IC POTASH CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2014

(Unaudited – expressed in Canadian dollars)

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

	March 31, 2014	December 31, 2013
ASSETS		
Current		
Cash	$ 8,642,890	$ 12,656,992
Receivables (note 3)	21,727	62,930
Prepaid expenses	193,325	78,154
	8,857,942	12,798,076
Property, plant and equipment (note 4)	168,201	190,388
Project advances (note 5)	51,051	114,622
Deposits (note 6)	93,517	89,524
Exploration and evaluation assets (note 5)	59,913,392	58,418,645
	$ 69,084,103	$ 71,611,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	$ 681,043	$ 1,466,353
Decommissioning liabilities (note 8)	324,945	764,659
	1,005,988	2,231,012
Shareholders' equity		
Share capital (note 9)	94,551,009	94,551,009
Reserves (note 9)	8,574,890	8,574,890
Deficit	(35,047,784)	(33,745,656)
	68,078,115	69,380,243
	$ 69,084,103	$ 71,611,255

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

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 Months Ended March 31, 2014	2013
EXPENSES		
Administration	$ 137,363	$ 159,112
Business and market development	281,767	416,656
Consulting fees	23,555	262,508
Depreciation	16,181	18,546
Foreign exchange gain	(87,441)	(305,624)
Investor relations	189,929	143,675
Professional fees	112,133	386,666
Regulatory fees	38,388	38,207
Rent and storage	22,649	23,937
Travel	101,476	163,171
Wages and benefits	482,666	620,851
Operating loss	(1,318,666)	(1,927,705)
Interest income	19,767	33,880
Loss on disposal of assets	(3,229)	-
Loss and comprehensive loss for the period	$ (1,302,128)	$ (1,893,825)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	172,528,084	151,406,384

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)

	Three Months Ended March 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,302,128)	$ (1,893,825)
Items not affecting cash:		
Depreciation	16,181	18,546
Loss on disposal of equipment	3,229	-
Unrealized foreign exchange gain	(72,804)	(305,624)
Changes in non-cash working capital items:		
Decrease (increase) in receivables	41,203	(28,748)
Decrease (increase) in prepaid expenses	(115,171)	52,265
Decrease in accounts payable and accrued liablilities	(203,394)	(213,727)
Net cash used in operating activities	(1,632,884)	(2,371,113)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(1,750)
Disposal of asset for cash	2,777	-
Deposits	(553)	(1,662)
Expenditures on exploration and evaluation assets	(2,117,391)	(9,384,135)
Reclamation Payments	(364,603)	-
Net cash used in investing activities	(2,479,770)	(9,387,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred financing costs	-	(168,199)
Net cash provided by financing activities	-	(168,199)
Change in cash for the period	(4,112,654)	(11,926,859)
Effect of foreign exchange rate changes on cash	98,552	305,624
Cash, beginning of period	12,656,992	36,394,591
Cash, end of period	$ 8,642,890	$ 24,773,356

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, 2012	151,406,384	$	89,456,817	$	8,502,712	$	(27,342,315)	$	70,617,214
Loss and comprehensive loss	-		-		-		(1,893,825)		(1,893,825)
Balances as at March 31, 2013	151,406,384	$	89,456,817	$	8,502,712	$	(29,236,140)	$	68,723,389
Balances as at December 31, 2013	172,528,084	$	94,551,009	$	8,574,890	$	(33,745,656)	$	69,380,243
Loss and comprehensive loss	-		-		-		(1,302,128)		(1,302,128)
Balances as at March 31, 2014	172,528,084	$	94,551,009	$	8,574,890	$	(35,047,784)	$	68,078,115

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 completed and filed the NI 43-101 Technical Report, Ochoa Project Feasibility Study, in March 2014.

The recovery of the amounts comprising exploration and evaluation assets are dependent upon the ability of the Company to obtain necessary financing to successfully complete the 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 continue operations for the next 12 months. The Company intends to raise additional funds in the future so that all project plans can be fully executed.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Statement of compliance:**

These Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") 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 Financial Statements were authorized by the audit committee and board of directors of the Company on April 24, 2014.

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, 2013. The Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year-ended December 31, 2013.

c) **New standards, amendments and interpretations:**

Financial instruments
IFRS 9 - Financial Instruments: Classification and Measurement, IASB has tentatively decided to require an entity to apply IFRS for annual periods beginning in or after January 1, 2018, 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, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

d) **Significant accounting estimates and judgments:**

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.

(Expressed in Canadian Dollars)

3. RECEIVABLES

Receivables are comprised of the following:

	March 31, 2014	December 31, 2013
HST receivable	$21,584	$60,696
Other receivable	143	2,234
Total	$21,727	$62,930

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, 2012	$ 62,296	$ 106,516	$ 51,929	$ 119,948	$ 340,689
Additions	-	48,417	-	-	48,417
Disposals	-	(18,969)	(14,585)	-	(33,554)
As at December 31, 2013	62,296	135,964	37,344	119,948	355,552
Additions	-	-	-	-	-
Disposals	(8,929)	-	-	-	(8,929)
As at March 31, 2014	$ 53,367	$ 135,964	$ 37,344	$ 119,948	$ 346,623
Depreciation	Furniture and fixtures	Computer equipment	Exploration equipment	Vehicles	Total
As at December 31, 2012	$ 10,620	$ 41,460	$ 15,507	$ 30,988	$ 98,575
Additions	10,536	39,276	7,944	27,430	85,186
Disposals	-	(11,864)	(6,733)	-	(18,597)
As at December 31, 2013	21,156	68,872	16,718	58,418	165,164
Additions	1,756	8,063	1,222	5,141	16,182
Disposals	(2,924)	-	-	-	(2,924)
As at March 31, 2014	$ 19,988	$ 76,935	$ 17,940	$ 63,559	$ 178,422
Net book value:	Furniture and fixtures	Computer equipment	Exploration equipment	Vehicles	Total
As at December 31, 2012	$ 51,676	$ 65,056	$ 36,422	$ 88,960	$ 242,114
As at December 31, 2013	$ 41,140	$ 67,092	$ 20,626	$ 61,530	$ 190,388
As at March 31, 2014	$ 33,379	$ 59,029	$ 19,404	$ 56,389	$ 168,201

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Period ended March 31, 2014	Ochoa
Acquisition costs	
Balance, beginning of period	$ 4,802,864
Additions during the period	
Landman costs	3,955
Permit application and acquisition	697,951
Total acquisition costs	5,504,770
Deferred exploration costs	
Balance, beginning of period	53,615,781
Additions during the period	
Bulk sampling	5,461
Detailed engineering	47,236
Feasibility study	559,932
Field expenses	1,624
Geology	30,317
Office support	252,570
Water reclamation costs	(104,299)
Total deferred exploration costs	54,408,622
TOTAL	$ 59,913,392

(Expressed in Canadian Dollars)

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

Year ended December 31, 2013	**Ochoa**
Acquisition costs	
Balance, beginning of year	$ 3,563,280
Additions during the year	
Landman costs	32,117
Permit application and acquisition	1,207,467
Total acquisition costs	4,802,864
Deferred exploration costs	
Balance, beginning of year	33,661,934
Additions during the year	
Bulk sampling	15,742
Drilling	2,670,959
Feasibility study	13,377,688
Field expenses	8,474
Geology	227,968
Mining engineering	759,632
Office support	2,370,513
Water reclamation costs	522,871
Total deferred exploration costs	53,615,781
TOTAL	$ 58,418,645

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). During 2010, the Company acquired additional Permits which expired 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, 2015. Annual rent is no longer payable on relinquished and expired Permits. During 2011, the Company acquired additional Permits with the next annual rent due on April 1, 2015. During 2013, the Company acquired one additional Lease with the next annual rent due on January 15, 2015. The annual rent payments due on April 1, 2014, and May 24, 2014 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 an officer and 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 March 31, 2014, the Company has made an advance of $40,651 (2013 - $111,887) towards the regulatory review of the environmental impact statement and an advance of $10,400 (2013 - $10,400) towards the feasibility study, which was completed in March 2014.

In April 2014, the Company received notice that the U.S. Department if the Interior, Bureau of Land Management ("BLM") has published a Record of Decision ("ROD") that authorizes the Company to construct and operate its Ochoa Project, including all mining and processing facilities.

(Expressed in Canadian Dollars)

6. DEPOSITS

	March 31, 2014	December 31, 2013
BLM Permit Bond	$ 55,275	$ 53,180
Mega Bond	27,638	26,590
Office security deposits	10,604	9,754
Total	$ 93,517	$ 89,524

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2014	December 31, 2013
Trade payables	$ 450,992	$ 792,734
Accrued liabilities	197,801	655,620
Other	32,250	17,999
Total	$ 681,043	$ 1,466,353

8. DECOMMISSIONING LIABILITIES

	March 31, 2014	December 31, 2013
Current reclamation obligation		
Balance beginning of year	$ 717,930	$ 224,588
Change in obligation	(104,299)	525,365
Accretion expense	-	-
Payments during the period	(364,603)	(61,626)
Effect of foreign exchange	27,347	29,603
Balance for current reclamation obligation	276,375	717,930
Long-term reclamation obligation		
Balance beginning of year	46,729	43,711
Change in obligation	-	-
Accretion expense	-	-
Payments during the period	-	-
Effect of foreign exchange	1,841	3,018
	48,570	46,729
Balance end of period	$ 324,945	$ 764,659

8. DECOMMISSIONING LIABILITIES (cont'd…)

Site Restoration: Ochoa Project – New Mexico

The Company completed drilling two water wells during fiscal 2012. The decommissioning of these water wells and associated drilling pits and drilling pads in New Mexico is subject to legal and regulatory requirements. The drilling pits were reclaimed and decommissioned in the first quarter of 2014 at a cost of $364,603. 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 long-term liability represents the Company's best estimate of the present value of future decommissioning costs, discounted at 8% (based on discount rates used in our feasibility study). As at March 31, 2014, the undiscounted amount of estimated future decommissioning costs in 2058 based on today's costs with 6% inflation for 54 years is USD$1,298,548 (2012 - $1,298,548). Decommissioning costs are expected to be incurred between 2014 and 2067.

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 three month period ended March 31, 2014. Reserves relate to stock options, agent or finder's warrants, and compensatory warrants that have been issued by the Company (note 10).

During the three month period ended March 31, 2014, the Company did not issue any common shares.

During the three month period ended March 31, 2013, the Company did not issue any common shares.

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.

(Expressed in Canadian Dollars)

10. STOCK OPTIONS AND WARRANTS (cont'd)

As at March 31, 2014, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options		Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
2,790,000	$	0.40	0.21	June 14, 2014
250,000		1.00	0.24	June 28, 2014
250,000		0.58	1.00	March 31, 2015
650,000		0.45	1.06	April 22, 2015
1,102,245		0.40	1.35	August 4, 2015
172,255		0.40	1.47	September 19, 2015
950,000		0.50	1.47	September 19, 2015
450,000		0.58	1.61	November 8, 2015
100,000		0.80	1.65	November 22, 2015
500,000		1.42	1.79	January 13, 2016
1,000,000		1.40	1.96	March 17, 2016
335,000		1.06	2.11	May 9, 2016
1,163,750		1.07	2.55	October 17, 2016
200,000		1.03	2.90	February 23, 2017
2,400,000		0.90	3.07	April 26, 2017
200,000		0.76	3.59	October 31, 2017
550,000		0.71	3.68	December 5, 2017
13,063,250				

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding at December 31, 2012	13,803,250	$	0.75
Cancelled/expired	(640,000)		0.81
Outstanding at December 31, 2013	13,163,250	$	0.75
Cancelled/expired	(100,000)		1.07
Outstanding March 31, 2014	13,063,250	$	0.75
Number of options exercisable at March 31, 2014	13,063,250	$	0.75

Share-based compensation

During the three month period ended March 31, 2014, the Company granted nil (2013 - nil) options to consultants, officers, employees, and directors of the Company.

(Expressed in Canadian Dollars)

10. STOCK OPTIONS AND WARRANTS (cont'd)

Warrants

As at March 31, 2014, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
10,000,000	$ 0.35	1.22 years	June 18, 2015

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2013 and March 31, 2014	10,000,000	$ 0.35

Finder's warrants

As at March 31, 2014, the Company had finder's warrants outstanding enabling the holders to acquire the following number of common shares:

Number of Finder's Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
1,336,000	$ 0.26	0.72 years	December 18, 2014

Finder's warrants are summarized as follows:

	Number of Unit Options	Weighted Average Exercise Price
Outstanding at December 31, 2013 and March 31, 2014	1,336,000	$ 0.26

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

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

	March 31, 2014	December 31, 2013
Key management personnel	$ 29,673	$ 141,252
	$ 29,673	$ 141,252

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

	Three month period ended	
	March 31, 2014	March 31, 2013
Short-term employee benefits	$ 333,820	$ 490,048
Directors' fees (included in administration costs)	46,875	62,500
Total remuneration	$ 380,695	$ 552,548

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three month period ended	
	March 31, 2014	March 31, 2013
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Accrued exploration and evaluation assets	421,400	2,726,514
Accrued property, plant and equipment	-	7,293
Advances reclassified to exploration and evaluation assets	63,571	722
Reserves transferred on exercise of options and agents'unit options	-	-
Reclamation obligation	(104,299)	350,136

(Expressed in Canadian Dollars)

13. COMMITMENTS

Lease

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

2014	$	121,572	USD	$	15,000	CAD
2015	$	8,700	USD	$	-	CAD
Total	$	130,272	USD	$	15,000	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:

	March 31, 2014			December 31, 2013		
	Canada	USA	Total	Canada	USA	Total
Property, plant, and equipment	$ 3,821	$ 164,380	$ 168,201	$ 4,306	$ 186,082	$ 190,388
Exploration and evaluation assets	-	59,913,392	59,913,392	-	58,418,645	58,418,645
	$ 3,821	$ 60,077,772	$ 60,081,593	$ 4,306	$ 58,604,727	$ 58,609,033

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, options and warrants. The Company had no bank indebtedness at year-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 March 31, 2014, 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, borrow money, or dispose of assets to 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. There were no significant changes in the Company's approach to capital management during the three month period ended March 31, 2014.

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 is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables, deposits, 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:

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

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 is held at reputable financial institutions, from which management believes the risk of loss to be remote. Receivables consist primarily of amounts due from government agencies.

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 March 31, 2014, the Company had a cash balance of $8,642,890 to settle current liabilities of $681,043.

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 $15,000 impact on interest income for the three month period.

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 $23,334 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 March 31, 2014, was based on the loss attributable to common shareholders of $1,302,128 (2013 – $1,893,825) and the weighted average number of common shares outstanding of 172,528,084 (2013 – 151,406,384). The diluted loss per share did not include the effect of share purchase options or warrants as they are anti-dilutive.