends to raise additional funds during the next year so that all project plans can be fully executed during the next 12 months and full operating capacity maintained. There were no significant changes in the Company's approach to capital management during the nine month period ended September 30, 2013.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, receivables, deposits, and accounts payable and accrued liabilities.

Financial instruments

Cash and deposits are measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables and payables and accrued liabilities approximate fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Receivables consist of amounts due from government agencies and financial institutions.

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing through the issuance of additional securities, the entering into credit facilities or the entering into joint ventures, partnerships or other similar arrangements. As at September 30, 2013, the Company had a cash balance of $12,678,160 to settle current liabilities of $1,894,161.

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates. A 1% change in the interest rate would have had a $17,500 impact on interest income for the three month period.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Foreign currency risk

The Company's functional currency is the Canadian dollar, however there are transactions in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 1% change in the foreign exchange rate would have had an approximate $47,000 impact on foreign exchange gain or loss for the three month period.

Price risk

The Company is exposed to price risk with respect to commodity prices, specifically potash and other fertilizer products. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future mining operations will be significantly affected by changes in the market prices for potash and other fertilizer products. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities, economic growth in developed and developing countries, and stability of exchange rates can all cause significant fluctuations in commodity prices.

17. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three month period ended September 30, 2013 was based on the loss attributable to common shareholders of $1,955,587 (2012 – $2,306,182) and the weighted average number of common shares outstanding of 152,528,084 (2012 – 151,406,384). The diluted loss per share did not include the effect of share purchase options or warrants as they are anti-dilutive.

18. SUBSEQUENT EVENT

Subsequent to September 30, 2013 490,000 stock options were cancelled for consultants whose contracts have been terminated.