

Organic Potash Corporation
June 30, 2013
Management's Discussion and Analysis ("MD&A")

October 28, 2013

Introduction

The following discussion and analysis is a review of operations, current financial position and outlook for Organic Potash Corporation (the "**Company**" or "**OPC**") and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2013. Results are presented for the years ended June 30, 2013 and 2012. Amounts are reported in Canadian dollars based upon the consolidated financial statements prepared in accordance with International Financial Reporting Standards.

This MD&A provides management's view of the financial condition of the Company and the results of its operations for the reporting periods indicated. Additional information related to OPC is available as filed on the Canadian Securities Administrators' website at www.sedar.com.

Forward-looking information

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, the future price of resources, the estimation of resources, the realization of resource estimates, the timing and amount of estimated future production, costs of production, capital and operating expenditures, access to sufficient liquidity and capital resources, requirements for additional capital, government regulations and limitations of insurance coverage. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "foresees" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are based on assumptions. They involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; future prices of resources; possible variations recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the industry; political instability; delays in obtaining financing or in the completion of construction activities, as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or result, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

General Development of the Business

General

The Company (originally incorporated under the name Ghana Canada Resources Inc.) was incorporated in Ontario on June 26, 2009. The Company has two subsidiaries, both incorporated under the laws of Ghana, GC Purchasing Ltd. (“GCP”) and GC Resources Ltd. (“GCR”). The Company is engaged in the production and export of potassium carbonate produced from agricultural waste, in particular, cocoa husks.

On July 31, 2009, GCR entered into a license agreement with GC Technology Limited (“Technology”), acquiring the rights to manufacture and sell organic potassium carbonate produced using Technology’s patented process to manufacture industrial grade potassium carbonate from the ash of cocoa husks.

The Company has its head office in Canada, a subsidiary office in Accra, Ghana, and has acquired land which will be used to set up a full scale plant and administrative office in Takoradi, Ghana to run its manufacturing and processing operations. Currently the Company has a smaller scale prototype plant which is in pre-commercial operation and is working towards commercial operations and sales. Ghana is the second largest cocoa producer in the world and shares a border with the largest cocoa producer in the world, the Ivory Coast. The combined cocoa production of Ghana and the Ivory Coast accounts for approximately 60% of the world’s cocoa production.

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 were not significant. On July 8, 2011, the Company completed the amalgamation and on August 15, 2011, listed on the Canadian National Stock Exchange (“CNSX”). The Company trades under the symbol OPC.

Selected Financial Information and Management's Discussion and Analysis

This MD&A provides analysis of the Company’s financial results for the years ended June 30, 2013, 2012, and 2011. The following information should be read in conjunction with the audited consolidated financial statements of the Company for the years ended June 30, 2013 and 2012 (and the notes thereto).

Annual Information

The following table summarizes the Company's financial results for the years ended June 30:

	2013	2012	2011
Interest income	\$ 527	\$ 8,116	\$ Nil
Net loss	1,794,884	2,552,824	(714,478)
Total assets	540,014	680,792	627,499
Total long term liabilities	784,194	Nil	Nil
Cash dividends declared	\$ Nil	\$ Nil	\$ Nil

Discussion on Results of Annual Operations

During the 2013 fiscal year, the Company continued to focus on the expansion of its supply chain of raw material that is extracted from cocoa husks, as well as taking its mini processing plant into commercial production. On May 15, 2013, the Company announced that it has reached commercial production. In addition to this, the Company obtained free zone status during the year granting numerous tax benefits. The Company also completed a private placement of convertible debentures during the year, raising gross proceeds of \$870,000.

At the start of the 2012 fiscal year, the Company completed a private placement raising gross proceeds of \$2,536,468 which has been used for operations. During the year, the Company has been focused on designing and constructing its mini processing plant. The Company is currently in a pre commercial stage and is working on providing samples to potential purchases. The Company also had a significant focus on its supply chain of cocoa husk ash in a number of different regions throughout Ghana to ensure that sufficient supply will be available for when its mini processing plant reaches commercial production.

During 2011 and 2010, the Company had very limited operations. The focus of the Company's operations was on preliminary planning for Ghanaian operations as well as a focus on raising capital and completing the listing of the Company's shares on the CNSX. During the 2010 fiscal year the Company negotiated and signed the licensing agreement and worked on developing a business plan in order to obtain financing to fund the initial capital requirements of the Company.

Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"), for each of the last eight quarters ended, up to and including June 30, 2013. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned quarters.

Year	2013	2013	2012	2012
Ending	June 30	March 31	December 31	September 30
Finance Income (Loss)	\$ 18,645	\$ (5,221)	\$ 24,620	\$ (74,048)
Working Capital (Deficit)	(639,727)	(337,104)	(80,563)	299,669
Expenses	448,103	407,599	469,424	439,848
Net Loss	(423,364)	(412,820)	(444,804)	(513,896)
Net Loss (per Share)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Year	2012	2012	2011	2011
Ending	June 30	March 31	December 31	September 30
Finance Income (Loss)	\$ 8,559	\$ (365)	\$ (3,039)	\$ 2,551
Working Capital	237,008	735,766	1,131,240	1,802,480
Expenses	386,738	383,928	393,549	1,396,315
Net Loss	(378,179)	(384,293)	(396,588)	(1,393,764)
Net Loss (per Share)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

Discussion on Results of Quarterly Operations

Finance Income (Loss)

The only income the Company has generated to date is interest earned on its cash balances which are nominal based on the current cash balances. During the quarter ended June 30, 2013, the Company incurred \$29,908 of interest and accretion expense, slightly higher than the prior quarter of \$27,256, due to the timing of closing of the convertible debentures. The Company also had an overall foreign exchange gain due to fluctuations between the Canadian Dollar compared to both the Ghanaian Cedi and the United States Dollar.

General and Administration Expenses

During the quarter ended June 30, 2013, the Company incurred salaries and wages of approximately \$177,000, which is comparable to the prior period of \$173,000. The Company has been very conscious of its salary costs and has implemented cost cutting mechanisms as it had required increases in the size of its work force to operate the plant. Overall, the Company managed to reduce the total G&A fees during Q4 year over year by approximately \$30,000.

Operating Costs

During the quarter ended June 30, 2013, the Company saw an increase in operating costs to approximately \$87,732, (March 31, 2013 - \$72,161), and increase of approximately 22%. The increase was a result of the Company reaching commercial production during this quarter which increased the overall operating costs of the plant.

Going Concern

Although the Company has reached commercial production, it has no forward looking contracts, hence no guaranteed source of revenue and has cash requirements to meet its administrative overhead. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. There can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

The financial statements associated with this MD&A have been prepared in accordance with IFRS applicable to an entity expected to continue as a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Liquidity, Capital Resources and Financings

At June 30, 2013, the Company had a cash balance of \$13,376 (June 30, 2012, – \$196,314) and working capital (deficit) of (\$639,272) (June 30, 2012 - \$237,008). The Company's commitments consist of the royalty under the licensing agreement and US \$60,000 to complete the land acquisition upon receiving proper approvals. The Company does not have sufficient cash on hand to pay these commitments, and the Company currently has negative working capital, hence additional financing is required to pay for capital, operating and administrative costs to move the business forward.

The Company issued convertible debentures in three tranches, \$270,000 on July 9, 2012, \$300,000 on September 17, 2012, and \$300,000 on February 4, 2013 for gross proceeds of \$870,000. \$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. All of the debentures mature on May 31, 2015. The convertible debentures bear interest at a rate of 10% per annum, payable semi-annually. The debentures are convertible at \$0.10 per unit, each unit consisting of one common share and one half common share purchase warrant, each whole warrant exercisable at \$0.30 per common share. The convertible debentures are secured by all of the assets of the Company.

During the year, the Company received \$100,000 from the exercise of 666,667 stock options and finders warrants at an exercise of \$0.15 per common share.

During the year, the Company also received \$30,000 of prepaid share subscriptions associated with the private placement. Subsequent to year end, the Company closed the first tranche of the private placement raising gross proceeds of \$200,000.

As at October 15, 2013, the Company has a working capital (deficit) of approximately (\$947,000).

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Commitments and Contingencies

The Company has a license agreement with Technology to use a patented process to manufacture and sell organic potassium carbonate from the ash of cocoa husks. Under the terms of the license agreement, the Company has the exclusive rights to the use of the patented process for all of Western Africa where over 70% of the worldwide cocoa production occurs. The license agreement has a term of 20 years and expires on August 30, 2029 with an option to extend for 20 years. As consideration for the license, the Company must pay a royalty of 4% on 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.

Transactions with Related Parties

Transactions with related parties are incurred in the normal course of business and are measured at their fair values, which is the amount of consideration established and approved by the related parties. During the year ended, the Company:

- a) incurred consulting fees totaling \$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 totally \$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.

Outstanding Share Data

For information regarding outstanding share capital of the Company, please see the table presented below as at October 15, 2013.

Common shares	66,991,919
Warrants	1,000,000
Stock options	6,132,525

Subsequent to year end, all 9,779,194, warrants that were issued and outstanding expired unexercised.

Subsequent to year end, the Company closed on the first tranche of its private placement raising gross proceeds of \$200,000, and issuing 2,000,000 common shares and 1,000,000 common share purchase warrants, exercisable at \$0.30.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make judgments, assumptions and estimates that affect the financial results of the Company. These estimates are reviewed regularly, but changes in circumstances and new information may result in actual results that differ materially from current estimates.

Significant areas requiring the use of management estimates relate to the calculation of deferred taxes, allocations to share issue costs, functional currency, amounts allocated to the liability versus equity components of convertible debentures, and assumptions used for the Black-Scholes option pricing model for the valuation of warrants and share-based payments.

Recent Accounting Pronouncements Issued and Not Yet Applied

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, 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.

Risk Factors

The Company is exposed to a variety of risks and uncertainties, including, but not limited to the risks set out below:

No Ongoing Operations and No Production History

The Company will be a potassium carbonate producer and export company with no current or historical producing operations or revenue.

The Company's Operations are Subject to Operational Risks and Hazards Inherent in the Potassium Carbonate Industry

The Company's business will be subject to a number of inherent risks and hazards, including; environmental pollution, accidents or spills; industrial and transportation accidents, which may involve hazardous materials; labour disputes; power disruptions, accidents; failure of plant and equipment to function correctly, the inability to obtain suitable or adequate equipment, fires; blockades or other acts of social activism; changes in the regulatory environment; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, and technical failure of production methods. There is no assurance that these risks will not have adverse effects on the Company.

The Company Will Require Additional Capital in the Future

The Company has limited financial resources. The Company will continue to make substantial capital expenditures related to development and production. The development of the potassium carbonate manufacturing plant and related activities can require significant expenditures, with a period of time occurring before production can commence. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on commercially acceptable terms, if at all. Failure to obtain such additional financing could result in delay or indefinite postponement of development of its potassium carbonate project.

Environmental Risks and Hazards

The Company's operations will be subject to environmental regulation in the jurisdictions in which it operates. These regulations set forth limitations on the general, transportation, storage and disposal of waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government Regulation

The Company's planned production and export activities may be subject to various laws governing production, export, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company believes its production and export activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulation governing operations or more stringent implementation thereof could have an impact on the Company and cause increased expenditures or reduction in levels of production.

Cocoa Husk Risks

The Company is dependent on the cocoa husks to be supplied by the cocoa farmers in Western Africa. If harm were to come to the cocoa crop through natural disasters such as flood, drought or disease among others, the Company's ability to produce potassium carbonate could be significantly impacted. If other technologies were to be created which call for the use of cocoa husks, the Company would be exposed to competition in obtaining the husks.

Competition

The industry is competitive and the product is typically produced through the extraction of potassium carbonate or potash through mining. The Company will be competing with established potash companies in the mining industry for initial sales. The Company has no firm purchase commitments from any customers due to the early stage of operations. As the Company's potassium carbonate is produced through a manufacturing process converting cocoa husks to potassium carbonate, customers may be hesitant with purchasing from the Company versus a competitor. Such competition may result in the Company being unable to acquire desired entry in the market.

Political Risk

The Company's future prospects may be affected by political decisions about the potassium carbonate market. There can be no assurance that the Canadian, Ghanaian, or other government or quasi-governmental authority will not enact legislation or other rules affecting the production of potassium carbonate, or restricting to whom the Company can sell to.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Company's management reviewed the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2013. Based on this review, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed in reports that are filed and submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time periods specified in those rules and forms.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and frauds. A control system, no matter how well designed or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.