ORGANIC POTASH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
(Expressed in Canadian Dollars)

Collins Barrow
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Organic Potash Corporation

We have audited the accompanying consolidated financial statements of Organic Potash Corporation and its subsidiaries which comprise the consolidated statements of financial position as at June 30, 2013 and June 30, 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2013 and June 30, 2012 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Organic Potash Corporation and its subsidiaries as at June 30, 2013 and June 30, 2012, and its financial performance and its cash flows for the years ended June 30, 2013 and June 30, 2012 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 the material uncertainties that cast significant doubt about Organic Potash Corporation's ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
October 28, 2013
Toronto, Ontario

Organic Potash Corporation

Consolidated Statements of Financial Position
As at June 30,

		2013		2012
Assets				
Current				
Cash	$	13,376	$	196,314
Other receivables (note 5)		27,593		48,475
Prepaids		13,958		23,696
Inventory		23,032		8,080
		77,959		276,565
Property, plant and equipment (note 6)		462,055		404,227
Total Assets	$	540,014	$	680,792
Liabilities				
Current				
Accounts payable and accrued liabilities (note 7)	$	717,686	$	39,557
Convertible debentures (note 11)		784,194		-
		1,501,880		39,557
Shareholders' Equity (Deficit)				
Share capital (note 8)		2,960,512		2,801,199
Contributed surplus (note 9)		691,024		724,829
Warrants (note 8)		361,685		387,194
Accumulated other comprehensive loss		(48,816)		(2,185)
Prepaid share subscriptions (note 10)		30,000		-
Equity portion of convertible debentures (note 11)		108,415		-
Deficit		(5,064,686)		(3,269,802)
		(961,866)		641,235
Total Liabilities and Shareholders' Equity	$	540,014	$	680,792

Nature of operations and going concern (note 1)
Commitments (note 15)
Subsequent events (note 17)

Approved by the Board

"Heather Welner" — Director

"Michael Galloro" — Director

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

Organic Potash Corporation

Consolidated Statements of Loss and Comprehensive Loss
Years ended June 30,

	2013	2012
General and administration (note 12)	$ 1,399,181	$ 1,448,124
Operating costs	307,397	46,147
Share-based payments (note 9)	-	724,829
Depreciation	58,396	8,812
Reverse acquisition transaction costs (note 4)	-	332,618
	1,764,974	2,560,530
Interest income	(527)	(8,116)
Interest expense (note 11)	86,794	-
Foreign exchange (gain) loss	(50,263)	410
Gain on disposition of property, pland and equipment (note 6)	(6,094)	-
Loss before provision for income taxes	1,794,884	2,552,824
Income taxes	-	-
Net loss for the year	(1,794,884)	(2,552,824)
Exchange loss on translating to presentation currency	(46,631)	(2,185)
Loss and comprehensive loss for the year	$ (1,841,515)	$ (2,555,009)
Loss per common share, basic and diluted	$ (0.03)	$ (0.04)
Weighted average number of common shares, basic and diluted	64,443,974	63,949,044

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

Organic Potash Corporation

Consolidated Statements of Changes in Equity
Years ended June 30, 2013 and 2012

	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	2,195,081	-	269,555	-	-	(539,650)	-	1,924,986
Broker 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	-	-	-	(2,185)	-	-	(2,552,824)	(2,555,009)
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
Exercise of stock options	78,805	(33,805)	-	-	-	-	-	45,000
Exercise of warrants	80,508		(25,509)	-	-	-	-	54,999
Prepaid share subscriptions	-	-	-	-	-	30,000	-	30,000
Loss and comprehensive loss for the year	-	-	-	(46,631)	-	-	(1,794,884)	(1,841,515)
Balance as at June 30, 2013	$ 2,960,512	$ 691,024	$ 361,685	$ (48,816)	$ 108,415	$ 30,000	$ (5,064,686)	$ (961,866)

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

Organic Potash Corporation

Consolidated Statements of Cash Flows
Years ended June 30,

		2013		2012
Cash flows provided from (used in):				
Operating activities				
Net loss for the year	$	(1,794,884)	$	(2,552,824)
Items not affecting cash:				
Share-based payments (note 9)		-		724,829
Reverse acquisition transaction costs (note 4)		-		332,618
Depreciation		58,396		8,812
Accretion on convertible debentures (note 11)		25,668		-
Gain on disposition of property, plant and equipment		(6,094)		-
Net changes in non-cash working capital:				
Other receivables		20,882		(12,975)
Prepaids		9,738		(23,696)
Inventory		(14,952)		(8,080)
Accounts payable and accrued liabilities		678,129		(347,770)
Notes payable		-		(15,000)
		(1,023,117)		(1,894,086)
Investing activities				
Addtions to property, plant and equipment		(124,586)		(411,768)
Proceeds from dispostion of property, plant and equipment		30,783		-
		(93,803)		(411,768)
Financing activities				
Proceeds from issuance of units, net of issue costs (note 8)		-		1,924,986
Proceeds from exercise of warrants and options		100,000		-
Proceeds from prepaid share subscriptions		30,000		-
Proceeds from issuance of convertible debentures, net of issue costs (note 11)		866,941		-
Net assets from TRED acquisition (note 4)		-		(6,065)
		996,941		1,918,921
Effects of foreign currency translation		(62,959)		(3,456)
Decrease in cash		(182,938)		(390,389)
Cash, beginning of year		196,314		586,703
Cash, end of year	$	13,376	$	196,314

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

1. Nature of operations and going concern

Organic Potash Corporation (the "Company" or "OPC") 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 consolidated financial statements for the year ended June 30, 2013, were approved and authorized for issue by the Board of Directors on October 28, 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as detailed in the Company's accounting policies disclosed in note 3.

(b) Basis of consolidation

The consolidated financial statements of the Company as at and for the years ended June 30, 2013, and 2012, include the Company and its wholly-owned subsidiaries, GC Resources Ltd. ("GC Resources") and GC Purchasing Ltd. ("GC Purchasing"). Intercompany balances and transactions are eliminated in preparing these consolidated financial statements.

(c) Functional and presentation currency

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

2. Basis of presentation (cont'd)

(d) Use of estimates and judgments

The preparation of the 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 issue costs, convertible debenture issuance 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 share-based payments and warrants 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) Functional currency

Judgement is required to determine the functional currency of the parent and its subsidiaries. These judgements are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

(v) Convertible debentures

Judgement is required to determine the discount rate used to measure the liability portion of the convertible debenture. The Company reviewed market data and comparable companies in order to estimate an appropriate discount rate.

3. Significant accounting policies (cont'd)

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements as at and for the years ended June 30, 2013 and 2012, unless otherwise indicated. The accounting policies have been applied consistently by each entity.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

OPC's significant subsidiaries are:

	Country of Incorporation	Ownership Interest Total
GC Resources Ltd.	Ghana	100%
GC Purchasing Ltd.	Ghana	100%

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Convertible debentures

The Company accounts for its convertible debentures in accordance with the substance of the contractual arrangement on initial recognition. Therefore, as a result of the conversion feature of the debentures, the Company's convertible instruments have been segregated between liability and equity based on the fair value of the liability components. The difference between the estimated fair value of the liability at issuance and the face amount is reflected as "Equity portion of convertible debentures" in shareholders' equity (deficit) and as a discount in that amount to the liability portion of the debenture. This discount is being accreted to the principal face amount as additional interest expense over the term of the liability using the effective interest rate method.

3. Significant accounting policies (cont'd.)

Property, plant and equipment

Property, plant and equipment is recorded at historical cost or deemed cost less accumulated depreciation and accumulated impairment losses, if any. Improvements that increase the future economic benefit of an asset are capitalized; other repairs and maintenance are expensed. The Company's property, plant and equipment are reviewed for indications of impairment at each reporting date. If indication of impairment exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of (i) fair value less costs to sell, and (ii) value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis. Impairment losses can be subsequently reversed when an asset recovers in fair value, but must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment been recognized.

Amortization is computed under the straight-line method over the following estimated useful lives:

Equipment, furniture and fixtures	3 to 10 years
Vehicles	3 to 5 years
Leasehold improvements	Life of lease

Amortization of equipment under construction begins when they are ready for their intended use.

Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effect.

Share-based payments

The Company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured using the Black-Scholes option pricing model when issued to employees. Where share-based payments are issued to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. If the fair value is not readily determinable the amount is based on the fair value of the equity instrument granted. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options are exercised.

3. Significant accounting policies (cont'd)

Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the financial period end;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- equity transactions are translated using the exchange rate at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component of equity as cumulative translation adjustments.

When a foreign operation is disposed of, the relevant amount in the accumulated translation account in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income.

Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Fair value through profit and loss
Other receivables	Loans and receivables
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities
Convertible debentures	Other financial liabilities

3. Significant accounting policies (cont'd)

Financial instruments (cont'd)

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to contractual provisions of the instrument.

The Company has the following non-derivative financial assets:

Fair value through profit and loss ("FVTPL")

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statement of loss and comprehensive loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Other financial liabilities

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities is comprised of accounts payable and accrued liabilities and notes payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

3. Significant accounting policies (cont'd)

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using 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: fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: fair value measurements are based on inputs other than quoted market 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: fair value measurements are those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2013 and June 30, 2012, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as Level 1.

Determination of fair values

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Inventory

Raw materials consist of materials that will be consumed in the processing circuit to produce potassium carbonate.

Work in progress represents potassium carbonate that is in the processing circuit that has not completed the production process, and is not yet in a saleable form.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing each product to its present location and condition. Net realizable value is determined with reference to expected sales price less applicable variable selling expenses.

3. Significant accounting policies (cont'd)

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in loss except to the extent that the tax relates to items recognized directly in equity or other comprehensive income.

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

Deferred 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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

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.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive instruments such as options and warrants, adjusted for own shares held. Diluted loss per share has not been presented since the amount would be anti-dilutive.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended June 30, 2013, and have not been applied in preparing these 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, IFRS 13 Fair Value Measurement, IAS 1 (Amendment) Presentation of Other Comprehensive Income, and IAS 28 (Amendment) Accounting for Investments in Associates and Joint Ventures, 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. 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 OPC shareholders would receive one common share of Amalco for each share of OPC 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 consolidated statement of financial position at their pre-amalgamation carrying values, which approximates fair value. 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 2,415,467common shares controlled by the original shareholders of the Company. The purchase price of TRED has been allocated as follows:

Purchase price:		
2,415,467 common shares of the Company at $0.133 per share	$	321,257
Allocated as follows:		
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

5. Other receivables

		June 30, 2013		June 30, 2012
HST receivable	$	18,777	$	41,170
Other receivables		8,816		7,305
	$	27,593	$	48,475

6. Property, plant and equipment

	Equipment, Furniture and Fixtures	Vehicles	Leasehold Improvements	Equipment under Construction	Total
Cost or deemed cost					
Balance at June 30, 2012	$ 24,765	$ 101,616	$ 18,499	$ 266,888	$ 411,768
Additions	7,715	-	16,388	100,483	124,586
Dispositions	-	(32,919)	-	-	(32,919)
Balance at June 30, 2013	32,480	68,697	34,887	367,371	503,435
Accumulated depreciation					
Balance at June 30, 2012	2,923	5,889	-	-	8,812
Depreciation	9,059	22,823	26,514	-	58,396
Dispositions	-	(8,230)	-	-	(8,230)
Balance at June 30, 2013	11,982	20,482	26,514	-	58,978
Exchange differences	718	1,672	309	14,899	17,598
Net book value as at:					
June 30, 2013	$ 21,216	$ 49,887	$ 8,682	$ 382,270	$ 462,055
June 30, 2012	$ 21,969	$ 96,337	$ 18,499	$ 267,422	$ 404,227

For the year ended June 30, 2013, $58,396 (2012 - $8,812) of depreciation expense was recorded. All of the Company's property, plant and equipment are located in Ghana. Equipment under construction is the costs incurred to date for a mini processing plant.

7. Accounts payable and accrued liabilities

	June 30, 2013	June 30, 2012
Trade payables	$ 683,176	$ 21,414
Accrued liabilities	28,118	18,143
Other advances and interest free loans	6,392	-
	$ 717,686	$ 39,557

The other advances and interest free loans were received from a Company which has a common director as the Company.

8. 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	64,325,252	2,801,199
Exercise of warrants	366,667	80,508
Exercise of options	300,000	78,805
Balance, June 30, 2013	64,991,919	$ 2,960,512

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	10,145,861	387,194
Exercise of warrants	366,667	(25,509)
Balance, June 30, 2013	9,779,194	$ 361,685

Expiry Date	Number of Warrants	Weighted Average Exercise Price
August 15, 2013	8,454,883	$ 0.30
August 15, 2013	1,324,311	0.15
	9,779,194	$ 0.28

Issuance of common shares and warrants

On July 7, 2011, OPC 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 February 15, 2013, the Company extended the 9,779,194 warrants expiry date to August 15, 2013.

8. Share capital and warrants (cont'd)

On July 8, 2011, the Company completed an amalgamation with TRED (note 4), under which it issued 2,415,467 shares at a value of $0.133 per share to the former owners of TRED.

On April 26, 2013, the Company issued 666,667 common shares at $0.15 per common share upon the exercise of 300,000 stock options and 366,667 warrants.

The fair value of the Company's warrants issued in 2012 was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility, based on industry comparables	100%
Risk-free interest rate	1.10%
Expected life (years)	1.5 years
Dividend yield	Nil
Share price	$0.15

9. 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	6,432,525	$ 0.15
Exercise of options	(300,000)	0.15
Balance at June 30, 2012	6,132,525	$ 0.15

The Company had the following stock options outstanding at June 30, 2013:

Grant Date	**Exercise Price ($)**	**Weighted Avg Remaining Life (yrs)**	**Number of Options Outstanding**	**Number of Options Exercisable**
July 7, 2011	0.15	3.02	6,132,525	6,132,525

The fair value of the Company's stock options issued in 2012, that vested immediately was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility, based on industry comparables	100%
Risk-free interest rate	2.29%
Expected life (years)	5 years
Dividend yield	Nil
Forfeiture rate	Nil
Share price	$0.15
Average fair value	$0.11

10. Prepaid share subscriptions

Prepaid share subscriptions consists of cash received, net of issuance cost, related to a private placement under which the shares had not been issued. The prepaid share subscriptions relate to the subscription of 300,000 units at $0.10 per unit with regards to a private placement, net of issue costs. Each unit consists of one common share and one half of one warrant exercisable at $0.30 per warrant for a period of eighteen months.

11. Convertible debentures

During the year ended June 30, 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. If during the term of the warrants, the closing price per common share is not less than $0.45 for 10 consecutive trading days, the Company may force the warrant holders to exercise in 15 days, after which the warrants will expire. 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 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 liability 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 year ended June 30, 2013, amounted to $86,794 comprised of interest for the year ended June 30, 2013, of $61,126, and accretion expense of $25,668.

12. General and administration

		2013		2012
Professional fees	$	156,377	$	166,747
Salaries		727,646		726,742
Travel		142,230		170,046
Office and administration		203,255		216,544
Consulting		169,673		168,045
	$	1,399,181	$	1,448,124

13. Income taxes

Provision for income taxes

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates are as follows:

	2013	2012
Loss before income taxes	$ 1,794,884	$ 2,552,824
Statutory rate	26.50%	27.25%
Expected income tax recovery at combined basic Federal and Provincial tax rate	475,644	695,645
Effect on income taxes of:		
Change in rates	(160,394)	(116,043)
Permanent differences	3,700	(289,042)
Tax assets not recognized	(318,950)	(290,559)
Income tax expense	$ -	$ -

Deferred Tax Balances

The Company's future income tax assets and liabilities are valued using the deferred income tax rate of 26.50%. The tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are as follows:

	2013	2012
Non-capital losses carry forward	$ 805,600	$ 459,179
Share issuance cost	12,200	16,971
Convertible debenture	(22,700)	-
Tax assets not recognized	(795,100)	(476,150)
Deferred income tax asset	$ -	$ -

Losses Carried Forward

The Company has non-capital losses that will expire, if not utilized, as follows:

2030	$	2,500
2031		674,478
2032		1,159,737
2033		1,164,384
Total	$	3,001,099

14. 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 and commodity price 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 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 counterparty's inability to fulfill its contractual obligations. The Company is exposed to credit risk on cash and maintain its balances with high credit Canadian and Ghanaian institutions.

(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.

14. Financial risk management (cont'd.)

Risk management framework (cont'd.)

(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.

(i) 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	$ 10,799	$ 1,905	$ 12,704
Other receivables	7,073	1,743	8,816
Accounts payable and accrued liabilities	(20,520)	(58,729)	(79,249)
Total	$ (2,648)	$ (55,081)	$ (57,729)
Effect of +/- 10% change in exchange rate	$ (265)	$ (5,508)	$ (5,773)

(iv) Capital management

The Company includes equity, comprised of share capital, contributed surplus, warrants, cumulative translation adjustment, prepaid share subscriptions and deficit in the definition of capital (deficit), which at June 30, 2012, totalled a deficit of $961,866 (2012 – capital of $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 issues new shares, issue new debt, acquire or dispose of assets. As at June 30, 2013 the Company has issued $870,000 (2012 - $Nil) of convertible debentures, see note 11, which come due in May, 2015. Besides the convertible debentures, the Company has not entered into any debt financing except for temporary interest free notes from related parties.

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. There was no change in managements approach to managing capital during the year.

15. 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 potash produced using GC Technology's patented process to manufacture industrial grade potash 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 of potash 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.

16. Related party transactions

Transactions with related parties are incurred in the normal course of business. During the year ended, the Company:

a) incurred consulting fees totalling $Nil (2012 - $15,000) to two companies each controlled by a different director and other key management personnel;

b) incurred legal fees recorded as professional fees totalling $60,000 (2012 - $45,750), to a law firm in which a director of the Company is a partner. As at June 30, 2013, $50,000 (2012 - $Nil) remains in accounts payable and accrued liabilities;

c) incurred rent expense, recorded as office and general, totaling $12,000 (2012 - $10,000), to a company controlled by a director. As at June 30, 2013, $5,000 (2012 - $Nil) remains in accounts payable and accrued liabilities; and

d) received an interest free loan from a director and senior officer of the Company in the amount of 12,212 GHS, which remains outstanding as at June 30, 2013, and remains in accounts payable and accrued liabilities.

Key management personnel are comprised of the Company's directors and officers. In addition to their salaries, key management personnel also participate in the Company's share based compensation program.

Salaries and short-term benefits	$ 472,000	$ 490,096
Share-based payments	-	349,314
	$ 472,000	$ 839,410

As at June 30, 2013, $393,333 (2012 - $Nil) of key managements' compensation remains in accounts payable and accrued liabilities.

17. Subsequent events

On August 15, 2013, all 9,779,194, warrants that were issued and outstanding expired unexercised.

On October 3, 2013, the Company completed the first tranche of a private placement issuing 2,000,000 units at $0.10 per unit to raise gross proceeds of $200,000. Each unit consists of one common share and one half of one common share purchase warrant exercisable at $0.30, expiring 18 months from the date of issuance.