IC POTASH CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
IC Potash Corp.

We have audited the accompanying consolidated financial statements of IC Potash Corp. (the "Company") which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects, the financial position of IC Potash Corp. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred ongoing losses. The Company incurred a net loss of $5,602,797 during the year ended December 31, 2010. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

February 23, 2011

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IC POTASH CORP.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2010	2009
ASSETS		
Current		
Cash and equivalents	$ 14,040,043	$ 7,358,172
Receivables	19,305	46,672
Prepaid expenses	37,101	63,238
	14,096,449	7,468,082
Equipment (note 5)	64,429	149,686
Pre-feasibility study advance (note 6)	300,000	-
Deposits (note 6)	86,980	52,697
Mineral properties (note 6)	6,278,866	3,175,862
	$ 20,826,724	$ 10,846,327
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 859,334	$ 1,324,260
Shareholders' equity		
Capital stock (note 7)	26,662,667	12,305,072
Contributed surplus (note 7)	2,374,363	683,838
Deficit	(9,069,640)	(3,466,843)
	19,967,390	9,522,067
	$ 20,826,724	$ 10,846,327

Nature of operations and going concern (note 1)
Commitments (note 11)
Subsequent events (note 16)

On behalf of the Board:

Signed "George Poling" **Director** *Signed "Sidney Himmel"* **Director**

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

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31

	2010	2009
EXPENSES		
Administration	**$ 314,786**	$ 138,355
Amortization	**34,888**	5,647
Business and market development	**169,296**	119,860
Consulting fees	**574,308**	229,110
Foreign exchange loss	**384,664**	40,045
Investigation costs	**-**	8,036
Investor relations	**218,963**	50,452
Professional fees	**369,195**	198,912
Rent and storage	**82,112**	125,950
Regulatory fees	**42,943**	32,245
Stock-based compensation (note 8)	**1,724,713**	135,622
Travel	**179,469**	152,358
Wages and benefits	**1,158,487**	878,924
Loss before other items	**(5,253,824)**	(2,115,516)
OTHER ITEMS		
Interest income	**11,426**	16,854
Cost of public listing (note 4)	**-**	(409,778)
Loss on disposal of equipment (note 5)	**(62,779)**	-
Write-off of mineral properties (note 6)	**(297,620)**	-
	(348,973)	(392,924)
Loss and comprehensive loss for the year	**(5,602,797)**	(2,508,440)
Deficit, begining of the year	**(3,466,843)**	(929,433)
Adjustment for cost of public listing (note 4)	**-**	(28,970)
Deficit, end of year	**$ (9,069,640)**	$ (3,466,843)
Basic and diluted loss per common share	**$ (0.08)**	$ (0.09)
Weighted average number of common shares outstanding	**70,434,526**	**28,555,346**

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

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**$ (5,602,797)**	$ (2,508,440)
Items not affecting cash:		
Amortization	**34,888**	5,647
Loss on disposal of equipment	**62,779**	-
Stock-based compensation	**1,724,713**	135,622
Unrealized foreign exchange	**387,326**	-
Write-off of mineral properties	**297,620**	-
Changes in non-cash working capital items:		
Decrease in receivables	**27,367**	1,250
(Increase) decrease in prepaid expenses	**26,137**	(50,760)
Increase (decrease) in payables and accrued liablilities	**(149,278)**	188,044
Net cash used in operating activities	**(3,191,245)**	(2,228,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	**(10,342)**	(13,002)
Deposits	**(36,945)**	8,443
Pre-feasibility study advance	**(300,000)**	-
Cash acquired (note 4)	**-**	28,970
Expenditures on mineral properties	**(3,585,858)**	(1,270,057)
Net cash used in investing activities	**(3,933,145)**	(1,245,646)
CASH FLOWS FROM FINANCING ACTIVITIES		
Adjustment to deficit for public listing	**-**	(28,970)
Proceeds from capital stock	**15,313,535**	7,136,760
Share issuance costs	**(1,122,610)**	(489,287)
Net cash provided by financing activities	**14,190,925**	6,618,503
Increase in cash and equivalents for the year	**7,066,535**	3,144,220
Effect of foreign exchange rate changes on cash and equivalents	**(384,664)**	-
Cash and equivalents, beginning of year	**7,358,172**	4,213,952
Cash and equivalents, end of year	**$ 14,040,043**	$ 7,358,172

Supplemental disclosure with respect to cash flows (note 10)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

IC Potash Corp. ("IC Potash") was incorporated under the Canada Business Corporations Act on November 8, 2002. IC Potash's primary business is the acquisition, exploration, and development of mineral properties and it is considered to be in the exploration stage. To date IC Potash has not earned operating revenue.

On November 30, 2009, IC Potash acquired 100% percent of the outstanding common shares of Intercontinental Potash Corp. ("ICP"), a company involved in exploration for potash and potash-related minerals, by issuing 25,800,001 common shares (note 4). The acquisition constituted a Reverse Take-over ("RTO") and, although IC Potash is the legal parent of ICP, ICP was deemed to have acquired IC Potash for accounting purposes. Accordingly, the consolidated statements of operations and deficit and cash flows for the year ended December 31, 2009 are those of ICP and include the accounts of IC Potash from November 30, 2009.

IC Potash has not yet determined whether its mineral properties contain economically recoverable ore reserves. The recovery of the amounts comprising mineral properties and deferred exploration costs are dependent upon the confirmation of economically recoverable reserves, the ability of IC Potash to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon IC Potash's ability to dispose of its interest on an advantageous basis.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has incurred ongoing losses and there is uncertainty about its ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of presentation**

These consolidated financial statements include the accounts of IC Potash and its wholly-owned subsidiaries ICP, Intercontinental Potash Corp. (USA) and Trigon Exploration Utah Inc. (collectively referred to as the "Company"). All inter-company accounts and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All amounts, unless specifically indicated otherwise, are presented in Canadian dollars.

b) **Equipment**

Equipment is recorded at cost. Amortization is recorded at the following annual rates and methods:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Equipment	30% declining balance
Exploration equipment	20% declining balance
Vehicle	30% declining balance

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

c) Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

d) Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. There were no asset retirement obligations in 2009 or 2010.

e) Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the fair value of financial instruments, the assessment of possible impairment of its mineral properties, useful lives of equipment, future income taxes, and stock-based compensation. Actual results could differ from those estimates.

f) Foreign currency translation

The accounts of subsidiaries, which are integrated operations, are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenue and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses are included in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

g) Stock-based compensation

The Company has a stock option plan. The Company uses the fair value based method to recognize compensation costs for direct awards of stock and for the granting of all stock options which are valued using the Black-Scholes option pricing model. The fair value of stock options is amortized over the period of vesting. Any consideration paid on the exercise of stock options is credited to capital stock and the fair value of the options is reclassified from contributed surplus to share capital.

h) Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset would be recovered, it provides a valuation allowance against the excess.

i) Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, is recognized as a recovery of income taxes in the statement of operations.

j) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation was anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

k) Financial instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the year. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the year, unless the instrument is a cash flow hedge and hedge accounting is applied, in which case changes in fair value are recognized in other comprehensive income. For the years presented, the Company had no derivatives or embedded derivatives.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The Company classifies financial instruments at fair value by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data.

l) **Comprehensive income**

Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income (“OCI”) includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity. The Company does not currently have any OCI items or AOCI. Therefore, comprehensive loss is equal to net loss for the years ended December 31, 2010 and 2009.

m) **Cash and equivalents**

Cash and equivalents include cash and short-term, highly-liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

3. RECENT ACCOUNTING PRONOUNCEMENTS

(i) International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (“AcSB”) announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. A changeover plan has been established to convert to the new standards within the allotted timeline. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The conversion to IFRS will require the Company to change certain accounting policies, systems, internal controls over financial reporting and disclosure controls. The Company will assess the impact of the transition to IFRS and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion. Effective January 1, 2011, the Company will adopt IFRS as the basis for preparing its consolidated financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS (cont'd...)

(ii) Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 – *Business Combinations*, 1601 – *Consolidated Financial Statements*, and 1602 – *Non-Controlling Interests*, which replace Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements" effective January 1, 2011 with earlier adoption permitted. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 requires net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests to be reported as a component of equity. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for the Company's interim and annual consolidated financial statements for the fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently. The Company is evaluating the future impact on its financial statements.

4. REVERSE TAKEOVER

During 2009, IC Potash entered into a share exchange agreement with the shareholders of ICP. In anticipation of the closing of the RTO, IC Potash consolidated all of its issued and outstanding common shares on the basis of one new share for each four existing shares on October 30, 2009. Both companies had directors and an officer in common. On November 30, 2009, IC Potash exchanged 25,800,001 common shares for 100% of the issued and outstanding shares of ICP that it did not already own on a one for one basis, and exchanged 3,750,000 options of ICP for equivalent options of IC Potash. As a result of the share exchange, ICP obtained control of IC Potash. Legally, IC Potash is the parent of ICP, however, as a result of the share exchange, control of the combined companies passed to shareholders of ICP, which for accounting purposes is deemed to be the acquirer. For financial reporting purposes, the share exchange is considered to be an RTO and recapitalization and IC Potash is considered to be a continuation of ICP. The net assets of ICP are included in the balance sheet at book values and the acquisition of IC Potash is accounted for by the purchase method, with the net assets of IC Potash recorded at carrying values. The net assets value of IC Potash on the date of acquisition, was as follows:

Net assets:	
Cash	$ 28,970
Receivables	38,429
Prepaid expenses	250
Equipment	142,331
Accounts payable and accrued liabilities	(80,289)
	$ 129,691

Transaction costs of $438,748 were charged as to $28,970 to deficit, being cash acquired, and the balance to cost of public listing in the statement of operations.

5. EQUIPMENT

	December 31, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 23,287	$ 5,401	$ 17,886	$ 22,031	$ 1,019	$ 21,012
Computer equipment	38,538	11,128	27,410	50,519	1,959	48,560
Equipment	-	-	-	21,042	526	20,516
Exploration equipment	5,970	2,120	3,850	38,801	791	38,010
Vehicle	22,633	7,350	15,283	22,940	1,352	21,588
	$ 90,428	$ 25,999	$ 64,429	$ 155,333	$ 5,647	$ 149,686

The Company wrote-off obsolete equipment during fiscal 2010, resulting in a loss of $62,779 (2009 - $Nil).

6. MINERAL PROPERTIES

Year ended December 31, 2010	Ochoa	Dove Creek	Sinbad	Pine Ridge	Other	Total
Acquisition costs						
Balance, beginning of year	$ 656,520	$ 105,634	$ 23,109	$ 7,869	$ 17,950	$ 811,082
Additions during the year						
Landman costs	106,742	-	-	-	-	106,742
Permit application and acquisition	126,359	-	(14,285)	-	-	112,074
Total acquisition costs	889,621	105,634	8,824	7,869	17,950	1,029,898
Deferred exploration costs						
Balance, beginning of year	2,236,329	16,030	17,454	16,030	78,937	2,364,780
Additions during the year						
Data acquisition	5,929	-	-	-	-	5,929
Analytical	157,510	-	-	-	-	157,510
Summer interns	16,482	-	-	-	-	16,482
Geology	460,328	-	-	-	28,892	489,220
Archaeological studies	20,086	-	-	-	-	20,086
Land surveys	61,801	-	-	-	-	61,801
Metallurgical	120,096	-	-	-	-	120,096
Field expenses	155,953	-	-	-	-	155,953
Drilling	1,287,802	-	-	-	-	1,287,802
Mining engineering	73,703	-	-	-	-	73,703
Pre-feasibility study	458,367	-	-	-	-	458,367
SOP marketing	17,042	-	-	-	-	17,042
Geological reports	183,853	-	-	-	-	183,853
Administration	133,964	-	-	-	-	133,964
Total deferred exploration costs	5,389,245	16,030	17,454	16,030	107,829	5,546,588
Write-down during the year	-	(121,664)	(26,278)	(23,899)	(125,779)	(297,620)
TOTAL	$ 6,278,866	$ -	$ -	$ -	$ -	$ 6,278,866

6. MINERAL PROPERTIES (cont'd…)

Year ended December 31, 2009	Ochoa	Dove Creek	Sinbad	Pine Ridge	Other	Total
Acquisition costs						
Balance, beginning of year	$ 479,666	$ 115,584	$ 23,358	$ 7,633	$ 54	$ 626,295
Additions during the year						
Landman costs	44,991	-	-	-	-	44,991
Permit application and acquisition	131,863	(9,950)	(249)	236	17,896	139,796
Total acquisition costs	656,520	105,634	23,109	7,869	17,950	811,082
Deferred exploration costs						
Balance, beginning of year	447,366	16,030	17,454	16,030	46,698	543,578
Additions during the year						
Data acquisition	1,949	-	-	-	-	1,949
Analytical	16,740	-	-	-	-	16,740
Summer interns	10,136	-	-	-	-	10,136
Geology	650,732	-	-	-	32,239	682,971
Archaeological studies	8,306	-	-	-	-	8,306
Land surveys	45,915	-	-	-	-	45,915
Environment work	26,871	-	-	-	-	26,871
Metallurgical	3,579	-	-	-	-	3,579
Field expenses	201,469	-	-	-	-	201,469
Drilling	723,990	-	-	-	-	723,990
Mining engineering	66,846	-	-	-	-	66,846
Bulk sampling	32,430	-	-	-	-	32,430
Total deferred exploration costs	2,236,329	16,030	17,454	16,030	78,937	2,364,780
TOTAL	$ 2,892,849	$ 121,664	$ 40,563	$ 23,899	$ 96,887	$ 3,175,862

6. MINERAL PROPERTIES (cont'd…)

Title to mineral properties 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 mineral properties. The Company has investigated title to all of its mineral properties 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 located in Lea County, New Mexico. The expiry dates of the permits have been extended to 2012, with the next annual rent due on December 1, 2011. During 2010, the Company acquired additional permits with the next annual rent due on March 1, 2011 and New Mexico state mining leases with the next annual rent due on May 24, 2011. The permits are renewable every two years if the Company meets performance criteria. The Company also 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 included in deposits on the balance sheet. The leases are good for ten years, with subsequent renewals as long as minerals are produced in paying quantities. As part of the acquisition of the Ochoa permits, the Company issued 500,000 common shares valued at $30,000 during fiscal 2009.

The Ochoa Property is subject to a royalty of US$1.00 per ton of polyhalite mined for the first 1,000,000 tons and US$0.50 per ton thereafter. A gross royalty of at least 2% will be imposed by the federal government on the federal prospecting permits and a 2.5% gross royalty is expected to be imposed by the state of New Mexico on state leases. The state leases are also subject to an annual advance royalty payment of $207,000 beginning in 2011. The Company signed a royalty agreement on September 28, 2009 for an additional 3% net profits royalty (the "Profit Royalty") 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 Profit Royalties at a price of $3,000,000 per 0.5%.

During the year ended December 31, 2010, the Company made advances of $300,000 (2009 - $Nil) towards the pre-feasibility study.

b) Other properties

In March 2010, the Company wrote off all other mineral properties (including Dove Creek, Sinbad, Pine Ridge, and Other) because the Company does not intend to advance these properties in the foreseeable future. During fiscal 2008, the Company applied for certain permits and rights on each of the Other Properties.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares		Capital Stock		Contributed Surplus
Authorized					
Unlimited common shares					
Common shares issued					
Balance as at December 31, 2008	40,300,001	$	5,733,472	$	478,304
Issued for mineral properties	500,000		30,000		-
Shares of ICP as at November 30, 2009	(40,800,001)		129,690		-
Shares of IC Potash as at November 30, 2009	41,555,590		-		-
Private placements	17,841,900		7,136,760		-
Share issue costs	-		(724,850)		69,912
Stock-based compensation	-		-		135,622
Balance as at December 31, 2009	59,397,490		12,305,072		683,838
Private placements	37,500,000		15,000,000		-
Contributed surplus transferred on exercise of agents' unit options	-		34,188		(34,188)
Shares issued (warrants and options exercised)	557,275		313,535		-
Share issue costs	-		(990,128)		-
Stock-based compensation	-		-		1,724,713
Balance at December 31, 2010	97,454,765	$	26,662,667	$	2,374,363

Share Issuances

(i) On February 9, 2009, the Company issued 500,000 common shares valued at $30,000 pursuant to an obligation to issue shares on a mineral property acquisition (note 6).

(ii) On November 30, 2009, the Company issued 25,800,001 common shares valued at $129,690 as consideration for the acquisition of all shares of ICP that it did not already own (note 4). Prior to the acquisition, the Company held 15,755,589 common shares of ICP.

(iii) On December 2, 2009, the Company issued 17,704,400 units pursuant to a brokered private placement at $0.40 per unit for gross proceeds of $7,081,760. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company for $0.65 per share until December 2, 2011. The Company paid $556,468 and issued 398,300 agent unit options valued at $69,912 in connection with the financing. Each agent unit option entitled the holder to purchase one common share of the Company at $0.40 for one year.

(iv) On December 3, 2009, the Company issued 137,500 units pursuant to a brokered private placement at $0.40 per unit for gross proceeds of $55,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company for $0.65 per share until December 3, 2011.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

(v) On September 15, 2010, the Company issued 37,500,000 units pursuant to a non-brokered private placement at $0.40 per unit for gross proceeds of $15,000,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company for $0.65 per share until September 15, 2013. The Company paid finders' fees of $227,800.

(vi) On December 1, 2010, the Company issued 312,500 common shares at $0.65 per share pursuant to the exercise of warrants and 194,775 common shares at $0.40 pursuant to the exercise of agents' unit options.

(vii) On December 15, 2010, the Company issued 50,000 common shares at $0.65 per share pursuant to the exercise of warrants.

Escrow

Included in the shares outstanding at December 31, 2010, are 3,494,998 (December 31, 2009 – 4,784,685) common shares held in escrow. The escrowed shares may not be transferred, assigned or otherwise dealt without the consent of the regulators.

8. 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. 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 five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

As at December 31, 2010, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price	Expiry Date
125,000	$ 1.34	November 6, 2011
43,750	4.20	January 9, 2012
100,000	0.40	August 4, 2013
150,000	1.16	August 28, 2013
3,750,000	0.40	June 14, 2014
650,000	0.45	April 22, 2015
1,102,245	0.40	August 4, 2015
272,255	0.40	September 19, 2015
950,000	0.50	September 19, 2015
700,000	0.58	November 8, 2015
200,000	0.80	November 22, 2015
8,043,250		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2008	3,750,000	$ 0.40
Granted	100,000	0.40
Granted on RTO	512,500	1.97
Cancelled/expired	(187,500)	0.67
Outstanding at December 31, 2009	4,175,000	$ 0.55
Cancelled/expired	(106,250)	2.55
Granted	3,974,500	0.48
Outstanding at December 31, 2010	8,043,250	$ 0.49
Number of options exercisable at December 31, 2010	8,043,250	$ 0.49

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

Stock-based compensation

During the year ended December 31 2010, the Company granted 3,974,500 (2009 – 100,000) options to consultants, officers, and directors of the Company. All options vested at the grant date. The fair value of the options, as determined by the Black-Scholes option pricing model, was $1,724,713 (2009 - $11,820) or $0.43 per option (2009 - $0.12).

During fiscal 2009, 3,850,000 options were re-priced, resulting in stock-based compensation of $61,028. Also during fiscal 2009, a total of 512,500 stock options were granted to former IC Potash option holders, resulting in stock-based compensation of $62,774.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted:

	December 31, 2010	December 31, 2009
Risk-free interest rate	2.39%	2.37%
Expected life of options	4.95 years	4.5 years
Annualized volatility	111%	115%
Dividend rate	0%	0%

Warrants

As at December 31, 2010, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Expiry Date
8,552,200	$ 0.65	December 2, 2011
6,250	0.65	December 3, 2011
18,750,000	0.65	September 15, 2013
27,308,450		

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2008	-	$	-
Issued	8,920,950		0.65
Outstanding at December 31, 2009	8,920,950	$	0.65
Exercised	(362,500)		0.65
Granted	18,750,000		0.65
Outstanding at December 31, 2010	27,308,450	$	0.65

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

Agents' unit options

As at December 31, 2010, the Company had no agents' unit options outstanding.

Agents' unit option transactions are summarized as follows:

	Number of Unit Options		Weighted Average Exercise Price
Outstanding at December 31, 2008	-	$	-
Issued	398,300		0.40
Outstanding at December 31, 2009	398,300	$	0.40
Exercised	(194,775)		0.40
Expired	(203,525)		0.40
Outstanding at December 31, 2010	-		

The following weighted-average assumptions were used for the Black-Scholes valuation of agents' unit options granted during 2009:

	December 31, 2009
Risk-free interest rate	1.13%
Expected life of options	1 year
Annualized volatility	125%
Dividend rate	0%

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Company entered into the following transactions with related parties:

a) Paid or accrued directors' fees, included in administration costs, of $131,000 (2009 - $20,250) to directors of the Company.
b) Paid or accrued consulting fees of $Nil (2009 - $13,000) to directors of the Company.
c) Paid or accrued geology fees, included in deferred exploration costs, of $Nil (2009 - $13,204) to a corporation with common directors.
d) Paid or accrued rent of $Nil (2009 - $34,000) to a corporation with common directors.

Included in accounts payable as at December 31, 2010 is $35,535 (2009 - $36,049) due to directors and corporations controlled by directors.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Cash and equivalents are comprised of:

	December 31, 2010	December 31, 2009
Cash	$ 3,040,043	$ 3,257,172
Guaranteed Investment Certificates	-	4,101,000
Banker Acceptance	1,000,000	-
US Term Deposits	10,000,000	-
	$ 14,040,043	$ 7,358,172

The Banker Acceptance has an interest yield of 0.90% at December 31, 2010.

The US Term Deposits have an average interest yield of 0.17% at December 31, 2010.

Supplemental disclosure with respect to cash flows	December 31, 2010	December 31, 2009
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Accrued mineral property expenditures	$ 561,487	$ 746,721
Accrued capital assets	$ 2,068	$ -
Obligation to issue shares	$ -	$ (30,000)
Agent unit options for issue costs	$ -	$ 69,912
Accrued share issue costs	$ 33,170	$ 165,652
RTO acquisition	$ -	$ 100,720
Contributed surplus transferred on exercise of agents' unit options	$ 34,188	$ -

11. COMMITMENTS

The Company has entered into three operating lease agreements for premises. The annual lease commitments are as follows:

2011	$ 25,590 USD	$ 6,534 CAD
2012	16,469 USD	-
2013	5,543 USD	-
	$ 47,602 USD	$ 6,534 CAD

The Company entered into a consulting agreement dated September 20, 2010 that terminates on May 31, 2012. Twenty monthly payments of $15,000 are required until the termination date for a total remaining commitment of $255,000.

12. SEGMENTED INFORMATION

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

	December 31, 2010			December 31, 2009		
	Canada	USA	Total	Canada	USA	Total
Equipment	$ 12,972	$ 51,457	$ 64,429	$ 75,028	$ 74,658	$ 149,686
Mineral Properties	-	6,278,866	6,278,866	-	3,175,862	3,175,862
	$ 12,972	$ 6,330,323	$ 6,343,295	$ 75,028	$ 3,250,520	$ 3,325,548

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company has designated its cash and equivalents and deposits as held-for-trading, measured at fair value using level one as the basis for measurement in the fair value hierarchy. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The carrying value of receivables and accounts payable 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 equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash and equivalents consists of chequing and savings accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada and up to $100,000 in the United States. Financial instruments included in receivables consist of amounts due from government agencies, and receivables from related and unrelated companies. The Company limits its exposure to credit loss for cash and equivalents by placing its cash and equivalents with high quality financial institutions and for receivables by standard credit checks. The Company’s credit risk has not changed significantly from the prior year.

Liquidity risk

The Company’s ability to remain liquid over the long term depends on its ability to obtain additional financing. The Company has planning and budgeting processes in place to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash and equivalents balance of $14,040,043 to settle current liabilities of $859,334.

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

Interest rate risk

The Company has cash and equivalents balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade 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 investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates. A 1% change in interest rates would have a \$140,000 impact on interest revenue.

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 a \$114,520 impact on foreign exchange gain or loss.

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. 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, and stability of exchange rates can all cause significant fluctuations in commodity prices.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:
(a) To safeguard its ability to continue as a going concern;
(b) Continue the exploration of its mineral properties; and
(c) Maintain a capital structure which optimizes the cost of capital at acceptable risk.

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, warrants and options. 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.

The Company must rely on capital markets to support continued growth. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. The Company does not pay dividends.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the year ended December 31, 2010.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2010	2009
Loss before income taxes	$ (5,602,797)	$ (2,508,440)
Expected income tax recovery	$ (1,596,797)	$ (752,533)
Items not deductible for income tax purposes	682,191	44,623
Items deductible for income tax purposes	(158,718)	(4,267)
Effect of foreign tax rates	(63,986)	(28,681)
Unrecognized benefit of operating loss carry forward and change in rates	1,137,310	740,858
Future income tax recovery	$ -	$ -

The significant components of the Company's future income tax assets (liabilities) are as follows:

	2010	2009
Future income tax assets (liabilities)		
Capital assets	$ 49,000	$ 1,000
Mineral Properties	1,903,000	1,903,000
Non-capital loss carryforwards	3,134,000	1,137,000
Share issuance costs	338,000	163,000
	5,424,000	3,204,000
Valuation allowance	(5,424,000)	(3,204,000)
Net future income tax asset	$ -	$ -

The Company has non-capital losses of approximately $11,505,000 available to offset against taxable income in future years, which if unutilized will expire through to 2030. Subject to certain restrictions, the Company also has resource exploration expenditures of approximately $11,556,000 available to offset taxable income in future years. Future tax benefits which may arise as a result of these losses, resource deductions and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

16. SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2010:

a) The Company granted 700,000 stock options with an exercise price of $1.42 and an expiry date of January 13, 2016 to one officer and one consultant. The options fully vest immediately.
b) The Company announced that the expiry date of warrants issued on December 2 and 3, 2009 was accelerated to February 21, 2011.
c) The Company issued 880,000 common shares at $0.40 per share pursuant to the exercise of stock options.
d) The Company issued 9,058,450 common shares at $0.65 per share pursuant to the exercise of warrants.