

IC POTASH CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2015

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, 2015 and 2014 and January 1, 2014 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2015 and 2014, 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, 2015 and 2014 and January 1, 2014 and its financial performance and its cash flows for the years ended December 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about IC Potash Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 30, 2016



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

	December 31, 2015	December 31, 2014	January 1, 2014
		(note 18)	(note 18)
ASSETS			
Current			
Cash	\$ 741,338	\$ 10,100,145	\$ 11,900,143
Receivables	722	5,905	59,167
Prepaid expenses	50,240	209,808	73,481
	<u>792,300</u>	<u>10,315,858</u>	<u>12,032,791</u>
Property, plant and equipment (note 5)	56,197,065	53,906,470	179,003
Exploration and evaluation assets (note 6)	-	-	54,925,390
Project advances	-	1,971	107,768
Deposits (note 3)	80,297	86,955	84,171
Deferred financing costs (note 4)	133,338	-	-
	<u>\$ 57,203,000</u>	<u>\$ 64,311,254</u>	<u>\$ 67,329,123</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (note 7,14)	\$ 689,207	\$ 537,418	\$ 1,378,670
Employment liability (note 9)	939,306	-	-
	<u>1,628,513</u>	<u>537,418</u>	<u>1,378,670</u>
Non-current			
Convertible preferred shares (note 11)	10,718,590	8,825,082	-
Decommissioning liabilities (note 10)	186,207	137,459	718,935
Warrant liability (note 12)	4,088	-	-
	<u>12,537,398</u>	<u>9,499,959</u>	<u>2,097,605</u>
Shareholders' equity			
Share capital (note 11)	94,044,519	94,044,519	93,961,091
Reserves (note 11)	9,099,058	8,968,913	8,445,062
Currency translation adjustment reserve	(9,273,273)	(9,273,273)	(4,098,101)
Deficit	(49,204,702)	(38,928,864)	(33,076,534)
	<u>44,665,602</u>	<u>54,811,295</u>	<u>65,231,518</u>
	<u>\$ 57,203,000</u>	<u>\$ 64,311,254</u>	<u>\$ 67,329,123</u>

Nature of operations and going concern (note 1)

Commitments (note 16)

Subsequent event (note 23)

On behalf of the Board:

"George Poling" **Director** *"Tony Grey"* **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 US Dollars)

	2015	2014 (note 18)
EXPENSES		
Administration	\$ 540,349	\$ 455,828
Business and market development	99,053	1,131,179
Consulting fees	697,068	87,334
Depreciation	41,600	54,017
Fundraising activities	1,654,360	186,903
Foreign exchange loss (gain)	12,417	(111,201)
Investor relations	333,744	699,463
Professional fees	936,628	417,785
Regulatory fees	62,956	63,465
Rent and storage	80,416	72,068
Royalties and property leases	284,554	-
Share-based compensation (note 12,14)	130,145	523,851
Travel	67,247	220,146
Termination expense (note 9)	1,603,910	-
Wages and benefits (note 14)	1,811,271	1,894,864
Operating loss	(8,355,718)	(5,695,702)
Interest income	4,236	35,230
Derivative loss (note 12)	(4,088)	-
Finance costs (note 13)	(1,900,381)	(190,629)
Loss on asset disposal (note 5)	(19,887)	(1,229)
Loss for the year	(10,275,838)	(5,852,330)
Other comprehensive loss		
Currency translation adjustment	-	(5,175,172)
Comprehensive loss for the year	\$(10,275,838)	\$(11,027,502)
Basic and diluted loss per common share	\$ (0.06)	\$ (0.03)
Weighted average number of common shares outstanding basic and diluted	172,874,654	172,679,734

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

IC POTASH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31
(Expressed in US Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (10,275,838)	\$ (5,852,330)
Items not affecting cash:		
Accretion	6,873	-
Depreciation	41,600	54,017
Derivative loss	4,088	-
Loss on disposal of equipment	19,887	1,229
Interest expense on convertible preferred shares	1,893,508	185,392
Shares-based compensation	130,145	523,851
Share issued for consulting fees	-	65,108
Unrealized foreign exchange loss	107,733	146,923
Changes in non-cash working capital items:		
Decrease in receivables	5,183	53,262
Decrease (increase) in prepaid expenses	159,568	(136,327)
Decrease in accounts payable and accrued liabilities	(121,472)	(208,219)
Employment liability	939,306	-
Net cash used in operating activities	<u>(7,089,419)</u>	<u>(5,167,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment expenditures	(2,167,691)	(21,158)
Deposits	6,658	(3,072)
Disposal of asset for cash	4,325	5,322
Expenditures on exploration and evaluation assets	-	(4,329,462)
Reclamation payments	-	(330,107)
Net cash used in investing activities	<u>(2,156,708)</u>	<u>(4,678,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred financing costs	(4,696)	-
Proceeds from convertible preferred shares	-	10,000,000
Preferred share issuance costs	-	(1,361,196)
Proceeds from issuance of share capital	-	23,031
Share issuance costs	-	(4,711)
Net cash provided by (used in) financing activities	<u>(4,696)</u>	<u>8,657,124</u>
Change in cash for the year	(9,250,823)	(1,188,447)
Effect of foreign exchange rate changes on cash	(107,984)	(611,551)
Cash, beginning of year	10,100,145	11,900,143
Cash, end of year	\$ 741,338	\$ 10,100,145

Supplemental disclosure with respect to cash flows (note 15)

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

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

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balances as at January 1, 2014	172,528,084	\$ 93,961,091	\$ 8,445,062	\$ (4,098,101)	\$ (33,076,534)	\$ 65,231,518
Shares issued for consulting service	246,570	65,108	-	-	-	65,108
Share issue costs	-	(4,711)	-	-	-	(4,711)
Share-based compensation	-	-	523,851	-	-	523,851
Exercise of warrants	100,000	23,031	-	-	-	23,031
Loss and comprehensive loss	-	-	-	(5,175,172)	(5,852,330)	(11,027,502)
Balances as at December 31, 2014	172,874,654	94,044,519	8,968,913	(9,273,273)	(38,928,864)	54,811,295
Share-based compensation	-	-	130,145	-	-	130,145
Loss and comprehensive loss	-	-	-	-	(10,275,838)	(10,275,838)
Balances as at December 31, 2015	172,874,654	\$ 94,044,519	\$ 9,099,058	\$ (9,273,273)	\$ (49,204,702)	\$ 44,665,602

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 a development stage mining company. The Company is involved in the 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 office is Suite 1000, 36 Toronto Street, Toronto, ON M5C 2C5. 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 material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. 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 Corporation is currently exploring alternatives to obtain financing. Such alternatives may involve debt, equity or alternative financing structures and may occur at the public company or subsidiary level. In December 2015, Cartesian Capital Group, LLC (“Cartesian”) signed a binding term sheet, and subsequently closed a definitive agreement (note 23), to make a second strategic investment of up to \$45 million in the Company’s subsidiary, Intercontinental Potash Corp.(USA) (“ICP(USA)”).

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”) 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 March 30, 2016.

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.

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

c) Change in presentation currency

Prior to January 1, 2015, the Company reported its annual and quarterly statements of financial position and the related statements of loss and comprehensive loss, cash flows and changes in equity in Canadian dollars ("CAD"). Effective January 1, 2015, the Company changed its reporting currency to the United States ("U.S.") dollar to better reflect the Company's business activities. As a result and in accordance with International Accounting Standards ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates*, the financial statements for all years presented have been translated into U.S. dollars. The statements of loss and comprehensive loss, and cash flows for each year have been translated in to the presentation currency using the average exchange rate prevailing during each year. All assets and liabilities have been translated using the exchange rate prevailing at the statements of financial position dates. Equity transactions since inception have been translated at the exchange rate in effect on the date of the specific transaction. All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income. All comparative financial information has been restated to reflect the Company's results as if they had been historically reported in U.S. dollars.

d) Foreign currency translation

The consolidated financial statements are presented in U.S. dollars. Prior to January 1, 2015, the functional currency of the Company and its subsidiaries was the Canadian dollar. The Company and its subsidiaries functional currency changed on a prospective basis from the Canadian dollar to the U.S. dollar as management determined that the currency of the primary economic environment in which the entities operate changed with the planned development of the Ochoa property and the recent U.S. dollar financing.

Transactions in foreign currencies are translated into the entities functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the U.S. dollar are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in the statements of loss and comprehensive loss in the year in which they occur.

e) New standards, amendments and interpretations:

Adopted during the year

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. There was no impact on the Company's consolidated financial statements upon adoption of this amendment.

Effective January 1, 2016

IFRS 10, IFRS 12, and IAS 28 – Investment Entities. IFRS 10, IFRS 12, and IAS 28 are amended to discuss the application of the investment entities exception. The Company does not expect any impact on the Company's consolidated financial statements upon adoption of this amendment.

IFRS 11 – Accounting for Acquisitions of Interest in Joint Operations. IFRS 11 is amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The Company does not expect any impact on the Company's consolidated financial statements upon adoption of this amendment.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

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

e) New standards, amendments and interpretations (cont'd...)

IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization. IAS 16 and IAS 38 are amended to (i) clarify that the use of revenue-based depreciation and amortization method is not appropriated, and (ii) provide a rebuttable presumption for intangible assets. The Company does not expect any impact on the Company's consolidated financial statements upon adoption of this amendment.

IAS 27 - Equity Method in Separate Financial Statements. IAS 27 is amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Company does not expect any impact on the Company's consolidated financial statements upon adoption of this amendment.

Effective January 1, 2018

IFRS 9 - Financial Instruments: Classification and Measurement. IFRS 9 is a new standard that will replace IAS 39. The 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 otherwise it is at fair value through profit or loss ("FVTPL"). 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.

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, 2018, and has not yet considered the potential impact of the adoption of IFRS 15.

f) 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.	<i>Canada</i>	100%
Trigon Exploration Utah Inc.	<i>USA</i>	100%
Intercontinental Potash Corp. (USA) ("ICP(USA)")	<i>USA</i>	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.

g) 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...)

h) 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.

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
Other equipment	20% declining balance
Vehicles	30% declining balance
Mining assets	unit of production

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

h) 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 arising 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.

i) 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.

j) 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 \$186,207 in decommissioning liabilities as at December 31, 2015 (2014 - \$137,459) (note 10).

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

k) 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.

l) 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 year. 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 main business activities of the Company is in the United States of America and is funded by the United States ("U.S.") dollar. Therefore, the Company has determined that the U.S. 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:

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.

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

1) Significant accounting estimates and judgments (cont'd...)

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.

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.

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

l) Significant accounting estimates and judgments (cont'd...)

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 year, 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.

m) 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...)

n) 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.

o) 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.

p) 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...)

q) 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 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.

r) 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, employment liability, 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.

s) 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.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

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

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. DEPOSITS

	December 31, 2015	December 31, 2014	January 1, 2014
BLM permit bond	\$ 50,000	\$ 50,000	\$ 50,000
MegaBond	25,000	25,000	25,000
Office security deposits	5,297	11,955	9,171
Total	\$ 80,297	\$ 86,955	\$ 84,171

4. DEFERRED FINANCING COSTS

In December 2015, Cartesian Capital Group, LLC ("Cartesian") signed a binding term sheet, and subsequently closed a definitive agreement (note 23) to make a second strategic investment of up to US\$45 million in the Company's subsidiary, ICP(USA). Legal costs and consulting advisory costs related to this financing were recorded in deferred financing costs for \$133,338.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Development					Total
	Project - Ochoa Property	Furniture and fixtures	Computer equipment	Other equipment	Vehicles	
As at January 1, 2014	\$ -	\$ 58,571	\$ 127,834	\$ 35,111	\$ 112,775	\$ 334,291
Transfer from E & E	53,781,708	-	-	-	-	53,781,708
Additions	14,691	-	6,467	-	-	21,158
Disposals	-	(7,697)	(6,544)	-	-	(14,241)
Translation adjustment	-	(4,871)	(10,634)	(2,921)	(9,381)	(27,807)
As at December 31, 2014	53,796,399	46,003	117,123	32,190	103,394	54,095,109
Additions	2,326,119	-	30,288	-	-	2,356,407
Disposals	-	(39,162)	(36,540)	-	-	(75,702)
As at December 31, 2015	\$ 56,122,518	\$ 6,841	\$ 110,871	\$ 32,190	\$ 103,394	\$ 56,375,814

Depreciation

As at January 1, 2014	\$ -	\$ 19,891	\$ 64,754	\$ 15,718	\$ 54,925	\$ 155,288
Additions	-	6,062	25,991	4,216	17,748	54,017
Disposals	-	(2,520)	(5,229)	-	-	(7,749)
Translation adjustment	-	(1,655)	(5,386)	(1,307)	(4,569)	(12,917)
As at December 31, 2014	-	21,778	80,130	18,627	68,104	188,639
Additions	-	1,982	23,029	3,542	13,047	41,600
Disposals	-	(20,952)	(30,538)	-	-	(51,490)
As at December 31, 2015	\$ -	\$ 2,808	\$ 72,621	\$ 22,169	\$ 81,151	\$ 178,749

Net book value:

As at January 1, 2014	\$ -	\$ 38,680	\$ 63,080	\$ 19,393	\$ 57,850	\$ 179,003
As at December 31, 2014	\$ 53,796,399	\$ 24,225	\$ 36,993	\$ 13,563	\$ 35,290	\$ 53,906,470
As at December 31, 2015	\$ 56,122,518	\$ 4,033	\$ 38,250	\$ 10,021	\$ 22,243	\$ 56,197,065

A loss on disposal of \$19,887 (2014 - \$1,229) was recorded from disposing some furniture and equipment due to the closing of an office in Golden, Colorado, USA.

Ochoa property

The Company's land holdings consist of approximately 98,500 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.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS

In November 2014, the Ochoa project was reclassified from an exploration and evaluation asset 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.

Year ended December 31, 2014	Ochoa
Acquisition costs	
Balance, January 1, 2014	\$ 4,515,667
Additions:	
Landman costs	7,555
Permit application and acquisition	840,951
Translation adjustment	(416,290)
Total acquisition costs	4,947,883
Deferred exploration costs	
Balance, January 1, 2014	50,409,723
Additions:	
Bulk sampling	19,960
Detailed engineering	992,129
Feasibility study	520,878
Field expenses	5,410
Geology	166,603
Mining engineering	2,318
Office support	1,136,196
Water reclamation costs	(94,431)
Translation adjustment	(4,324,961)
Total deferred exploration costs	48,833,825
Transfer to property, plant and equipment	(53,781,708)
Balance, December 31, 2014 and 2015	\$ -

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014	January 1, 2014
Trade payables	\$ 130,764	\$ 394,936	\$ 745,330
Accrued liabilities (note 8)	544,978	83,978	616,416
Other	13,465	58,504	16,924
Total	\$ 689,207	\$ 537,418	\$ 1,378,670

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 \$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 \$104,507 in December 2014. Also, under the terms of this amendment, a fee of \$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. The contract was not awarded by December 31, 2015 and therefore the Company has accrued the fee of \$418,026 (note 7).

9. EMPLOYMENT LIABILITY

In July 2015, the Company signed a Termination and Settlement Agreement that included a severance payment to be paid to the former President and Chief Executive Officer:

- a) \$500,000 CAD, less applicable deductions for taxes was paid on July 15, 2015 and
- b) \$1,600,000 CAD, less applicable deductions for taxes, is paid in monthly instalments of \$50,000 CAD, less applicable deductions for taxes, commencing on July 31, 2015 and continuing until the earlier of March 31, 2018 or the Company and/or its subsidiary ICP(USA) successfully complete a financing that results in the Company and/or ICP(USA) raising gross proceeds of \$10 million CAD or a combination of financings that raise gross proceeds of \$10 million CAD, at which time the then remaining balance of the severance payment shall become payable within thirty (30) days.

The full amount of the severance of \$1,603,910 (\$2,100,000 CAD) has been expensed during the year ended December 31, 2015. As at December 31, 2015, the balance of employment liability is \$939,306 (\$1,300,000 CAD) and is included in current liabilities as the company has completed a subsequent financing (note 23) that meets the above conditions.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

10. DECOMMISSIONING LIABILITIES

	December 31, 2015	December 31, 2014	January 1, 2014
Reclamation obligation			
Balance beginning of year	\$ 137,459	\$ 718,935	\$ 252,256
Change in estimate	41,875	(241,476)	493,950
Accretion expense	6,873	-	-
Payments during the year	-	(330,107)	(57,941)
Translation adjustment	-	(9,893)	30,670
Balance end of year	\$ 186,207	\$ 137,459	\$ 718,935

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 \$330,107. 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, 2015, the undiscounted amount of estimated future decommissioning costs in 2067 based on today's costs with 3% inflation after 2 years of development and 50 years production is \$2,354,185 (2014 - \$1,627,810). Decommissioning costs are expected to be incurred in 2067.

11. SHARE CAPITAL AND RESERVES

Common shares

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

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, 2015. Reserves relate to stock options and compensatory warrants that have been issued by the Company (note 12).

During the year ended December 31, 2015, the Company did not issue any common shares.

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 \$0.264 per share to an arm's length consultant for consulting services at a value of \$65,108. The costs associated with this share issuance were \$4,711.
- On December 15, 2014, the Company issued 100,000 common shares of the Company at \$0.23 per share pursuant to the exercise of finders' warrants for gross proceeds of \$23,031.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

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

Convertible preferred shares

During the year ended December 31, 2015, the Company did not issue any convertible preferred shares.

On November 25, 2014, 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 \$10,000,000 to Cartesian Capital Group, LLC. The Preferred Shares accrue dividends at a rate of 12% per year and mature on November 25, 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). The terms of the Preferred Shares have been amended subsequent to year-end (note 23), and therefore remain a long term liability.

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 was considered an embedded derivative in fiscal 2014 which was determined to be immaterial using Black-Scholes with 0.7% risk-free interest rate, expected life of 1.9 years, and expected volatility of 65% assumptions. However, with the functional currency changing to the U.S. dollar effective January 1, 2015, the conversion feature is no longer considered a derivative liability.

The Preferred Shares are accounted for using the effective interest rate method. The effective interest rate of the Preferred Share debt is 20%.

Amount at date of issue, November 25, 2014	\$ 10,000,000
Issuance costs allocated	(1,361,196)
Amortization of issuance costs	67,036
Accrued dividends payable	118,356
Translation adjustment	<u>886</u>
Balance as at December 31, 2014	8,825,082
Amortization of issuance costs	679,667
Accrued dividends payable	1,213,841
Balance as at December 31, 2015	\$ 10,718,590

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

12. 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, 2015, 2014 and 2013, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price (CAD)	Average Contractual Life Remaining (years)	Expiry Date
900,000	\$ 1.40	0.21	March 17, 2016 *
306,250	1.07	0.80	October 17, 2016
100,000	1.03	1.15	February 23, 2017
1,200,000	0.90	1.32	April 26, 2017
100,000	0.71	1.93	December 5, 2017
200,000	0.35	3.32	April 24, 2019
2,275,500	0.40	3.47	June 18, 2019
600,000	0.35	3.67	September 2, 2019
1,707,495	0.35	4.35	May 7, 2020
<u>7,389,245</u>			

* 900,000 options expired unexercised subsequent to December 31, 2015

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

12. STOCK OPTIONS AND WARRANTS (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price (CAD)
Outstanding at December 31, 2013	13,163,250	\$ 0.75
Cancelled/expired	(7,047,500)	0.73
Granted	<u>3,881,500</u>	0.39
Outstanding December 31, 2014	9,997,250	0.62
Cancelled/expired	(4,315,500)	0.50
Granted	<u>1,707,495</u>	0.35
<u>Outstanding December 31, 2015</u>	<u>7,389,245</u>	<u>\$ 0.63</u>
<u>Number of options exercisable at December 31, 2015</u>	<u>7,389,245</u>	<u>\$ 0.63</u>

The exercisable options as at December 31, 2015 have an average weighted remaining life of 2.78 years (2014 – 2.42 years)

During the year ended December 31, 2015, the Company granted 1,707,495 (2014 – 3,881,500) stock options to officers, employees, and directors of the Company. All options vested at the grant date (2014 – 3,781,500 vested at the grant date, 100,000 vested in April 2015).

The fair value of the options granted, as determined by the Black-Scholes option pricing model, was \$126,307 (2014 - \$527,143) or \$0.07 (2014- \$0.14) per option.

Share-based compensation recognized during the year was \$130,145 (2014 - \$523,851) which included options granted during the year as well as residual amounts from prior year grants that have vested during the year.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2015 and 2014:

	Year ended December 31, 2015	Year ended December 31, 2014
Risk-free interest rate	1.06%	1.52%
Expected life of options	3.87 years	4.67 years
Annualized volatility	50.45%	62%
Dividend rate	-	-
Forfeiture rate	-	-

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

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

12. STOCK OPTIONS AND WARRANTS (cont'd...)

Warrants

During the year ended December 31, 2015, the Company extended the life of its 10,000,000 outstanding warrants from June 18, 2015 to December 18, 2016.

As at December 31, 2015, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price (CAD)	Average Contractual Life Remaining	Expiry Date
10,000,000	\$ 0.35	0.97 years	December 18, 2016

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding as at December 31, 2013, 2014 and 2015	10,000,000	\$ 0.35

Effective January 1, 2015, the functional currency of the Company changed to the U.S. dollar. The warrants are considered a derivative liability since the obligation to issue shares is not fixed in the Company's functional currency. The derivative warrant liability is measured at fair value with changes recognized in the statement of loss and comprehensive loss. The estimated fair value is determined using the Black-Scholes model based on significant assumptions including volatility, dividend yield, risk-free interest rate and expected term. The fair value of the derivative warrant liability at January 1, 2015 was immaterial. However, due to the extension of the warrants that occurred during the three months ended June 30, 2015, the value of \$209,111 was recorded at June 30, 2015. The value of the derivative liability has decreased to \$4,088 as at December 31, 2015. The assumptions used to value the warrant derivative liability at December 31, 2015 include a volatility of 82.06%, dividend yield of 0.00%, risk-free interest rate of 0.48% and an expected term of 0.97 years.

	Number of warrants	Weighted average exercise price (CAD)	Warrant liabilities (USD)
Balance, January 1, 2015	10,000,000	0.35	\$ -
Fair value due to extension (June 30, 2015)	-	-	209,111
Change in fair value	-	-	(205,023)
Balance, December 31, 2015	10,000,000	0.35	\$ 4,088

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

12. STOCK OPTIONS AND WARRANTS (cont'd...)

Finder's warrants

As at December 31, 2015, 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, 2013	1,336,000	0.26
Exercised	(100,000)	0.26
Expired	<u>(1,236,000)</u>	0.26
Outstanding at December 31, 2014 and 2015	–	\$ 0.00

13. FINANCE COSTS

During the year ended December 31, 2015, the Company incurred the following finance expenses:

	December 31, 2015	December 31, 2014
Amortization of issuance costs (note 11)	\$ 679,667	\$ 67,036
Accrued dividends payable on the convertible preferred share	1,213,841	118,356
Accretion on decommissioning liabilities (note 10)	6,873	-
Translation adjustment	-	<u>5,237</u>
	<u>\$ 1,900,381</u>	<u>\$ 190,629</u>

14. RELATED PARTY TRANSACTIONS AND BALANCES

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

	December 31, 2015	December 31, 2014	January 1, 2014
Key management personnel	\$ 2,318	\$ 15,499	\$ 132,806
	<u>\$ 2,318</u>	<u>\$ 15,499</u>	<u>\$ 132,806</u>

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

14. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd...)

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

	Year ended	
	December 31, 2015	December 31, 2014
Termination expense	\$ 1,603,910	\$ -
Short-term benefits	1,133,358	1,507,154
Directors' fees	263,005	182,556
Share-based compensation	130,145	523,851
Total remuneration	<u>\$ 3,130,418</u>	<u>\$ 2,213,561</u>

In July 2015, the Company signed a Termination and Settlement Agreement with the former President and Chief Executive Officer, as described in Note 9.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplemental disclosure with respect to cash flows	Year ended	
	December 31, 2015	December 31, 2014
Accrued property in development phase	\$ 454,907	\$ 310,288
Advances reclassified to property in development phase	\$ 2,222	\$ -
Advances reclassified to exploration and evaluation assets	\$ -	\$ 87,869
Reclamation obligation	\$ 41,875	\$ 241,476
Transfer of exploration and evaluation assets to property, plant and equipment assets	\$ -	\$ 53,781,708
Deferred financing costs in accounts payable	\$ 128,642	\$ -

16. COMMITMENTS

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.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

17. SEGMENTED INFORMATION

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

Property, plant, and equipment	Canada	USA	Total
January 1, 2014	\$ 4,049	\$ 174,954	\$ 179,003
December 31, 2014	\$ 2,041	\$ 53,904,429	\$ 53,906,470
December 31, 2015	\$ 783	\$ 56,196,282	\$ 56,197,065

18. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY

For comparative purposes, the statement of financial position as at December 31, 2014 and January 1, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to US dollars. The amounts previously reported in Canadian Dollars as shown below have been translated into US dollars at the December 31, 2014 and January 1, 2014 exchange rate of 1.1601 USD:CAD and 1.0636 USD:CAD respectively.

As at January 1, 2014	As previously reported in CAD	As translated at rate of 1.0636
Current assets	\$ 12,798,076	\$ 12,032,791
Non-current assets	58,813,179	55,296,332
TOTAL ASSETS	71,611,255	67,329,123
Current liabilities	1,466,353	1,378,670
Non-current liabilities	764,659	718,935
TOTAL LIABILITIES	\$ 2,231,012	\$ 2,097,605
As at December 31, 2014	As previously reported in CAD	As translated at 1.1601
Current assets	\$ 11,967,426	\$ 10,315,858
Non-current assets	62,640,058	53,995,396
TOTAL ASSETS	74,607,484	64,311,254
Current liabilities	623,456	537,418
Non-current liabilities	10,397,444	8,962,541
TOTAL LIABILITIES	\$ 11,020,900	\$ 9,499,959

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

18. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY (cont'd...)

For comparative purposes, the Consolidated Statements of Operations and Comprehensive Loss for the year ending December 31, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to US dollars. The amounts previously reported in Canadian Dollars as shown below have been translated into US dollars at the average exchange rate of 1.1045. The effect of the translation is as follows:

Year ended December 31, 2014	As previously reported in CAD	As translated at average rate of 1.1045
Expenses		
Administration	\$ 503,462	\$ 455,828
Business and market development	1,249,387	1,131,179
Consulting fees	96,460	87,334
Depreciation	62,666	54,017
Fundraising activities	206,434	186,903
Foreign exchange gain	(125,826)	(111,201)
Investor relations	772,557	699,463
Professional fees	461,443	417,785
Regulatory fees	70,097	63,465
Rent and storage	79,599	72,068
Share-based compensation	578,593	523,851
Travel	243,151	220,146
Wages and benefits	2,092,880	1,894,864
Operating loss	(6,290,903)	(5,695,702)
Interest income	38,912	35,230
Finance costs	(210,550)	(190,629)
Loss on asset disposal	(1,357)	(1,229)
Loss for the year	(6,463,898)	(5,852,330)
Other comprehensive loss		
Currency translation adjustment	-	(5,175,172)
Comprehensive loss for the year	\$ (6,463,898)	\$ (11,027,502)

19. 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 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, 2015. 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 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, 2015.

20. 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, employment liability, convertible Preferred Shares and derivative warrant liability.

Financial instruments

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The warrant derivative liability is categorized as level three. The carrying value of receivables, deposits, payables and employment liability 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.

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

Financial instruments (cont'd...)

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 this year so that all project plans can be fully executed during the next 12 months. As at December 31, 2015, the Company had a cash balance of \$741,338 to settle current liabilities of \$1,628,513. The Company has a contractual maturity for the \$10,000,000 face amount of the preferred shares plus accrued interest. Term for this contractual maturity has been extended to the same maturity date as Tranche 1 of the new strategic investment commitment from Cartesian. More information is in subsequence event (note 23).

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.

Foreign currency risk

The Company's functional currency is the US dollars; however there are transactions in Canadian 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 \$1,500 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.

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

21. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2015, was based on the loss attributable to common shareholders of \$10,275,838 (2014 – \$5,852,330) and the weighted average number of common shares outstanding of 172,874,654 (2014 – 172,679,734). The diluted loss per share did not include the effect of share purchase options or warrants as they are anti-dilutive.

22. INCOME TAXES

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

	2015	2014
Loss for the year	\$ (10,275,838)	\$ (5,852,330)
Expected income tax (recovery)	\$ (2,672,000)	\$ (1,449,000)
Change in statutory, foreign tax, foreign exchange rates and other	(4,490,000)	(555,000)
Permanent difference	59,000	486,000
Share issue costs	-	(1,000)
Adjustment to prior years provision versus statutory returns and expiry of non-capital losses	(3,437,000)	101,000
Change in unrecognized deductible temporary differences	10,540,000	1,418,000
Total income tax expense (recovery)	\$ -	\$ -

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:

	2015	2014
Deferred tax assets (liabilities)		
Mineral property	\$ 9,825,000	\$ 6,428,000
Property and equipment	2,000	3,000
Share issue costs	145,000	397,000
Debt with accretion	289,000	399,000
Allowable capital losses	25,000	30,000
Non-capital losses available for future period	31,033,000	24,313,000
	41,319,000	31,570,000
Unrecognized deferred tax assets	\$ (41,319,000)	\$ (31,570,000)
Net deferred tax assets	\$ -	\$ -

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

22. INCOME TAXES (cont'd...)

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:

	2015	Expiry Date Range	2014	Expiry Date Range
Temporary differences				
Mineral property	\$ 24,373,000	No expiry date	\$ 24,373,000	No expiry date
Investment tax credit	29,000	2026 to 2027	34,000	2026 to 2027
Property and equipment	7,000	No expiry date	9,000	No expiry date
Share issue costs	558,000	2036 to 2038	1,527,000	2035 to 2038
Debt with accretion	719,000	No expiry date	1,175,000	No expiry date
Allowable capital losses	96,000	No expiry date	115,507	No expiry date
Non-capital losses available for future period	83,828,000	2016 to 2035	76,814,000	2015 to 2034
Canada	18,666,000	2016 to 2035	22,545,000	2015 to 2034
USA	65,162,000	2027 to 2035	54,269,000	2027 to 2034

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

23. SUBSEQUENT EVENT

In December 2015, Cartesian Capital Group, LLC ("Cartesian") signed a binding term sheet, and subsequently closed a definitive agreement, to make a second investment of up to \$45 million in the Company's subsidiary, ICP (USA). In February 2016, ICP (USA) received an initial draw of \$2.5 million from Cartesian.

Cartesian can invest the \$45 million in two tranches. The first tranche consists of up to \$10 million over six months to fund certain pre-DBOM (Design, Build, Operate and Maintain) phase 1 work for a technical refresh program for the Ochoa project. The second tranche of up to \$35 million would close on successful completion of the pre-DBOM phase 1 work and fund completion of engineering and design work for a DBOM plan for the Ochoa project.

The tranche 1 investment consists of up to \$5 million convertible series B preferred shares and up to \$5 million in senior secured notes. The series B preferred shares accrue dividends at 12% per annum, mature February 28, 2018 and if fully funded at \$5 million will convert on a non-dilutive basis to 21.1% of the common stock of ICP (USA). The secured notes bear interest at 11% per annum, mature on February 28, 2018 and are fully secured by a first interest in the assets of ICP (USA) including the Ochoa project.

The first draw down under tranche 1 was a \$2.5 million secured note. The second draw will consist of \$2.5 million series B preferred shares. ICP (USA) can make up to two further draws of up to \$2.5 million each under tranche 1, subject to certain draw down conditions. In connection with the tranche 1 financing, the Class A preferred share (Note 11) maturity date was extended to February 28, 2018 and the dividend rate increased to 15% per annum effective March 1, 2016.

The tranche 2 financing will consist of up to \$35 million convertible series C preferred shares. Both IC Potash Corp. and Cartesian have the right to invest in the \$35 million based on the "as converted" pro rata holdings of ICP (USA) of 71.1% and 28.9%, respectively. If IC Potash Corp. does not fund its full pro rata

IC POTASH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Expressed in US Dollars)

23. SUBSEQUENT EVENT (cont'd...)

share, Cartesian or an affiliate can subscribe for the difference. The series C preferred shares will accrue dividends at 8% per annum with a maturity date of 24 months from date of issue. The shares will be convertible at the option of the holder into ICP (USA) common shares at the greater of a 15% premium to an equity based valuation of IC Potash Corp., and Cdn\$0.115 per share.