

# **ORGANIC POTASH CORPORATION**

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2013 AND 2012

(Expressed in Canadian Dollars)

## **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The management of Organic Potash Corporation is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor. These unaudited financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

"Heather Welner"

Heather Welner

Chief Executive Officer

"Jonathan Held"

Jonathan Held

Chief Financial Officer

May 30, 2013

# Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Financial Position

	March 31, 2013	June 30, 2012
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 86,078	\$ 196,314
Other receivables (note 4)	26,715	48,475
Prepays	45,620	23,696
Inventory	20,004	8,080
	178,417	276,565
Property, plant and equipment (note 6)	482,269	404,227
<b>Total Assets</b>	<b>\$ 660,686</b>	<b>\$ 680,792</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 515,521	\$ 39,557
Convertible debentures	775,261	-
	1,290,782	39,557
<b>Shareholders' Equity (Deficit)</b>		
Share capital (note 7)	2,801,199	2,801,199
Contributed surplus (note 8)	724,829	724,829
Warrants (note 7)	387,194	387,194
Accumulated other comprehensive loss	(10,411)	(2,185)
Equity portion of convertible debentures (note 9)	108,415	-
Deficit	(4,641,322)	(3,269,802)
	(630,096)	641,235
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 660,686</b>	<b>\$ 680,792</b>

Nature of operations and going concern (note 1)

Commitments (note 12)

Subsequent events (note 14)

Approved by the Board

"Heather Welner"

Director

"Michael Galloro"

Director

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

# Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
Three and nine months ended March 31,

	Three months ended,		Nine months ended,	
	2013	2012	2013	2012
General and administration (note 10)	\$ 325,200	\$ 350,817	\$ 1,067,784	\$ 1,083,234
Operating costs	72,161	30,895	219,665	30,895
Share-based payments (note 8)	-	-	-	724,829
Depreciation	10,238	2,216	29,422	2,216
Reverse acquisition transaction costs (note 5)	-	-	-	332,618
	407,599	383,928	1,316,871	2,173,792
Interest income	-	(1,852)	(511)	(7,402)
Interest expense	27,257	-	56,886	-
Foreign exchange loss	(22,036)	2,217	(1,726)	8,255
Loss before provision for income taxes	412,820	384,293	1,371,520	2,174,645
Income taxes	-	-	-	-
Net loss for the year	(412,820)	(384,293)	(1,371,520)	(2,174,645)
Exchange gain (loss) on translating to presentation currency	(15,227)	(7,805)	(8,226)	(7,221)
Loss and comprehensive loss for the year	\$ (428,047)	\$ (392,098)	\$ (1,379,746)	\$ (2,181,866)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares, basic and diluted	64,325,252	64,325,252	64,325,252	63,824,533

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

# Organic Potash Corporation

## Unaudited Condensed Interim Consolidated Statements of Changes in Equity

	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Loss	Equity Portion of Convertible Debentures	Prepaid Share Subscriptions	Deficit	Total Shareholders' Equity (Deficit)
Balance as at June 30, 2011	\$ 402,500	\$ -	\$ -	\$ -	\$ -	\$ 539,650	\$ (716,978)	\$ 225,172
Private placements	2,077,442	-	269,555	-	-	(539,650)	-	1,807,347
Finders' warrants issued on private placements	-	-	117,639	-	-	-	-	117,639
Shares issued for reverse takeover transaction	321,257	-	-	-	-	-	-	321,257
Share-based payments	-	724,829	-	-	-	-	-	724,829
Loss and comprehensive loss for the year	-	-	-	(7,221)	-	-	(2,174,645)	(2,181,866)
Balance as at March 31, 2012	2,801,199	724,829	387,194	(7,221)	-	-	(2,891,623)	1,014,378
Balance as at June 30, 2012	2,801,199	724,829	387,194	(2,185)	-	-	(3,269,802)	641,235
Issuance of convertible debentures	-	-	-	-	108,415	-	-	108,415
Loss and comprehensive loss for the year	-	-	-	(8,226)	-	-	(1,371,520)	(1,379,746)
Balance as at March 31, 2013	\$ 2,801,199	\$ 724,829	\$ 387,194	\$ (10,411)	\$ 108,415	\$ -	\$ (4,641,322)	\$ (630,096)

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

# Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Cash Flows  
Three and nine months ended March 31,

	<b>Three months ended,</b>		<b>Nine months ended,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Cash flows provided from (used in):				
<b>Operating activities</b>				
Loss for the year	\$ (412,820)	\$ (384,293)	\$ (1,371,520)	\$ (2,174,645)
Items not affecting cash:				
Share-based payments (note 8)	-	-	-	724,829
Reverse acquisition transaction costs (note 5)	-	-	-	332,618
Depreciation	10,238	2,216	29,422	2,216
Accretion on convertible debentures (note 9)	8,057	-	16,735	-
Net changes in non-cash working capital:				
Other receivables	5,637	(1,364)	21,760	(19,836)
Prepays	8,952	12,227	(21,924)	(39,251)
Inventory	(898)	-	(11,924)	-
Accounts payable and accrued liabilities	240,637	4,812	475,964	(359,648)
Notes payable	-	-	-	(15,000)
	(140,197)	(366,402)	(861,487)	(1,548,717)
<b>Investing activities</b>				
Additions to property, plant and equipment	(7,103)	(10,851)	(106,782)	(286,087)
	(7,103)	(10,851)	(106,782)	(286,087)
<b>Financing activities</b>				
Proceeds from issuance of units, net of issue costs (note 7)	-	-	-	1,924,986
Proceeds from issuance of convertible debentures, net of issue costs (note 9)	170,000	-	866,941	-
Net assets from TRED acquisition (note 5)	-	-	-	(6,065)
	170,000	-	866,941	1,918,921
Effects of foreign currency translation	(24,913)	(2,546)	(8,908)	(1,962)
Increase (decrease) in cash	(2,213)	(379,799)	(110,236)	82,155
Cash, beginning of period	88,291	1,048,657	196,314	586,703
<b>Cash, end of period</b>	<b>\$ 86,078</b>	<b>\$ 668,858</b>	<b>\$ 86,078</b>	<b>\$ 668,858</b>

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

# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

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## 1. Nature of operations and going concern

Organic Potash Corporation (the “Company”) was incorporated on June 26, 2009 under the Ontario Business Corporations Act. The Company is engaged in West Africa in the production and export of potassium carbonate produced in from agricultural waste, in particular, cocoa husks. The address of the Company’s registered office is 10 Wilkinson Road, Suite 22, Brampton, Ontario, L6T 5B1, Canada.

The condensed interim consolidated financial statements for the three and nine months ended March 31, 2013, and 2012, were approved and authorized for issue by the Board of Directors on May 30, 2013.

The consolidated financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has significant negative cash flows from operations. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company will need to raise capital in order to fund its operations. To address its financing requirements, the Company will seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time.

## 2. Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of condensed interim financial statements including IAS 34. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2012, as they follow the same accounting policies, unless otherwise indicated.

### (a) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

### (b) Basis of consolidation

The condensed interim consolidated financial statements of the Company as at and for the three and nine months ended March 31, 2013, include the Company and its subsidiaries, GC Resources Ltd. (“GC Resources”) and GC Purchasing Ltd. (“GC Purchasing”). Intercompany balances and transactions are eliminated in preparing these consolidated financial statements.

# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

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## 2. Basis of presentation (cont'd)

### (c) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the Company's presentation currency. The Company's functional currency is Canadian dollars and the functional currency of all subsidiaries is the United States Dollar.

### (d) Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are noted below:

#### (i) Income taxes

Tax interpretations, regulations and legislations in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

#### (ii) Expense allocation

The Company estimated the allocation of costs to share or convertible debenture issue costs and professional fees.

#### (iii) Share-based payments and warrants

Charges for share-based payments and the value of warrants are based on the fair value at the date of issuance. The shares are valued using Black-Scholes option pricing model; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

#### (iv) Compound financial instruments

Certain financial instruments comprise a liability and an equity component. This is the case with the convertible debentures issued by the Company. The determination of the amount allocated to the liability and equity components requires management to estimate various components and characteristics of present value calculations used in determining the fair value of the instrument, and the market interest rates of non-convertible debentures.



# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

### 3. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended March 31, 2013, and have not been applied in preparing these interim consolidated financial statements.

The Company is currently assessing the effects of IFRS 9 Financial Instruments (Classification and Measurement) which becomes effective on January 1, 2015, the extent of the impact has not been determined. IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, and IFRS 13 Fair Value Measurement, all of which become effective for year ends beginning after January 1, 2013 have been assessed and have been determined to have no material impact on the Company's financial statements.

### 4. Other receivables

	March 31, 2013	June 30, 2012
HST receivable	\$ 18,438	\$ 41,170
Other receivables	8,277	7,305
	\$ 26,715	\$ 48,475

### 5. Amalgamation with Tulox Real Estate Development Inc.

On February 10, 2011, the Company entered into a non-binding letter of intent to negotiate exclusively with Tulox Real Estate Development Inc. ("TRED"), a reporting issuer. On March 21, 2011, the Company signed an amalgamation agreement with TRED such that each TRED shareholder will receive one common share of the newly amalgamated company ("Amalco") for every two and one half (2.5) common shares of TRED, on a post-consolidated basis, and all of the Company's shareholders would receive one common share of Amalco for each share of the Company being exchanged. The net assets of TRED are not significant. As a result of the amalgamation, the former shareholders of TRED owned 4% and the original owners of the Company owned 96% of the outstanding shares of the amalgamated entity. On July 8, 2011, the Company completed the amalgamation and on August 15, 2011, listed on the Canadian National Stock Exchange.

As the shareholders of the Company controlled Amalco post amalgamation, the acquisition was accounted for as a reverse acquisition. TRED did not meet the definition of a business under IFRS 3. The assets and liabilities of the Company are included in the interim consolidated statement of financial position at their pre-amalgamation carrying values. Share capital and deficit of TRED are eliminated. The fair value of the consideration in the reverse acquisition is equivalent to the fair value of 2,415,467 common shares controlled by the original shareholders of the Company. The purchase price of TRED has been allocated as follows:

<b>Purchase price:</b>	
2,415,467 common shares of the Company at \$0.133 per share	\$ 321,257
<b>Allocated as follows:</b>	
HST receivable	\$ 1,800
Accounts payable and accrued liabilities	(7,865)
Note payable to the Company eliminated on amalgamation	(5,296)
Reverse acquisition transaction costs	332,618
	\$ 321,257

## Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

### 6. Property, plant and equipment

	Equipment, Furniture and Fixtures	Vehicles	Leasehold Improvements	Equipment under Construction	Total
<b>Cost or deemed cost</b>					
	\$ 24,765	\$ 101,616	\$ 18,499	\$ 266,888	\$ 411,768
Additions	7,115	-	16,388	83,279	106,782
Balance at March 31, 2013	31,880	101,616	34,887	350,167	518,550
<b>Accumulated depreciation</b>					
Balance at June 30, 2012	2,923	5,889	-	-	8,812
Depreciation	6,715	18,802	3,905	-	29,422
Balance at March 31, 2013	9,638	24,691	3,905	-	38,234
Exchange differences	95	48	233	1,577	1,953
<b>Net book value as at:</b>					
March 31, 2013	\$ 22,337	\$ 76,973	\$ 31,215	\$ 351,744	\$ 482,269
June 30, 2012	\$ 21,969	\$ 96,337	\$ 18,499	\$ 267,422	\$ 404,227

For the three and nine month periods ended March 31, 2013, \$10,238 and \$29,422 respectively, (2011 - \$2,216 and \$2,216) of depreciation expense was incurred.

### 7. Share capital and warrants

Authorized: an unlimited number of common shares

Issued and outstanding:

	Common Shares	Amount
Balance, June 30, 2011	45,000,000	\$ 402,500
Private placement	16,909,785	2,245,152
Shares issued on RTO	2,415,467	321,257
Share issuance costs	-	(167,710)
Balance, June 30, 2012 and March 31, 2013	64,325,252	\$ 2,801,199

Warrants:

	Warrants	Amount
Balance, June 30, 2011	-	\$ -
Private placement warrants	8,454,883	291,316
Finders' warrants on private placement	1,690,978	117,639
Warrant issuance costs	-	(21,761)
Balance, June 30, 2012 and March 31, 2013	10,145,861	\$ 387,194

# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

## 7. Share capital and warrants (cont'd)

Expiry Date	Number of Warrants	Weighted Average Exercise Price
August 15, 2013 <sup>(1)</sup>	8,454,883	\$ 0.30
August 15, 2013 <sup>(1)</sup>	1,690,978	0.15
	10,145,861	\$ 0.27

(1) In February, 2013, the warrant expiry dates were extended by six months to August 15, 2013.

On July 7, 2011, the Company completed a private placement financing of 16,909,785 units at \$0.15 per unit for gross proceeds of \$2,536,468. Each unit consists of one common share and one half of one warrant exercisable at \$0.30 for a period of eighteen months from the date of listing. The Company paid finder's fees of 10% finder's warrants resulting in the issuance of 1,690,978 finder's warrants exercisable at \$0.15 with a Black-Scholes option pricing model value of \$117,639. All warrants provide the Company the option to call the warrants if the shares trade at a closing price of \$0.45 or greater for 10 consecutive trading days. The value of \$2,245,152 less issuance costs of \$167,710 has been attributed to the common shares. The remaining value of \$291,316 less issuance costs of \$21,761 has been attributed to the warrants issued based on the Black-Scholes option pricing model and has been credited to warrants within shareholders' equity.

On July 8, 2011, the Company completed an amalgamation with TRED (note 5), under which it issued 2,415,467 shares at a value of \$0.133 per share to the former owners of TRED.

The fair value of the Company's warrants issued was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility	N/A	(2012 - 100%)
Risk-free interest rate	N/A	(2012 - 1.10%)
Expected life (years)	N/A	(2012 - 1.5 years)
Dividend yield	N/A	(2012 - Nil)
Share price	N/A	(2012 - \$0.15)

## 8. Share-based payments

The Company implemented a stock option plan under which it is authorized to grant options to its directors, officers, employees and consultants for the purchase of up to 10% of the issued and outstanding common shares. The term of the stock options under the plan shall not exceed 10 years, have an exercise price not less than the current market price and may be subject to vesting terms as determined by the board of directors.

	Number of Options	Weighted Average Exercise Price
Balance at June 30, 2011	-	\$ -
Granted	6,432,525	0.15
Balance at June 30, 2012 and March 31, 2013	6,432,525	\$ 0.15

## Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

### 8. Share-based payments (cont'd)

The Company had the following stock options outstanding at March 31, 2013:

<b>Grant Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Avg Remaining Life (yrs)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>
July 7, 2011	0.15	3.27	6,432,525	6,432,525
	0.15	3.27	6,432,525	6,432,525

The fair value of the Company's stock options issued was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility	N/A	(2012 - 100%)
Risk-free interest rate	N/A	(2012 - 2.29%)
Expected life (years)	N/A	(2012 - 5 years)
Dividend yield	N/A	(2012 - Nil)
Forfeiture rate	N/A	(2012 - Nil)
Share price	N/A	(2012 - \$0.15)
Average fair value	N/A	(2012 - \$0.11)

### 9. Convertible debentures

During the nine months ended March 31, 2013, the Company issued a total of \$870,000 of convertible debentures. The debentures were issued in three tranches, \$270,000 on July 9, 2012, \$300,000 on September 17, 2012, and \$300,000 on February 4, 2013. \$60,000 of the debentures were purchased by and are currently held by a director and a company controlled by a director of the Company. The debentures mature on May 31, 2015, and bear interest at a rate of 10% per annum, payable semi-annually. The outstanding principal under the debentures may, at the option of the holders, be converted into common shares of the Company at a conversion price of \$0.10 per unit, each unit consisting of one common share and one half of one warrant, with each whole warrant exercisable at \$0.30 for a period of 3 years from the original issuance date of the debentures. The debentures may be converted at the option of the Company in the event that the common shares volume weighted average trading price exceeds \$0.25 for ten consecutive trading days. The debentures are secured by all of the assets of the Company.

The convertible debentures are a debt security with an embedded conversion option. The Company used the residual method to allocate the liability and equity portion of the convertible debenture. The Company allocated a fair value of \$761,585 less transaction costs of \$3,059 to the debt component and \$108,415 to equity. The fair value of the debt is measured using a discounted cash flow method. In determining fair value of the liability, the Company applied an interest coupon of 16% which assumes no conversion feature.

Total interest expense for the three and nine months ended March 31, 2013, amounted to \$27,257 and \$56,886 respectively, (2012 - \$Nil and \$Nil) comprised of interest for the three and nine months ended March 31, 2013, of \$19,200 and \$40,151 (2012 - \$Nil and \$Nil), and accretion expense of \$8,057 and \$16,735 (2012 - \$Nil and \$Nil).

# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

## 10. General and administration

	Three months ended March 31,		Nine months ended March 31,	
	2013	2012	2013	2012
Professional fees	\$ 33,843	\$ 39,607	\$ 104,927	\$ 93,240
Salaries	173,342	186,920	550,867	528,080
Travel	34,893	29,790	118,821	135,554
Office and administration	42,063	58,267	164,698	194,783
Consulting	41,059	36,233	128,471	131,577
	\$ 325,200	\$ 350,817	\$ 1,067,784	\$ 1,083,234

## 11. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange/currency risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these interim consolidated financial statements.

### Risk management framework

The Directors have overall responsibility for establishment and oversight of the Company's risk management framework.

#### (i) Credit risk

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Company manages its credit risk by predominantly dealing with counterparties with a positive credit rating. As at March 31, 2013, \$8,277 (June 30, 2012 - \$7,305) of the balances receivable are to third parties and the remaining amounts are with government organizations. The Company is also exposed to credit risk on cash and maintains its balances with high credit Canadian and Ghanaian institutions.

# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

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## 11. Financial risk management (cont'd.)

### Risk management framework (cont'd.)

#### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's executives continually review the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The Company's operating cash requirements, including amounts projected, are continuously monitored and adjusted as input variables change. These variables include but are not limited to, changes to government regulations relating to prices, taxes, royalties, and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner. The Company currently has cash on hand in excess of current liabilities. All accounts payables are due within 30 days.

#### (iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The significant market risk to which the Company is exposed is foreign exchange risk.

#### (a) Foreign exchange risk

The Company is exposed to foreign exchange risk primarily related to operating and capital expenditures, denominated in currencies other than the Canadian dollar, primarily US Dollars (USD) and Ghanaian Cedi (GHC). The following financial instruments are shown in Canadian dollars.

	USD	GHC	Total
Cash	\$ 17,404	\$ 12,203	\$ 29,607
Other receivables	-	8,277	8,277
Accounts payable and accrued liabilities	(25,238)	(17,409)	(42,647)
<b>Total</b>	<b>\$ (7,834)</b>	<b>\$ 3,071</b>	<b>\$ (4,763)</b>
Effect of +/- 10% change in exchange rate	\$ (783)	\$ 307	\$ (476)

# Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

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## 11. Financial risk management (cont'd.)

### (iv) Capital management

The Company includes equity, comprised of share capital, warrants, contributed surplus, equity portion of convertible debentures, accumulated other comprehensive loss, and deficit in the definition of capital, which at March 31, 2013, was a deficit of \$630,096 (June 30, 2012 - \$641,235).

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to pursue the production of organic potassium carbonate, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company is not subject to externally imposed capital requirements or covenants.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## 12. Commitments

On July 31, 2009, GC Resources entered into a license agreement with GC Technology Limited ("GC Technology"), a company where a director of the Company is a director, acquiring the rights to manufacture and sell organic potassium carbonate produced using GC Technology's patented process to manufacture industrial grade potassium carbonate from the ash of cocoa husks. The licensing agreement has a term of 20 years and shall expire on August 30, 2029. As consideration for the license granted, GC Resources is to pay GC Technology an ongoing royalty fee equal to 4% of the gross sales up to a maximum of US\$800,000 per year.

The Company signed a 99 year lease for land in Takoradi, Ghana for which it plans to construct a potassium carbonate production facility. Upon receiving appropriate registration of title, the Company will be required to pay US\$60,000, which is the total cost for the entire 99 year lease.

## 13. Related party transactions

During the three and nine month periods ended March 31, 2013, the Company incurred consulting fees of \$Nil and \$Nil, respectively (2012 - \$Nil and \$15,000) and legal fees of \$15,000 and \$45,000, respectively (2012 - \$15,000 and \$30,000), to a company controlled by a director of the Company. As at March 31, 2013, \$35,000 (2012 - \$Nil), remains payable.

During the three and nine month periods ended March 31, 2013, the Company incurred rent expense, recorded as office and general, totaling approximately \$3,000 and \$9,000 respectively (2012 - \$3,000 and \$9,000) to a company controlled by a director.

As at March 31, 2013, the Company owes approximately \$277,161 (2012 - \$Nil) to executive officers for outstanding salaries payable.

# **Organic Potash Corporation**

Notes to Unaudited Condensed Interim Consolidated Financial Statements  
Three and nine months ended March 31, 2013 and 2012

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## **14. Subsequent events**

Subsequent to period end, 300,000 options were exercised by a director of the Company for gross proceeds of \$45,000.

Subsequent to period end, 366,667 warrants were exercised for gross proceeds of \$55,000.