Form 51-102F1 – For the Quarter Ended June 30, 2011

Management Discussion and Analysis

IC Potash Corp.

Hereafter called "IC Potash", the "Company", or the "Corporation")

(Containing information up to and including July 28, 2011)

Description of Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of the Corporation for the six months ended June 30, 2011 and the audited financial statements for the year ended December 31, 2010. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

All financial information is presented in Canadian dollars unless otherwise stated. All references to a year refer to the year ended on December 31st of that year, and all references to a quarter refer to the quarter ended on June 30. The Corporation is a reporting issuer in Alberta, British Columbia, Ontario, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and the Northwest Territories. The Corporation's common shares trade on the TSX under the symbol "ICP" and on the OTCQX under the symbol "ICPTF".

Financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 3 of the financial statements for the six months ended June 30, 2011.

Additional information related to the Corporation is available on SEDAR at www.sedar.com and on the Corporation's website at www.icpotash.com.

Company Overview

IC Potash is a Canadian-based resource exploration company in the business of acquiring and exploring exploration and evaluation assets. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production. It is the intention of the Corporation to obtain financing through access to public equity markets, debt and partnerships or joint ventures.

IC Potash owns 100 percent of Intercontinental Potash Corp. ("ICP"), a company involved in exploration for potash and potash-related minerals. On November 30, 2009, the Corporation completed a reverse-takeover ("RTO") with ICP. Legally, IC Potash is the parent of ICP, but for financial reporting purposes, IC Potash is considered to be a continuation of ICP. Any comparative numbers in this MD&A prior to the RTO date are those of ICP only. IC Potash is consolidated commencing on December 1, 2009.

Forward Looking Statements

This MD&A includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Corporation expects, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future

performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements.

Description of Properties

Ochoa Project

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

Polyhalite is an evaporite mineral containing potassium, magnesium, sulphate and calcium; all important plant nutrients. The Corporation's plans focus on the use of polyhalite as feedstock to produce SOP. The Corporation is focused on becoming a bottom quartile cost producer of SOP. The Corporation's initial analysis is that polyhalite can be converted to SOP on a cost effective basis. The Corporation estimates that SOP has an established market size of approximately six million tonnes per year. SOP is a widely used fertilizer in the fruit, vegetable, tobacco and horticultural industries in saline and dry soils and in soils in which there is a significant amount of agriculture with a wide variety of crops such as in China, India, the Mediterranean and the United States.

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

1. producing and distributing premium-priced SOP that typically sells for more than a 40% premium over traditional potash, i.e., Muriate of Potash ("MOP");
2. producing SOP at a bottom quartile cost globally and leveraging this advantage to enter into existing and new markets;
3. developing a processing facility that can be increased in scale with a low incremental capital cost; and
4. developing strong relationships with project stakeholders and delivering net benefits to the community at large.

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

The term of each BLM permit is two years, renewable for an additional two years, and convertible to a mining lease upon demonstration to the satisfaction of BLM that the land is more valuable for the development of sodium, sulphur or potassium than for any non-mineral land use. Currently, all of the BLM permits are for mineral exploration purposes. The next annual rent of approximately $18,000 in the aggregate is due on December 1, 2011 for 16 of the BLM permits, approximately $6,000 in the aggregate is due on March 1, 2012 for 5 of the BLM permits, and approximately $14,000 in the aggregate is due on April 1, 2012 for the remaining 13 BLM permits. The Corporation issued 500,000 common shares during 2009 as part of the acquisition of the BLM permits. The Corporation also paid US$50,000 into a permit bond that may be refundable if certain prospecting permit and reclamation requirements are satisfied. The Corporation has made an application to the BLM to convert 26 permits covering over 59,000 acres to Preference Right Leases as part of the Ochoa Mine Project.

The state mining leases have a term of ten years with subsequent renewals if, over three consecutive years during the term, the average annual production is not below the amount necessary to generate the minimum royalty required. The Corporation has posted a US$25,000 bond for performance and surface or improvement damage in respect of the state mining leases. As the Corporation has remitted the annual rent

that was due on May 24, 2011, the next annual rent of approximately $26,000 in the aggregate is due by May 24, 2012 for the 17 state mining leases.

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

A minimum advance royalty payment of $8 per acre is payable to the State of New Mexico Commissioner of Public Lands on the 17 state mining leases beginning in 2011. The minimum advance royalty payment which was due by May 24, 2011 was remitted to the NMSLO. Once the Ochoa Project comes into production, minimum royalties of $8 per acre or 2.5% of the gross value of production after processing, whichever is greater, will be owed on the state mining leases. In addition, once the Ochoa Project comes into production, and no later than six years from obtaining federal BLM leases, minimum royalty payments of $3.00 per acre or 2% of the gross value at the point of shipment to market, whichever is greater, are expected to be imposed on the federal BLM leases.

The Corporation has applied for six BLM permits covering 9,124 acres in New Mexico. These new BLM permits will be subject to the royalties pursuant to the private agreements and federal royalties, each as described above, once the Ochoa Project comes into production. The Corporation believes this land may be prospective for polyhalite and other potash minerals and, if obtained, will form part of the Ochoa Project. If obtained, the Corporation's total acreage in Lea County, New Mexico will be approximately 111,000 acres.

The results for the Phase I Ochoa drill program were positive. As expected from geophysics logs, excellent quality polyhalite, averaging 5.6 feet in thickness and 80% in grade, was found between thin anhydrite layers within the salt bed of the Rustler formation of the Permian Delaware basin in New Mexico.

Phase I summary results are as follows:

Hole	From (ft)	To (ft)	Thickness (ft)	% Polyhalite
IPC1	1394.7	1400.7	6	85
IPC2	1523.85	1529.1	5.25	81
IPC3	1554.2	1559.2	5	79
IPC4	964.53	969.88	5.35	70
IPC5	992.14	998.42	6.28	86
IPC6	1483.52	1489.2	5.68	76
Phase I program average:			5.59	80

Phase II summary results for the seven-hole Phase-2 program and hole locations are as follows:

1. ICP 7 - Section 13 - Township 23S, 32 E	5.8 feet of 84% polyhalite
2. ICP 8 - Section 23 - Township 23 S, 32 E	5.7 feet of 85% polyhalite
3. ICP 9 - Section 3 - Township 23 S, 32 E	5.5 feet of 77% polyhalite
4. ICP 10 - Section 1 - Township 24 S, 33 E	5.7 feet of 84% polyhalite
5. ICP 11 - Section 3 - Township 24 S, 33 E	4.2 feet of 80% polyhalite
6. ICP 12 - Section 8 - Township 24 S, 33 E	6.7 feet of 89% polyhalite
7. ICP 13 - Section 29 - Township 23 S, 33 E	6.2 feet of 88% polyhalite
Phase II program average:	5.7 feet of 84% polyhalite

The Phase I & II results are as expected and are based on X-ray diffraction (XRD) and X-ray fluorescence (XRF). All scientific and technical disclosure for Phase I was prepared under the supervision of the then ICP Chief Geologist, Marc Melker CPG, and was verified by him. All scientific and technical disclosures for Phase II was prepared under the supervision of William J Crowl, a consultant to IC Potash who is a Qualified Person within the meaning of National Instrument 43-101.

As of January 14, 2011, Gustavson Associates, LLC (“Gustavson”) prepared a National Instrument 43-101 compliant technical report and preliminary economic analysis entitled “NI 43-101 Technical Report on the Polyhalite Resources and updated Preliminary Economic Assessment of the Ochoa Project, Lea County, Southeast New Mexico” (the “Ochoa Report” or the “Technical Report”) for the Corporation with respect to the Ochoa Property. The Technical Report was filed on SEDAR on January 18, 2011 and can be found under the Corporation’s SEDAR profile. The following information with respect to the Ochoa Property is from the Technical Report.

The estimate of the polyhalite mineral resource within the Ochoa Project is shown in the table below:

5 ft Minimum Thickness	Measured	Indicated	Measured plus Indicated	Inferred
Tons	238,700,000	461,500,000	700,200,000	352,700,000
Grade Polyhalite	82.7%	82.4%	82.5%	82.2%
Equivalent Grade K2SO4	23.4%	23.4%	23.4%	23.3%

The Ochoa Project has the potential to produce three fertilizer products, potassium sulfate, magnesium sulfate, and polyhalite. The potassium sulfate product is readily marketable as a highly desirable premium fertilizer, and is the only product considered in the Preliminary Economic Assessment.

A base case of 660,000 tons per year of SOP with a 40-year life project gives a pre-tax investor rate of return (“IRR”) of 25% and net present value (“NPV”) of $1.43 billion with a 10% discount rate. In a 997,000 ton per year scenario, a 40 year project has a pre-tax IRR of 32% and an NPV of $2.58 billion using a 10% discount rate.

In the Ochoa Report, Gustavson recommended the following:

- Proceed with a bulk sample drill program in order to provide samples for metallurgical test work, define resource within the mine area, and to perform geotechnical testing.
- Bench scale metallurgical testing followed by small scale pilot scale testing.
- Acquire surface rights of proposed surface facilities area.
- Initiate permitting and baseline data collection for environmental permits.
- Hydrology studies will need to continue in order to determine where water will be obtained in the region and how it will be delivered to the plant.
- In depth market study in order to better understand the market conditions and price forecast, this study should also include Kieserite.
- A prefeasibility study should be initiated based on the findings in the Technical Report, and should incorporate data gathered in the above programs.

The Corporation intends to generate potassium and magnesium sulfate liquors by one of the processes proposed by the U.S. Bureau of Mines (“BOM”) in the 1930’s and 1940’s. The processes were extensively studied and demonstrated on a laboratory scale, and work was done to develop the parameters needed to implement the processes on an industrial scale.

Polyhalite was mined and crushed to -10 mesh using a hammer mill. The crushed polyhalite was then washed with cold water to remove soluble chlorides. The wash water was removed from the polyhalite using a bowl centrifuge. The polyhalite was then calcined in a 2 foot diameter, 20 foot long rotary kiln operating at 950 degrees Fahrenheit. The calcined polyhalite was then leached in hot water, in leach tanks operating a counter current configuration. The CaSO4 was removed by vacuum filters and agglomerates (flocculants), and then the leach liquor was “polished”, removing the last bit of solids with a pressure filter. The leach liquor was then sent to a mechanical evaporation circuit where 92% of the water was evaporated

from the liquor. The concentrated evaporator liquor was then sent to a crystallizer, where the liquor was cooled and magnesium sulfate, and potassium sulfate crystallized. The K2SO4 was harvested from the liquor using batch filters and dried in a rotary gas fired drier. The dried product was very easily pelletized by outside companies.

A comprehensive test program is underway. Studies have been done and continue to be carried out to determine the optimal crushing, sizing & grinding equipment, calcination equipment (rotary kilns, fluid bed devices, etc.), and leaching configuration.

The Corporation is evaluating several ways to develop a more efficient process to convert polyhalite to SOP than those proposed by the BOM. For example, once the potassium and magnesium sulfate liquors are produced, they can be sent to solar ponds to follow the process pioneered and now used by Great Salt Lake Minerals and also SQM in Chile. However, the Ochoa Project brines are expected to have lower levels of cations and anions apart from potassium, sulphate and magnesium, which should simplify pond management.

In addition, the Corporation is evaluating mechanical vapor recompression ("MVR") crystallizers to recover SOP and langbeinite from the polyhalite leach brines. MVR crystallizers are more efficient than standard multi-effect crystallizers and have the potential to be competitive with production costs from the solar evaporation process the Corporation is currently proposing to use. If our studies prove out the variability and cost competitiveness of MVR crystallizers, they may have many advantages over the solar evaporation process; including higher recovery of potassium from polyhalite, smaller plant footprint, lower water usage, and shorter time to production.

The Corporation recently completed the Phase 2b bulk sample drill program and has not yet released the results. The Corporation is currently working on the pre-feasibility study. The Corporation has initiated the environmental permit process.

All scientific and technical disclosure has been prepared under the supervision of William J Crowl, a consultant to IC Potash who is a Qualified Person within the meaning of National Instrument 43-101.

Summary of Quarterly Results

Selected quarterly financial information of the Corporation for the quarters ended June 30, 2011 is as follows:

Table of Results for the Quarters to June 30, 2011

	Jun 30 2011 (1)	Mar 31 2011 (1)	Dec 31 2010 (1)	Sep 30 2010 (1)
Total assets	$ 42,879,742	$ 44,881,253	$ 20,065,863	$ 20,637,438
Exploration and evaluation assets	$ 10,573,060	$ 8,077,952	$ 5,518,005	$ 4,733,007
Working capital	$ 30,741,672	$ 34,421,140	$ 13,237,115	$ 14,940,371
Shareholders' equity	$ 41,935,410	$ 42,997,614	$ 19,206,529	$ 19,829,924
Interest income	$ 76,698	$ 19,446	$ 8,649	$ 1,362
Net earnings (loss)	$ (1,490,859)	$ (3,264,369)	$ (1,772,987)	$ (1,548,367)
Basic earnings (loss) per share	$ (0.01)	$ (0.03)	$ (0.02)	$ (0.02)
Fully diluted earnings (loss) per share	$ (0.01)	$ (0.03)	$ (0.02)	$ (0.02)

Table of Results for the Quarters to June 30, 2010

Selected quarterly financial information of the Corporation for the quarters ended June 30, 2010 is as follows:

	Jun 30 2010 (1)	Mar 31 2010 (1)	Dec 31 2009 (2)	Sep 30 2009 (2)
Total assets	$ 7,740,669	$ 7,999,351	$ 10,846,327	$ 4,144,352
Exploration and evaluation assets	$ 3,377,375	$ 2,537,092	$ 3,175,862	$ 1,745,972
Working capital	$ 2,837,733	$ 4,713,927	$ 6,143,822	$ 1,834,735
Shareholders' equity	$ 6,757,444	$ 7,460,070	$ 9,522,067	$ 3,881,072
Interest income	$ 211	$ 1,204	$ 3,839	$ 1,211
Net earnings (loss)	$ (980,307)	$ (1,018,123)	$ (1,013,893)	$ (458,944)
Basic earnings (loss per share)	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.01)
Fully diluted earnings (loss per share)	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.01)

(1) Reported under IFRS.
(2) Reported under Pre-changeover Canadian generally accepted accounting principles ("GAAP").

Results of Operations for the Quarter ended June 30, 2011

The Corporation did not generate operating revenue during the quarter ended June 30, 2011, as all of the operating activities of the Corporation were directed towards acquisition and exploration. Exploration activity was carried out on the Ochoa Project during the quarter.

Ochoa property

Total costs incurred on the project during the quarter amounted to $2,495,108 of which $278,301 was for acquisition costs, $1,148,770 was for exploration costs, and $1,068,037 was for work related to a pre-feasibility study. As at June 30, 2011, the Corporation had expended $10,573,060 in respect of the Ochoa Project.

Office and Administration Expenses

Amortization during the quarter amounted to $6,609 (2010 - $11,133). This relates to amortization and depreciation in respect of furniture and fixtures, computer equipment, field equipment, and vehicles. Consulting fees in the quarter were $82,998 (2010 - $197,284); this was in respect of financial and human resources consulting. Investor Relations cost in the quarter was $244,811 (2010 - $79,555). Regulatory fees (including transfer agent and filing fees) were $48,956 (2010 - $9,134) for the quarter. During the quarter, the Company graduated to the TSX. Business development and market development for potash related products was $73,881 (2010 - $7,077). Business development costs increased due to activities related to the search for joint venture partners and product distributors as well as political contributions and public relations.

Administration and related costs amounted to $123,296 (2010 – $67,321) for the quarter. This included meeting costs, director fees, telephone, postage and courier, dues and subscriptions, stationery, repairs and maintenance, office security, utilities and related costs. This amount increased due to the increased size and operations of the Corporation as well as increased meeting costs. Stock-based compensation for the quarter was $348,654 (2010 - $277,681) for stock options granted in the quarter. Travel and related costs for the quarter amounted to $10,635 (2010 – $51,696) and were composed of such costs not specifically related to exploration projects, business development, or investor relations. Professional fees of $228,975 (2010 – $94,041) for the quarter were incurred in respect of auditing costs and legal costs. Legal advice was sought on several US-related issues and various agreements. $18,042 (2010- $29,137) was paid for office rental and off-site storage of equipment and documents during the quarter. Wages and benefits for the quarter amounted to $333,702 (2010 – $298,805). This amount included the salaries, bonuses, and employment related costs of the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Controller, Senior Vice President, and management and administrative staff in Canada and in USA in IC Potash and ICP and their subsidiaries. $168,388 of wages for the Chief Operating Officer, Senior Vice President, and Project Geologist were capitalized to the Ochoa Project. Interest income for the quarter was $76,698 (2010 - $211) earned from cash and equivalents. Interest increased due to additional funds from the September 2010 and March 2011 financings.

<u>Liquidity and Capital Resources at June 30, 2011</u>

At June 30, 2011, the Corporation's working capital was $30,741,672 (2010 - $2,837,733). The sources of cash in the quarter included cash from stock options exercised and interest earned on term deposits.

At the date of this MD&A, the management of the Corporation believes that it has sufficient funds to complete its planned exploration programs as well as carry out its day to day operations. As at June 30, 2011, the Corporation had a cash and equivalents balance of $31,518,806 (2010 - $3,785,793) to settle current liabilities of $944,332 (2010 - $983,225). The Corporation's ability to remain liquid over the long term depends on its ability to obtain additional financing. At this time, the Corporation has enough cash to pay all of its current liabilities. There can be no assurance that the Corporation will be able to obtain sufficient capital in the case of operating cash deficits. The Corporation has no long term debt and will incur rental expense of US$81,533 and CAD$6,534 from July 2011 to May 2013.

Transactions with Related Parties

During the three-month period ended June 30, 2011, the Corporation entered into the following transactions with related parties:

a) Paid or accrued directors' fees, included in administrative costs, of $50,417 (2010 - $21,750), of which $7,500 was paid to Sidney Himmel, $7,500 was paid to George Poling, $7,500 was paid to Knute Lee, $7,500 was paid to Pierre Pettigrew, $7,500 was paid to Anthony Grey, $7,500 was paid to Ernest Angelo, and $5,417 was paid to Randy Foote.

During the six-month period ended June 30, 2011, the Company entered into the following transactions with related parties:

a) Paid or accrued directors' fees, included in administrative costs, of $95,417 (2010 - $48,250), of which $15,000 was paid to Sidney Himmel, $15,000 was paid to George Poling, $15,000 was paid to Knute Lee, $15,000 was paid to Pierre Pettigrew, $15,000 was paid to Anthony Grey, $15,000 was paid to Ernest Angelo, and $5,417 was paid to Randy Foote.
b) Paid or accrued consulting fees of $nil (2010 - $38,500) to directors of the Company.

Included in accounts payable as at June 30, 2011 is $21,728 (2010 - $21,750) due to directors and corporations controlled by directors.

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

	Three months ended	
	June 30, 2011	June 30, 2010
Short-term benefits	$330,417	$118,209
Share-based payments	-	-
Total remuneration	$330,417	$118,209

	Six months ended	
	June 30, 2011	June 30, 2010
Short-term benefits	$492,417	$233,042
Share-based payments	571,000	-
Total remuneration	$1,063,417	$233,042

Financial Instruments

The Corporation has designated its cash and equivalents and deposits as held-for-trading, measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Payables and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash and equivalents, deposits, receivables, accounts payable and accrued liabilities reflected in the consolidated statement of financial position approximate fair value because of the limited term of these instruments.

Other

Outstanding Share data as at July 28, 2011:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No Par Value	Unlimited	120,746,514

Number of shares held in escrow as at July 28, 2011 is 2,964,373.

(b) Summary of Options outstanding:

Number of Options	Exercise Price	Expiry Date
125,000	$ 1.34	November 6, 2011
43,750	4.20	January 9, 2012
150,000	1.16	August 28, 2013
2,970,000	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
100,000	0.80	November 22, 2015
700,000	1.42	January 13, 2016
1,100,000	1.40	March 17, 2016
425,000	1.06	May 9, 2016
500,000	1.13	July 14, 2016
9,788,250		

(c) Summary of Warrants outstanding:

Number of Warrants	Exercise Price	Expiry Date
17,496,701	$ 0.65	September 15, 2013

Accounting Principles

The financial statements have been prepared in accordance with IFRS.

The policies and estimates are considered appropriate under the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Changes in Accounting Policies

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises were required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has transitioned from GAAP reporting and commenced reporting under IFRS, with restatement of comparative information presented. The conversion to IFRS from GAAP has not affected the Company's internal control over financial reporting and disclosure controls and procedures, but has affected and the Company's accounting policies, the Company's opening statement of financial position at the Transition Date, the statement of financial position as at December 31, 2010, and the statement of comprehensive loss for the three and six month periods ended June 30, 2010.

Under GAAP the Company capitalized mineral property exploration costs when there was an expectation that the legal right to explore the properties would be obtained. However IFRS 6: Exploration For and Evaluation of Mineral Resources prohibits the capitalization of exploration costs prior to obtaining the legal right to explore. As a result, the Company reclassified $1,043,874 of exploration and evaluation assets to deficit at the Transition Date upon the adoption of IFRS.

Additionally, the Company would have expensed rather than capitalized $297,620 in exploration costs in fiscal 2009 which means that the costs would not have been written-off in fiscal 2010. Also, $14,607 of exploration costs incurred in fiscal 2010 would not have been deferred and written-off during the year; instead the costs would have been recorded as an expense item upon initial recognition.

The Company elected to take the following IFRS 1 optional exemptions:

a) to apply the requirements of IFRS 2, Share-based Payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.
b) to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the Transition Date including those foreign currency differences which arise on adoption of IFRS.
c) to apply the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as at the Transition Date. The Company re-measured all provisions, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose. This was done using best estimates of the historical risk-adjusted discount rates, and recalculated the accumulated depreciation, depletion, and amortization under IFRS up to the Transition Date.
d) to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date.
e) to apply the less onerous transitional provision of IFRIC 4 instead of full retrospective application of IFRIC 4, Leases.

The Company's conversion plan to IFRS consisted of four primary stages including planning, assessment, design and implementation with periodic meetings with the Audit Committee to report progress and findings. The Company has completed the conversion plan and will be reporting in accordance with IFRS going forward. This will include ongoing monitoring of changes in IFRS, the potential or probable effects of which will be evaluated and disclosed as applicable.

Please see notes 2 and 3 of the financial statements for further details.

<u>New standards, amendments and interpretations not yet effective:</u>

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2011. None of these are expected to have a material effect on the financial statements of the Company.

Financial instruments disclosure
In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this to have a significant impact on its consolidated financial statements.

Income taxes
In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Joint ventures
The IASB issued Exposure Draft 9 – Joint Arrangements (“ED-9”) in September 2007. ED-9 proposed to eliminate the Company’s choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now 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 IASB plans on publishing the final standard during 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

Consolidation
On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB’s project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial instruments
The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in 2011. The complete IFRS 9 is anticipated to be issued during 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Risks and Uncertainties

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 consists of chequing 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 by placing its cash with high quality financial institutions and for receivables by standard credit checks. The Company's credit risk has not changed significantly from the prior period.

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. The Company has in place planning and budgeting processes 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 June 30, 2011, the Company had a cash and equivalents balance of $31,518,806 to settle current liabilities of $944,332.

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 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 the interest rate would have had a $70,000 impact on interest income.

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 $66,000 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 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, and stability of exchange rates can all cause significant fluctuations in commodity prices.

Other risks
Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The exploration and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not be successful in overcoming. Few exploration and evaluation assets which are explored ultimately develop into producing mines. There has been no commercial production of minerals on properties held by the Corporation to date and there is a high degree of risk that commercial production of minerals will not be achieved. There is no certainty that the expenditures made towards the search and evaluation of mineral resources will result in discoveries of commercial quantities of any minerals. The Corporation has a limited history of operations and no material earnings to date and there can be no assurance that the business of the Corporation will be successful or profitable. No dividends have been paid to date.

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

Additional studies will also be required to determine the optimal methods by which polyhalite may be converted to SOP. There can be no assurances that such optimal conversion methods will be identified. The Corporation is considering several business models with different mining methods, metallurgical processing methods, and logistics methods. Changes to disclosed or planned mining methods, metallurgical processing methods, or logistics and transportation methods could affect projected capital and operating costs.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time. There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.

The operations of the Corporation are subject to all of the risks normally associated with the operation and development of exploration and evaluation assets and the development of a mine, including encountering unexpected formations or pressures, caving, flooding, fires and other hazards, all of which could result in personal injuries, loss of life and damage to property of the Corporation and others. In accordance with customary industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Interference in the maintenance or provision of adequate infrastructure could adversely affect the Corporation’s operations, financial condition and results of operations.

The operations of the Corporation’s properties will be subject to various laws and regulations relating to the environment, prospecting, development, production, waste disposal and other matters. Amendments to current laws and regulations governing activities related to the Corporation’s exploration and evaluation assets may have material adverse impact on operations. The Corporation has paid all site reclamation costs or posted site reclamation bonds with the appropriate government agencies. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Corporation. There can be no assurance that the Corporation will not incur substantial financial obligations in connection with environmental compliance. Failure to comply with applicable environmental and other laws, regulations and permitting requirements may result in enforcement actions.

The Corporation will need additional funding to complete its short and long term objectives. The ability of the Corporation to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Corporation. Current global financial conditions have been subject to increased volatility as a result of which access to public financing has been negatively impacted. There can be no assurances that the Corporation will be successful in its efforts to raise additional financing on terms satisfactory to the Corporation. The market price of the Corporation's shares at any given point in time may not accurately reflect the long-term value. If adequate funds are not available or not available on acceptable terms, the Corporation may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

To the extent of the holdings of IC Potash through its subsidiaries (including ICP), the Corporation will be dependent on the cash flows of these subsidiaries to meet its obligations, which cash flows may be constrained by applicable taxation and other restrictions.

The Corporation is dependent upon the services of key executives, including the Chief Executive Officer.

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Other risks can be found in the Corporation's Annual Information Form dated May 31, 2011 and Short Form Prospectus dated March 11, 2011, which are available at www.sedar.com.

Management's Report on Internal Controls

Disclosure controls and procedures ("DC&P") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of DC&P. There have been no changes in the Company's DC&P during the three months ended June 30, 2011.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with applicable IFRS. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. There have been no changes in the Company's internal control over financial reporting during the three month period ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Corporation's controls are based on the COSO framework. The Corporation's Chief Executive Officer and the Chief Financial Officer have evaluated the design and effectiveness of the Corporation's DC&P and ICFR as of June 30, 2011 and have concluded that, for the nature and size of the Corporation's business, these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation, including its subsidiaries, is made known to them by others within the Corporation. The Corporation's Chief Executive Officer and Chief Financial Officer have also evaluated the design and effectiveness of the Corporation's ICFR as of June 30, 2011 and concluded that, for the nature and size of the Corporation's business, these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Corporate Governance Practices

The disclosure required pursuant to National Instrument 58-101-Disclosure of Corporate Governance Practices was made by the Company in its Management Information Circular which was mailed to shareholders and is accessible via the Internet for public viewing on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS 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 reported period. Actual results could differ from those estimates.

Subsequent Events

Subsequent to June 30, 2011, the Company granted 500,000 stock options with an exercise price of $1.13 and an expiry date of July 14, 2016 to one director. The options fully vest immediately.

Other Information

The Corporation's web site address is www.icpotash.com. Other information relating to the Corporation may be found on SEDAR at www.sedar.com.