IC POTASH CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
IC Potash Corp.

We have audited the accompanying consolidated financial statements of IC Potash Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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, these consolidated financial statements present fairly, in all material respects, the financial position of IC Potash Corp. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

February 25, 2015

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2014	December 31, 2013
ASSETS		
Current		
Cash	$ 11,717,178	$ 12,656,992
Receivables (note 3)	6,850	62,930
Prepaid expenses	243,398	78,154
	11,967,426	12,798,076
Property, plant and equipment (note 4)	62,536,896	190,388
Project advances (note 4)	2,286	114,622
Deposits (note 6)	100,876	89,524
Exploration and evaluation assets (note 5)	-	58,418,645
	$ 74,607,484	$ 71,611,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	$ 623,456	$ 1,466,353
Non-current		
Convertible preferred shares (note 10)	10,237,978	-
Decommissioning liabilities (note 9)	159,466	764,659
	11,020,900	2,231,012
Shareholders' equity		
Share capital (note 10)	94,642,655	94,551,009
Reserves (note 10)	9,153,483	8,574,890
Deficit	(40,209,554)	(33,745,656)
	63,586,584	69,380,243
	$ 74,607,484	$ 71,611,255

Nature of operations and going concern (note 1)
Commitments (note 15)

On behalf of the Board:

"Sidney Himmel" **Director**

"George Poling" **Director**

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

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	2014	2013
EXPENSES		
Administration	$ 503,462	$ 625,841
Business and market development	1,249,387	747,145
Consulting fees	96,460	888,843
Depreciation	62,666	85,186
Fundraising activities	206,434	-
Foreign exchange gain	(125,826)	(549,004)
Investor relations	772,557	385,406
Professional fees	461,443	984,425
Regulatory fees	70,097	81,489
Rent and storage	79,599	100,702
Share-based compensation (note 11)	578,593	-
Travel	243,151	420,055
Wages and benefits	2,092,880	2,320,778
Operating loss	(6,290,903)	(6,090,866)
Interest income	38,912	93,284
Finance costs (note 12)	(210,550)	-
Gain (loss) on asset disposal	(1,357)	970
Write-off deferred financing costs (note 10)	-	(406,729)
Loss and comprehensive loss for the year	(6,463,898)	(6,403,341)
Basic and diluted loss per common share	(0.04)	(0.04)
Weighted average number of common shares outstanding	172,679,734	152,948,463

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

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (6,463,898)	$ (6,403,341)
Items not affecting cash:		
Depreciation	62,666	85,186
Loss (gain) on disposal of equipment	1,357	(970)
Interest expense on convertible preferred shares	210,550	-
Share-based compensation	578,593	-
Shares issued for consulting fees	70,766	-
Unrealized foreign exchange loss (gain)	61,685	(358,843)
Write-off of deferred financing costs	-	406,729
Changes in non-cash working capital items:		
Decrease (increase) in receivables	66,479	(2,713)
(Increase) decrease in prepaid expenses	(165,244)	73,385
Increase in accounts payable and accrued liablilities	(199,546)	(164,099)
Net cash used in operating activities	(5,776,592)	(6,364,666)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(24,545)	(48,416)
Deposits	(3,564)	(1,851)
Disposal of asset for cash	6,174	521
Expenditures on exploration and evaluation assets	(4,782,757)	(22,521,411)
Project advances	-	(92,659)
Reclamation payments	(364,603)	-
Net cash used in investing activities	(5,169,295)	(22,663,816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible preferred shares	11,261,000	-
Preferred shares issuance costs	(1,532,843)	-
Proceeds from issuance of share capital	26,000	5,729,105
Share issuance costs	(5,120)	(472,431)
Deferred financing costs	-	(319,238)
Net cash provided by financing activities	9,749,037	4,937,436
Change in cash for the year	(1,196,850)	(24,091,046)
Effect of foreign exchange rate changes on cash	257,036	353,447
Cash, beginning of year	12,656,992	36,394,591
Cash, end of year	$ 11,717,178	$ 12,656,992

Supplemental disclosure with respect to cash flows (note 14)

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

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Reserves	Accumulated Deficit	Total
Balances as at December 31, 2012	151,406,384	$89,456,817	$8,502,712	$(27,342,315)	$70,617,214
Shares issued for cash	20,000,000	5,000,000	-	-	5,000,000
Share issue costs	-	(634,913)	-	-	(634,913)
Grant of broker warrants	-	-	72,178	-	72,178
Exercise of warrants and stock options	1,121,700	729,105	-	-	729,105
Loss and comprehensive loss	-	-	-	(6,403,341)	(6,403,341)
Balances as at December 31, 2013	172,528,084	94,551,009	8,574,890	(33,745,656)	69,380,243
Shares issued for consulting services	246,570	70,766	-	-	70,766
Share issue costs	-	(5,120)	-	-	(5,120)
Share-based compensation	-	-	578,593	-	578,593
Exercise of warrants	100,000	26,000	-	-	26,000
Loss and comprehensive loss	-	-	-	(6,463,898)	(6,463,898)
Balances as at December 31, 2014	172,874,654	$94,642,655	$9,153,483	$(40,209,554)	$63,586,584

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

1. NATURE OF OPERATIONS AND GOING CONCERN

IC Potash Corp. ("IC Potash" or the "Company") was incorporated under the Canada Business Corporations Act on November 8, 2002. IC Potash is now a development stage mining company. The Company is involved in exploration and development of potash and potash-related minerals that can be processed and converted into Sulphate of Potash ("SOP") and other fertilizers. The Company's registered head office is First Canadian Place, Suite 5600, 100 King Street West, Toronto, ON M5X 1C9. The Consolidated Financial Statements ("Financial Statements") are comprised of the Company and its subsidiaries. To date, the Company has not earned operating revenue. The Company completed and filed the NI 43-101 Technical Report, Ochoa Project Feasibility Study, in March 2014.

The recovery of the amounts comprising development assets are dependent upon the ability of the Company to obtain necessary financing to successfully complete the development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. The Company will need to raise capital in order to fund its operations and development of the Ochoa Project. This may be adversely impacted by uncertain market conditions and regulatory approvals. To address its financing requirements, the Company may seek financing through debt and equity financings, asset sales, joint ventures, off-take agreements, and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time.

The Company's continuation as a going concern is dependent on the successful results from its mineral property development activities and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management's plans for the Company will be successful. These Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than in the normal course of business and at amounts different from those reflected in these Financial Statements. The Company estimates that it has sufficient funds continue operations for the next 12 months. The Company intends to raise additional funds in the future so that all project plans can be fully executed.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Statement of compliance:**

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

The Financial Statements were authorized by the audit committee and board of directors of the Company on February 25, 2015.

b) **Basis of presentation:**

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Financial Statements are in accordance with IFRS.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

c) New standards, amendments and interpretations:

Financial instruments
IFRS 7 – Financial Instruments: Disclosure. IFRS 7 is amended for annual periods beginning on or after January 1, 2015 to require additional disclosures on transition from IAS 39 to IFRS 9. The Company is considering the potential impact of this amendment in 2015.

IFRS 9 - Financial Instruments: Classification and Measurement. IFRS 9 is a new standard that will replace IAS 39. IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 introduces new requirements for the classification and measurement of financial instruments as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value and a debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows in the form of principal and interest. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

Revenue Recognition
IFRS 15 - Revenue from Contracts with Customers: IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2017, and has not yet considered the potential impact of the adoption of IFRS 15.

IAS 36, Impairment of Assets
IAS 36 is amended effective for annual periods beginning on or after July 1, 2014 to address disclosures required regarding the recoverable amount of impaired assets of cash generating units (CGUs) for periods in which the impairment loss has been recognized or reversed. As of the date of the financial statements, the Company has no impaired assets. There is no change expected to the financial presentation as a result of this amendment.

d) Basis of consolidation:

The consolidated financial statements of the Company include the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership
Intercontinental Potash Corp.	Canada	100%
Trigon Exploration Utah Inc.	USA	100%
Intercontinental Potash Corp. (USA)	USA	100%

The Company consolidates the subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

e) Cash:

Cash is comprised of cash deposited at Canadian and United States banks and secure, short-term, highly liquid demand deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

f) **Property, plant, and equipment:**

Property, plant, and equipment ("PPE") is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use including associated borrowing costs and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Carrying amounts of PPE are depreciated to their estimated residual value over the estimated useful lives of the assets or the related mine or plant if shorter. Where an item of PPE is composed of major components with different useful lives, the components are accounted for as separate items of PPE.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Exploration, development and field support costs including associated borrowing costs directly related to mining assets are capitalized until the property to which they directly relate is placed into commercial production, sold, abandoned or subject to a condition of impairment. Mine development and shaft access incurred during the development of a mine are capitalized. Mine development and shaft access incurred during the commercial production phase are production costs that are included in the costs of inventory produced during the period that these costs are incurred, unless the mine development and shaft access activity can be shown to give rise to future benefits from the mineral property such as increased reserves, in which case the costs would be capitalized to mineral property.

Mining assets are depreciated over the life-of-mine using the unit-of-production method. The life-of-mine is based on the proven and probable mineral reserves related to the associated ore body. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that were valid at the reporting date may change when new information becomes available. Depreciation begins following commencement of commercial production.

Although the Company has taken steps to verify ownership and legal title to mineral properties in which it has an interest, according to the usual industry standards for the stage of mining, development and exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects. However, management is not aware of any such agreements, transfers or defects.

Depreciation is provided using the units of production or the declining balance basis at the following annual rates:

Furniture and fixtures	20% declining balance
Computer equipment	45% declining balance
Exploration equipment	20% declining balance
Vehicles	30% declining balance
Mining assets	unit of production

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

f) **Property, plant, and equipment (cont'd…)**

The Company conducts an annual assessment of the residual values, useful lives and depreciation methods being used for PPE and any impairment rising from the assessment is recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

g) **Exploration and evaluation assets:**

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment at each reporting date if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are tested for impairment and then reclassified to development assets within property, plant and equipment. Any impairment loss is recognized in profit or loss before reclassification.

h) **Decommissioning, restoration and similar liabilities ("decommissioning liabilities"):**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these decommissioning liability costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had $159,466 in decommissioning liabilities as at December 31, 2014 (December 31, 2013 - $764,659) (note 9).

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

i) Foreign currency transactions:

The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar. Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

j) Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

k) Significant accounting estimates and judgments:

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Functional currency

The foreign subsidiary had no operating revenue and funds were provided by the Canadian reporting entity. Therefore, the Company has determined that Canadian dollar is the functional currency. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Economic recoverability and probability of future benefits of exploration, evaluation and development costs.

Management has determined that development and related costs incurred which were capitalized have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, feasibility studies, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

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

k) **Significant accounting estimates and judgments (**cont'd…)

Impairment of property, plant and equipment and mining interest

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's PPE and mining interests are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its PPE and mining interests. Internal sources of information management considers include the manner in which mining PPE are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's PPE and mining interests, management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. Reductions in commodity price forecasts, increases in estimated future costs of production, increases in estimated future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's PPE and/or mining interests.

Depreciation and amortization rate for property, plant and equipment and depletion rate for mining interests

Depletion, depreciation and amortization expenses are allocated based on assumed asset lives. Should the asset life, depletion rates or depreciation rates differ from the initial estimate, the change in estimate would be made prospectively in the consolidated statements of loss and comprehensive loss.

Estimated reclamation and closure costs

The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to reclamation and closure costs obligations are recorded with a corresponding change to the carrying amounts of related mining properties. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in the Input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

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

k) Significant accounting estimates and judgments (cont'd…)

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

Useful lives of equipment

The Company estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets.

l) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs are assigned a value based on the Black-Scholes pricing model and included in reserves.

When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

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

m) Share-based compensation:

The Company's stock option plan allows eligible Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

n) Loss per share:

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

o) Income taxes:

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

p) Financial assets:

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. The Company's deposits are classified as held to maturity.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. The Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

q) Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has classified the derivative liability associated with the Preferred Shares conversion as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable, accrued liabilities, and debt component of convertible preferred shares are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

r) Share capital:

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

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

s) Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

t) Impairment:

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. RECEIVABLES

Receivables are comprised of the following:

	December 31, 2014	December 31, 2013
HST receivable	$6,850	$60,696
Other receivables	-	2,234
Total	$6,850	$62,930

(Expressed in Canadian Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Development Project - Ochoa Property	Furniture and fixtures	Computer equipment	Exploration equipment	Vehicles	Total
As at December 31, 2012	$ -	$ 62,296	$ 106,516	$ 51,929	$ 119,948	$ 340,689
Additions	-	-	48,417	-	-	48,417
Disposals	-	-	(18,969)	(14,585)	-	(33,554)
As at December 31, 2013	-	62,296	135,964	37,344	119,948	355,552
Transfer from exploration and evaluation assets	62,392,160	-	-	-	-	62,392,160
Additions	17,043	-	7,502	-	-	24,545
Disposals	-	(8,929)	(7,592)	-	-	(16,521)
As at December 31, 2014	$ 62,409,203	$ 53,367	$ 135,874	$ 37,344	$ 119,948	$ 62,755,736
Depreciation						
As at December 31, 2012	$ -	$ 10,620	$ 41,460	$ 15,507	$ 30,988	$ 98,575
Additions	-	10,536	39,276	7,944	27,430	85,186
Disposals	-	-	(11,864)	(6,733)	-	(18,597)
As at December 31, 2013	-	21,156	68,872	16,718	58,418	165,164
Additions	-	7,033	30,152	4,891	20,590	62,666
Disposals	-	(2,924)	(6,066)	-	-	(8,990)
As at December 31, 2014	$ -	$ 25,265	$ 92,958	$ 21,609	$ 79,008	$ 218,840
Net book value:						
As at December 31, 2013	$ -	$ 41,140	$ 67,092	$ 20,626	$ 61,530	$ 190,388
As at December 31, 2014	$ 62,409,203	$ 28,102	$ 42,916	$ 15,735	$ 40,940	$ 62,536,896

4. PROPERTY, PLANT AND EQUIPMENT (cont'd...)

Ochoa property

The Company's land holdings consist of approximately 102,000 acres of federal preference right potassium leases, federal subsurface potassium prospecting permits and State of New Mexico potassium mining leases.

Effective November 1, 2014, the Company's wholly-owned subsidiary Intercontinental Potash Corp. (USA) was granted Preference Rights Leases by the U.S. Department of the Interior Bureau of Land Management ("BLM"). The potassium leases, in conjunction with those granted by the New Mexico State Land Office, comprise the entire area of the 50-year Ochoa mine plan approved by the BLM in the Record of Decision ("ROD" dated April 10, 2014.

5. EXPLORATION AND EVALUATION ASSETS

In November 2014, the Ochoa project was reclassified from an exploration and evaluation assets to a development asset within property, plant, and equipment. The reclassification decision was based on completion of a favourable feasibility study supporting the technical feasibility and commercial viability of the project, completion of the environmental impact study and issuance of the related ROD, approval of the Air Quality permit by the New Mexico Environment Department – Air Quality Division and the receipt of Preference Rights Leases from the BLM. As required by IFRS 6, the property was reviewed for possible impairment when transferred. No impairment was recorded.

(Expressed in Canadian Dollars)

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

Year ended December 31, 2014		**Ochoa**
Acquisition costs		
Balance, beginning of year	$	4,802,864
Additions during the year		
Landman costs		8,345
Permit application and acquisition		928,830
Total acquisition costs		5,740,039
Deferred exploration costs		
Balance, beginning of year		53,615,781
Additions during the year		
Bulk sampling		22,046
Detailed engineering		1,095,807
Feasibility study		575,310
Field expenses		5,975
Geology		184,013
Mining engineering		2,560
Office support		1,254,928
Water reclamation costs		(104,299)
Total deferred exploration costs		56,652,121
Transfer to Property, Plant and Equipment		(62,392,160)
TOTAL	$	-

(Expressed in Canadian Dollars)

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

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

(Expressed in Canadian Dollars)

6. DEPOSITS

	December 31, 2014	December 31, 2013
BLM permit bond	$ 58,005	$ 53,180
MegaBond	29,003	26,590
Office security deposits	13,868	9,754
Total	$ 100,876	$ 89,524

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2014	December 31, 2013
Trade payables	$ 458,165	$ 792,734
Accrued liabilities	97,423	655,620
Other	67,868	17,999
Total	$ 623,456	$ 1,466,353

8. CONTINGENT LIABILITY

In January 2013, the Company signed an Advanced Works Agreement with Veolia Water Solutions and Technologies North America, Inc. (the "Contractor") in which the Company would have to pay the Contractor USD$522,533 to terminate the contract for convenience or if the Company fails to award a contract to the Contractor for the purchase of the evaporation and/or crystallization equipment for the Ochoa Project within twelve (12) months of the completion of the Services.

The Company amended the terms of the Advanced Works Agreement, which extended the completion date specified under the Agreement. In exchange for this extension, the Company paid a fee of USD$104,507 in December 2014. Also, under the terms of this amendment, a fee of USD$418,026 is payable if the Company fails to award a contract to the Contractor for the purchase of the evaporation and/or crystallization equipment for the Ochoa Project by December 31, 2015.

(Expressed in Canadian Dollars)

9. DECOMMISSIONING LIABILITIES

	December 31, 2014	December 31, 2013
Reclamation obligation		
Balance beginning of year	$ 764,659	$ 268,299
Change in estimate	(267,828)	525,365
Accretion expense	-	-
Payments during the year	(364,603)	(61,626)
Effect of foreign exchange	27,238	32,621
Balance end of year	$ 159,466	$ 764,659

Site Restoration: Ochoa Project – New Mexico

The Company completed drilling two water wells during fiscal 2012. The decommissioning of these water wells and associated drilling pits and drilling pads in New Mexico is subject to legal and regulatory requirements. The drilling pits were reclaimed and decommissioned in the first quarter of 2014 at a cost of $364,603. Estimates of the costs of decommissioning are calculated based on guidance from the New Mexico Department of Energy Minerals and Natural Resources, Mining and Minerals Division. Estimates of the costs of decommissioning are reviewed periodically by authorized officers of the Company. The long-term liability represents the Company's best estimate of the present value of future decommissioning costs, discounted at 5%.

As at December 31, 2014, the undiscounted amount of estimated future decommissioning costs in 2066 based on today's costs with 3% inflation after 50 years production is USD$1,627,810 (2013 - $1,298,548). Decommissioning costs are expected to be incurred in 2066.

10. SHARE CAPITAL AND RESERVES

Common shares

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

Please refer to the Consolidated Statements of Changes in Equity for a summary of changes in share capital and reserves for the year ended December 31, 2014. Reserves relate to stock options, agent or finder's warrants, and compensatory warrants that have been issued by the Company (note 11).

During the year ended December 31, 2014 the Company issued the following common shares:

- On May 27, 2014, the Company issued 246,570 common shares of the Company at $0.287 per share to an arm's length consultant for consulting services at a value of $70,766. The costs associated with this share issuance were $5,120.
- On December 15, 2014, the Company issued 100,000 common shares of the Company at $0.26 per share pursuant to the exercise of warrants for gross proceeds of $26,000.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd...)

During the year ended December 31, 2013 the Company issued the following common shares:

- On April 5, 2013, the Company issued 1,121,700 common shares at $0.65 per share pursuant to the exercise of warrants for gross proceeds of $729,105.
- On December 18, 2013, the Company issued 20,000,000 units pursuant to a non-brokered private placement at $0.25 per unit for gross proceeds of $5,000,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for $0.35 per share until June 18, 2015. The Company paid a cash fee equal to 8% of the amount raised by eligible finders in connection with certain subscribers under the offering and issued 1,336,000 finder's warrants valued at $72,178 to such finders. Each finder's warrant entitles the holder to acquire one common share for a period of 12 months at an exercise price equal to $0.26 per share.
- The Company wrote off $406,729 of costs related to a financing that did not complete during fiscal 2013.

Convertible preferred shares

On November 25, 2014, Intercontinental Potash Corp. (USA) ("ICP(USA)"), an indirectly wholly-owned subsidiary of IC Potash Corp., issued 500,000 convertible Class A Preferred Shares (the "Preferred Shares") at a purchase price of USD$10,000,000. The Preferred Shares accrue dividends at a rate of 12% per year and mature on November 21, 2016, at which time they can be redeemed by the holder for the purchase price plus accrued dividends or converted into a non-diluted 7.8% interest of the common shares of ICP(USA).

Since the Preferred Shares contain a contractual obligation whereby ICP(USA) can be required to repay the Preferred Share proceeds, they are considered a financial liability. In addition, the conversion feature is considered an embedded derivative. The Preferred Shares collectively are considered a hybrid instrument for which the debt component should be presented separately. The difference between the fair value of the derivative and the face value of the debt will be allocated to the Preferred Shares financial liability. Upon initial recognition, the fair value of the derivative was determined to be immaterial using the Black-Scholes option pricing model. This amount must be revalued at period end. At period end the fair value was also determined to be immaterial using the Black-Scholes model with the following assumptions:

	December 31, 2014
Share Price	$0.22
Exercise Price	$0.93
Risk-free interest rate	0.7%
Expected life	1.9 years
Expected volatility	65%

The embedded derivative is a level 3 financial liability. The Preferred Shares are accounted for using the effective interest rate method. The effective interest rate of the Preferred Share debt is 20%.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd...)

	Year-ended	
	December 31, 2014	December 31, 2013
Amount at date of issue	$ 11,261,000	$ -
Issuance costs allocated	(1,532,843)	-
Amortization of issuance costs	76,133	-
Accrued dividends payable	134,417	-
Foreign exchange	299,271	-
Balance end of year	$ 10,237,978	$ -

11. STOCK OPTIONS AND WARRANTS

Stock options

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

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

Number of Options	Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
250,000	$ 0.58	0.25	March 31, 2015
500,000	0.45	0.31	April 22, 2015
335,000	1.06	0.41	May 31, 2015
1,102,245	0.40	0.59	August 4, 2015
172,255	0.40	0.72	September 19, 2015
850,000	0.50	0.72	September 19, 2015
56,000	0.35	0.81	October 24, 2015
200,000	0.58	0.85	November 8, 2015
100,000	0.80	0.89	November 22, 2015
900,000	1.40	1.21	March 17, 2016
306,250	1.07	1.80	October 17, 2016
100,000	1.03	2.15	February 23, 2017
1,200,000	0.90	2.32	April 26, 2017
100,000	0.71	2.93	December 5, 2017
200,000	0.35	4.32	April 24, 2019 *
3,025,500	0.40	4.47	June 18, 2019
600,000	0.35	4.67	September 2, 2019
9,997,250			

* 100,000 options will vest on April 24, 2015

(Expressed in Canadian Dollars)

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

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2012	13,803,250	$ 0.75
Cancelled/expired	(640,000)	0.81
Outstanding at December 31, 2013	13,163,250	0.75
Cancelled/expired	(7,047,500)	0.73
Granted	3,881,500	0.39
Outstanding December 31, 2014	9,997,250	$ 0.62
Number of options exercisable at December 31, 2014	9,897,250	$ 0.62

During the year ended December 31, 2014, the Company granted 3,881,500 (2013 - nil) options to consultants, officers, employees, and directors of the Company, of which 3,781,500 options vested immediately and with the remaining 100,000 vesting in one year from date of grant.

The fair value of the options granted and vested, as determined by the Black-Scholes option pricing model, was $578,593 (2013 - $nil) or $0.15 per option (2013 - $nil).

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2014 and December 31, 2013:

	Year ended December 31, 2014	Year ended December 31, 2013
Risk-free interest rate	1.52%	-
Expected life of options	4.67 years	-
Annualized volatility	62%	-
Dividend rate	-	-
Forfeiture rate	-	-

Volatility was determined using weekly closing share prices over the expected life of the options.

(Expressed in Canadian Dollars)

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

Warrants

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

Number of Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
10,000,000	$ 0.35	0.46 years	June 18, 2015

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding as at December 31, 2012	16,996,701	$	0.65
Exercised	(1,121,700)		0.65
Expired	(15,875,001)		0.65
Granted	10,000,000		0.35
Outstanding as at December 31, 2013 and 2014	10,000,000	$	0.35

Finder's warrants

As at December 31, 2014, the Company had nil finder's warrants outstanding.

Finder's warrants are summarized as follows:

	Number of Unit Options		Weighted Average Exercise Price
Outstanding at December 31, 2012	_	$	0.00
Granted	1,336,000		0.26
Outstanding at December 31, 2013	1,336,000		0.26
Exercised	(100,000)		0.26
Expired	(1,236,000)		0.26
Outstanding at December 31, 2014	_	$	0.00

(Expressed in Canadian Dollars)

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

The following weighted-average assumptions were used for the Black-Scholes valuation of finder's warrants granted during the year ended December 31, 2014 and 2013:

	Year ended December 31, 2014	Year ended December 31, 2013
Risk-free interest rate	-	1.08%
Expected life of finder warrants	-	1 year
Annualized volatility	-	57.69%
Dividend rate	-	-
Forfeiture rate	-	-

12. FINANCE COSTS

During the year ended December 31, 2014, the Company incurred the following finance expense related to the Preferred Shares:

		2014
Amortization of issuance costs	$	76,133
Accrued dividends payable on the convertible preferred shares		134,417
	$	210,550

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

	December 31, 2014	December 31, 2013
Key management personnel	$ 17,980	$ 141,252
	$ 17,980	$ 141,252

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

	Year ended	
	December 31, 2014	December 31, 2013
Short-term employee benefits	$ 1,669,447	$ 2,017,383
Directors' fees (included in administration costs)	200,750	229,167
Share-based compensation	575,521	-
		-
Total remuneration	$ 2,479,896	$ 2,246,550

(Expressed in Canadian Dollars)

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplemental disclosure with respect to cash flows		Year ended Decmeber 31, 2014		Year ended Decmeber 31, 2013
Accrued exploration and evaluation assets	$	-	$	1,003,316
Accrued for property, plant and equipment assets	$	359,965	$	-
Advances reclassified to exploration and evaluation assets	$	101,937	$	111,237
Finder's fees in accounts payable	$	-	$	90,304
Transfer of exploration and evaluation assets to property, plant and equipment assets	$	62,392,160	$	-
Reclamation obligation	$	159,331	$	764,659
Warrants for finder's fees	$	-	$	72,178

15. COMMITMENTS

Lease

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

2015	$	143,171	USD	$	34,962	CAD
2016	$	1,500	USD	$	-	CAD
Total	$	144,671	USD	$	34,962	CAD

Production

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

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

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

	December 31, 2014			December 31, 2013		
	Canada	USA	Total	Canada	USA	Total
Property, plant, and equipment	$ 2,368	$ 62,534,528	$ 62,536,896	$ 4,306	$ 186,082	$ 190,388
Exploration and evaluation assets	-	-	-	-	58,418,645	58,418,645
	$ 2,368	$ 62,534,528	$ 62,536,896	$ 4,306	$ 58,604,727	$ 58,609,033

17. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing, exploration, and development of its mineral property assets. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of common shares, convertible preferred shares, options and warrants. The Company had no bank indebtedness at December 31, 2014. 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 manages the capital structure and makes adjustments to it in light of changes in available funds, economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, borrow money, or dispose of assets to adjust the amount of cash.

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

The Company intends to raise additional funds during the next year so that all project plans can be fully executed. There were no significant changes in the Company's approach to capital management during the year ended December 31, 2014.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

The Company's financial instruments include cash, receivables, deposits, accounts payable, and accrued liabilities and the liability component of convertible Preferred Shares.

Financial instruments

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The Preferred Share conversion feature derivative is categorized as level three. The carrying value of receivables, deposits, payables and accrued liabilities approximate fair value because of the short-term nature of these instruments. The Preferred Shares are designated as non-current liabilities, which are measured at amortized cost, using the effective interest rate.

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

Credit risk

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

Liquidity risk

The Company intends to raise additional funds during the next year so that all project plans can be fully executed during the next 12 months. As at December 31, 2014, the Company had a cash balance of $11,717,178 to settle current liabilities of $623,456. The Company has a contractual maturity for the USD$10,000,000 face amount of the preferred shares plus accrued interest in less than 2 years.

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 highly liquid demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates. A 1% change in the interest rate would have had a $30,000 impact on interest income for the year.

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

Foreign currency risk

The Company's functional currency is the Canadian dollar; however there are transactions in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 1% change in the foreign exchange rate would have had an approximate $8,400 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, economic growth in developed and developing countries and stability of exchange rates can all cause significant fluctuations in commodity prices.

19. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2014, was based on the loss attributable to common shareholders of $6,463,898 (2013 – $6,403,341) and the weighted average number of common shares outstanding of 172,679,734 (2013 – 152,948,463). The diluted loss per share did not include the effect of share purchase options or warrants as they are anti-dilutive.

20. INCOME TAXES

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

		2014		2013
Loss for the year	$	(6,463,898)	$	(6,403,341)
Expected income tax (recovery)	$	(1,681,000)	$	(1,617,000)
Change in statutory, foreign tax, foreign exchange rates and other		(644,000)		(608,000)
Permanent difference		564,000		(19,000)
Share issue costs		(1,000)		(142,000)
Adjustment to prior years provision versus statutory returns and expiry of non-capital losses		117,000		-
Change in unrecognized deductible temporary differences		1,645,000		2,386,000
Total income tax expense (recovery)	$	-	$	-

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada/British Columbia.

(Expressed in Canadian Dollars)

20. INCOME TAXES (cont'd…)

The significant components of the Company's deferred tax assets that have not been recognized on the consolidated statement of financial position are as follows:

		2014		2013
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	29,000	$	2,156,000
Property and equipment		3,000		74,000
Share issue costs		461,000		770,000
Debt		463,000		-
Allowable capital losses		35,000		151,000
Non-capital losses available for future period		11,411,000		9,430,000
		12,402,000		12,581,000
Unrecognized deferred tax assets	$	(12,402,000)	$	(12,581,000)
Net deferred tax assets	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2014	Expiry Date Range		2013	Expiry Date Range
Temporary differences						
Exploration and evaluation assets	$	-	-	$	6,255,000	No expiry date
Investment tax credit		40,000	2026 to 2027		40,000	2020 to 2033
Property and equipment		11,000	No expiry date		219,000	No expiry date
Share issue costs		1,771,000	2035 to 2038		2,963,000	2034 to 2037
Debt		1,363,000	No expiry date		-	-
Allowable capital losses		134,000	No expiry date		584,000	No expiry date
Non-capital losses available for future period		39,715,000	2015 to 2034		32,894,000	2015 to 2033
Canada		26,155,000	2015 to 2034		21,916,000	2014 to 2033
USA		13,560,000	2020 to 2034		10,978,000	2020 to 2033

Tax attributes are subject to review, and potential adjustment, by tax authorities.