



ORGANIC POTASH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

(Expressed in Canadian Dollars)

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, 2016 and June 30, 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2016 and June 30, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, 2016 and June 30, 2015, and its financial performance and its cash flows for the years ended June 30, 2016 and June 30, 2015 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 and its subsidiaries' ability to continue as a going concern.

Colling Barrow Toronto LLP

Licensed Public Accountants
Chartered Professional Accountants
October 28, 2016
Toronto, Ontario

Organic Potash Corporation

Consolidated Statements of Financial Position

As at June 30, 2016 and 2015

(Expressed in Canadian Dollars)

	2016	2015
Assets		
Current		
Cash	\$ 101,436	\$ 3,019
Subscription receivable (note 4)	37,370	-
Other receivables (note 4)	3,754	902
Prepays	2,440	7,149
	145,000	11,070
Property, plant and equipment (note 5)	-	33,418
Total Assets	\$ 145,000	\$ 44,488
Liabilities		
Current		
Accounts payable and accrued liabilities (note 15)	\$ 2,200,673	\$ 2,237,236
Loans payable (notes 7 and 15)	305,844	250,309
Debentures (note 10)	220,000	870,000
	2,726,517	3,357,545
Shareholders' Deficiency		
Share capital (note 8)	4,004,548	3,460,046
Contributed surplus (note 9)	1,353,935	1,063,020
Warrants (note 8)	-	16,627
Accumulated other comprehensive loss	(378,345)	(316,485)
Equity portion of convertible debentures (note 10)	-	259,295
Deficit	(7,561,655)	(7,795,560)
	(2,581,517)	(3,313,057)
Total Liabilities and Shareholders' Deficiency	\$ 145,000	\$ 44,488

Nature of operations and going concern (note 1)

Commitments (note 14)

Subsequent events (note 16)

Approved by the Board

"Heather Welner"

Director

"Wally Rudensky"

Director

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

Organic Potash Corporation

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Years ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

	2016	2015
Sales	\$ -	\$ 19,911
General and administration (note 11)	156,055	628,426
Operating costs	11,920	138,859
Stock-based compensation (note 9)	60,493	-
Depreciation (note 5)	9,298	246,042
Impairment of property, plant and equipment (note 5)	17,913	91,025
Finance costs (note 10)	81,995	282,118
Foreign exchange gain	(24,010)	(293,084)
Gain on conversion of debenture interest (note 10)	(102,783)	-
Gain on extinguishment of debenture (note 10)	(433,333)	-
Gain on disposition of property, plant and equipment (note 10)	(11,453)	-
(Income) loss before provision for income taxes	(233,905)	1,073,475
Income taxes	-	-
Net income (loss) for the year	233,905	(1,073,475)
Other comprehensive income (loss)		
Items that may be reclassified to income		
Exchange loss on translating to presentation currency	(61,860)	(254,579)
Income (loss) and comprehensive loss for the year	\$ 172,045	\$(1,328,054)
Income (loss) per common share, basic and diluted	\$ 0.00	\$ (0.02)
Weighted average number of common shares, basic and diluted	71,747,031	70,363,700

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, 2016 and 2015

(Expressed in Canadian Dollars)

	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, 2014	\$ 3,341,874	\$ 1,052,709	\$ 21,610	\$ (61,906)	\$ 108,415	\$ 80,000	\$ (6,722,085)	\$ (2,179,383)
Issuance of shares, net of cash issue costs (note 8)	118,172	-	5,328	-	-	-	-	123,500
Prepaid share subscriptions	-	-	-	-	-	(80,000)	-	(80,000)
Expiration of warrants (note 8)	-	10,311	(10,311)	-	-	-	-	-
Change in exercise price of convertible debentures (note 10)	-	-	-	-	150,880	-	-	150,880
Loss and comprehensive loss for the year	-	-	-	(254,579)	-	-	(1,073,475)	(1,328,054)
Balance as at June 30, 2015	3,460,046	1,063,020	16,627	(316,485)	259,295	-	(7,795,560)	(3,313,057)
Issuance of shares for compensation (note 8)	45,500	-	-	-	-	-	-	45,500
Issuance of shares for debt settlement (note 8)	268,057	-	-	-	-	-	-	268,057
Issuance of shares for cash (note 6)	230,945	-	-	-	-	-	-	230,945
Expiry of conversion option on debentures (note 10)	-	259,295	-	-	(259,295)	-	-	-
Stock-based compensation (note 9)	-	14,993	-	-	-	-	-	14,993
Expiration of warrants (note 8)	-	16,627	(16,627)	-	-	-	-	-
Income (loss) and comprehensive loss for the year	-	-	-	(61,860)	-	-	233,905	172,045
Balance as at June 30, 2016	\$ 4,004,548	\$ 1,353,935	\$ -	\$ (378,345)	\$ -	\$ -	\$ (7,561,655)	\$ (2,581,517)

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, 2016 and 2015

(Expressed in Canadian Dollars)

	2016	2015
Cash flows provided by (used in):		
Operating activities		
Net income (loss) for the year	\$ 233,905	\$ (1,073,475)
Items not affecting cash:		
Depreciation (note 5)	9,298	246,042
Impairment of property, plant and equipment (note 5)	17,913	91,025
Share-based payments (note 9)	60,493	-
Gain on disposition of property, plant and equipment	(11,453)	-
Change in exercise price of convertible debentures (note 10)	-	150,880
Gain on conversion of debenture interest (note 10)	(102,783)	-
Gain on settlement of debenture (note 10)	(433,333)	-
Accretion on convertible debentures	-	44,238
Net changes in non-cash working capital:		
Other receivables	(2,852)	9,628
Prepays	4,709	5,479
Inventory	-	14,285
Accounts payable and accrued liabilities	73,412	569,194
Cash used in operations	(150,692)	57,296
Financing activities		
Proceeds from loans payable (note 7)	55,535	168,091
Proceeds from issuance of units, net of issue costs (note 8)	193,574	43,500
Cash provided by financing	249,109	211,591
Effects of foreign currency translation	-	(289,903)
Increase (decrease) in cash	98,417	(21,016)
Cash, beginning of the year	3,019	24,035
Cash, end of the year	\$ 101,436	\$ 3,019
Supplemental disclosure of non-cash transactions:		
Issuance of shares for compensation	45,500	-
Issuance of shares for debt settlement	268,057	-
Accounts payable settled for capital assets	19,634	-

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

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Organic Potash Corporation (“OPC” or the “Company”) was incorporated on June 26, 2009 under the Ontario Business Corporations Act. The Company has been engaged in West Africa in the production and export of potassium carbonate produced from agricultural waste, in particular, cocoa husks. In 2016 the operations are on hold pending additional funding. 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 years ended June 30, 2016, and 2015, were approved and authorized for issue by the Board of Directors on October 28, 2016.

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 and a significant working capital deficiency. 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. Adjustments to the consolidated statement of financial position would be material if the Company was unable to continue as a going concern.

2. Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the interpretations of the IFRS Interpretations Committee.

(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 for the years ended June 30, 2016, and 2015, include the Company and its wholly-owned subsidiary, GC Purchasing Ltd. (“GC Purchasing”) and GC Resources Ltd. (“GC Resources”) which it owns 45% (2015-100%). During the year, the Company legally transferred 55% of the shares of GC Resources pursuant to the agreement described in Note 14. Given the terms of the agreement including provisions to cancel the transferred shares, the Company continues to control this subsidiary (note 2(d)(vii)). Intercompany balances and transactions are eliminated in preparing these consolidated financial statements.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

(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.

(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 consolidated 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 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.
- (iv) **Functional currency:** Judgement is required to determine the functional currency of the parent and its subsidiaries. These judgements are evaluated when circumstances change and are based on management's experience and knowledge of the relevant facts and circumstances.
- (v) **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 Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

- (vi) **Property, plant and equipment:** Judgment is required to determine when property, plant and equipment under construction becomes available for use, the useful life of property plant and equipment when it becomes available for use, and if any impairment triggers have occurred. If an impairment trigger has occurred, the estimates are required to determine the value of the property, plant and equipment (note 5).
- (vii) **Consolidation:** The Company exercises judgment in determining whether it controls subsidiaries where it holds less than half of the voting rights. To make this assessment, the Company considers the relevant terms of the related agreements, including rights to board representation, legal restrictions, and cancellation provisions.

3. Significant accounting policies

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, 2016 and 2015, 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	45%
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 loss and comprehensive loss. 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

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Foreign currency (continued)

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.

(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.

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 (deficiency) 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. Once the conversion feature expires, the amount recorded as equity portion of convertible debentures is transferred to contributed surplus.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Settlement of debt

In the event the Company settles debt by way of issuance of shares, the shares are measured at fair value and the difference between the debt settled and the fair value of the shares are recognized as a gain or loss in the statement of loss and comprehensive loss.

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 of disposal, 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 its 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	2 to 5 years
Vehicles	4 years
Leasehold improvements	Life of lease

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.

Warrants

The value of warrants are transferred to contributed surplus upon expiration.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

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.

Revenue recognition

Sales revenue is recognized when the significant risks and rewards are transferred to the buyer, which is generally when product is shipped, the sales price and costs incurred or to be incurred can be measured reliably, collectability is probable and significant risks and rewards are transferred to the buyer.

Financial instruments

The Company's financial instruments consist of the following:

Financial assets:

Cash
Subscription receivable

Classification:

Fair value through profit and loss
Loans and receivables

Financial liabilities:

Accounts payable and accrued liabilities
Debentures
Loan payable

Classification:

Other financial liabilities
Other financial liabilities
Other financial liabilities

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Financial instruments (continued)

(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 debentures.

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.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

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, 2016, and June 30, 201, the carrying value of the financial instruments approximate fair value due to their short-term nature. 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.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in income (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

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

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

New standards and interpretations that are not yet effective for the period ended June 30, 2016, and have not been applied in preparing these consolidated financial statements are as follows:

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued by the IASB in May, 2014. IFRS 15 provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The Company intends to adopt IFRS 15 on its effective date and has not reviewed the effects of this future policy change.

IFRS 16 - Leases sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

4. Other receivables

	June 30, 2016		June 30, 2015	
HST receivable	\$	3,754	\$	902
Subscription receivable		37,370		-
	\$	41,124	\$	902

On November 20, 2015, the Company signed a Joint Venture Agreement (“JV”) with New Commodity Ventures (“NCV”). In conjunction with the JV, NCV purchased 2,916,667 common shares of the Company at US\$0.06 per share. The total subscription value was US\$175,000 of which US\$146,069 was paid leaving a balance of US\$28,931 (CDN\$37,370) outstanding. 1,250,000 of the common shares are held in escrow until the outstanding balance is paid (note 6).

5. Property, plant and equipment

	Equipment, Furniture and Fixtures		Vehicles		Total
Cost					
Balance at June 30, 2015	\$	400,955	\$	68,697	\$ 469,652
Dispositions		-		(32,723)	(32,723)
Balance at June 30, 2016		400,955		35,974	436,929
Accumulated depreciation					
Balance at June 30, 2015		437,317		58,573	495,890
Depreciation		-		7,151	7,151
Impairment		17,390		-	17,390
Dispositions		-		(24,542)	(24,542)
Balance at June 30, 2016		454,707		41,182	495,889
Exchange differences		53,799		5,208	59,007
Net book value as at:					
June 30, 2016	\$	-	\$	-	\$ -
June 30, 2015	\$	16,861	\$	16,557	\$ 33,418

During the year ended June 30, 2015, the Company halted operations at its plant in Ghana. Due to the stop of operations and storing of the equipment, the Company has written down its equipment, furniture and fixtures. All of the Company’s property, plant and equipment are located in Ghana.

6. Investment in Joint Venture

Ivory Coast Operations and Subscription of Shares

On November 20, 2015, the Company signed a Joint Venture Agreement (“JV”) with New Commodity Ventures (“NCV”). Under the terms of the JV, OPC and NCV will incorporate a new company (“JVco”), with each of OPC and NCV owning 50%, which will be granted an exclusive sublicense for the production and sale of potassium carbonate in the Ivory Coast. The sublicense will have a royalty rate of 5% of gross sales, payable quarterly up until US\$800,000 and then the

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

6. Investment in Joint Venture (continued)

royalty will be reduced to 1.5%. The term of the license will be for the same period as OPC's current license with GC Technology (note 14).

Under the terms of the JV, OPC will provide the license, technology expertise, marketing and sales expertise and such other support as may be appropriate with the design and implementation of the plant facility, without being responsible for any hard costs. NCV will be responsible to raise all funds necessary for the start-up and continued operation of the JV, not to be less than USD\$2,000,000. NCV will also be responsible for recruiting the local team, management of the day to day administration and operations as well as developing and structuring the supply chain in the Ivory Coast.

As at June 30, 2016, the Joint Venture has not commenced operations and has no assets and liabilities.

7. Loans payable

The loans payables consist of advances and interest free loans which are due on demand and were received from companies which have a common director of the Company (note 15).

8. Share capital and warrants

Authorized: an unlimited number of common shares

Issued and outstanding:

	Common Shares	Amount
Balance, June 30, 2014	69,191,919	\$ 3,341,874
Private placement	1,300,000	124,672
Share issuance costs	-	(6,500)
Balance, June 30, 2015	70,491,919	\$ 3,460,046
Private placement (note 5)	2,916,667	230,944
Share issuance for compensation (note 9)	700,000	45,500
Share issuance upon conversion of debenture (note 10)	13,402,077	268,058
Balance, June 30, 2016	87,510,663	\$ 4,004,548

Warrants:

	Warrants	Amount
Balance, June 30, 2014	2,100,000	\$ 21,610
Expiration of warrants	(1,000,000)	(10,311)
Private placement warrants	650,000	5,328
Balance, June 30, 2015	1,750,000	\$ 16,627
Expiration of warrants	(1,750,000)	(16,627)
Balance, June 30, 2016	-	-

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

8. Share capital and warrants (continued)

On August 5, 2014, the Company closed the third tranche of a private placement financing of 1,300,000 units at \$0.10 per unit for gross proceeds of \$130,000. The Company allocated the value to the shares and warrants using the unit bifurcation residual method. The value of \$124,672 less issue costs of \$6,500 has been attributed to common shares. The value of \$5,328 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 August 3, 2015, 1,100,000 warrants expired unexercised. On February 5, 2016, 650,000 warrants expired unexercised.

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, 2014	5,882,525	\$ 0.15
Options expired	(3,082,525)	0.15
Balance at June 30, 2015	2,800,000	0.15
Options expired	(450,000)	0.15
Options granted	250,000	0.08
Balance at June 30, 2016	2,600,000	\$ 0.14

The Company had the following stock options outstanding at June 30, 2016:

Grant Date	Exercise Price (\$)	Weighted Avg Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
July 7, 2011	0.15	0.05	2,350,000	2,350,000
March 17, 2016	0.08	4.82	250,000	250,000

The fair value of the options granted in 2016 that vested immediately have been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate of 1.63% and based on the full life of the option of 5 years, expected dividend

yield of nil, expected forfeiture rate of nil, expected volatility of 316% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years. Under this method of calculation, the Company has recorded \$14,993 as stock-based compensation, being the fair value of the options vested during year ended June 30, 2016. The Company issued 700,000 shares valued at \$45,500 to the Chief Financial Officer as compensation for services.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

10. 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 matured 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 were a debt security with a 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 was 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.

During the year ended June 30, 2015, the Company adjusted the conversion price of the convertible debentures from \$0.10 to \$0.06. As a result of this change in the terms of the convertible debentures, the Company recorded the value of the change in the value of the conversion option as a finance cost of \$150,880. The finance cost was calculated based on the Black-Scholes option pricing model of the change in the conversion feature.

On May 31, 2015, the Company's \$870,000 in convertible debentures came due and conversion feature expired. As the Company has been unable to raise funds to repay the debentures, it continued to accrue interest until June 8, 2016. On June 9, 2016, the Board of Directors approved offering a conversion at CDN\$0.06 per share. It also permitted the conversion of all accrued interest at this time. Thus, on June 29, 2016, a total of \$650,000 of debentures and \$154,174.50 of accrued interest were converted to 13,402,077 common shares that were issued to various debenture holders. A gain of \$433,333 was recorded on the statement of income and comprehensive loss as a result of the extinguishment of debentures and a gain of \$102,783 as a result of the debenture interest conversion.

As at June 30, 2016, the Company has \$220,000 of debentures remain outstanding with accrued interest of \$74,354 included in accounts payable and accrued liabilities (June 30, 2015 - \$130,619).

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

11. General and administration

	Year ended June 30,	
	2016	2015
Office and administration	\$ 108,014	\$ 62,378
Professional fees	45,906	106,689
Consulting	1,595	59,244
Travel	540	29,527
Salaries	-	370,588
	\$ 156,055	\$ 628,426

12. 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 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 is exposed to credit risk on cash and subscription receivable and the Company maintains its cash 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.

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

12. Financial risk management (continued)

The Company's operating cash requirements, including amounts projected, are continuously monitored and adjusted as input variables change. There is no assurance that the necessary financing will be available in a timely manner. All accounts payables are due within 30 days however the majority of the accounts payable as at June 30, 2016 are past due.

(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. The company's activities expose to foreign exchange risk and interest rate 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	\$ 50,855	\$ 10	\$ 50,865
Subscription receivable	37,370	-	37,370
Other receivable	3,754	-	3,754
Accounts payable and accrued liabilities	(412,278)	(201,188)	(613,466)
Total	\$ (320,299)	\$ (201,178)	\$ (521,477)
Effect of +/- 10% change in exchange rate	\$ (32,030)	\$ (20,118)	\$ (52,148)

(b) Interest risk

Cash flow interest rate risk is the risk that future cash flow of financial instruments will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to cash flow interest rate risk on its interest bearing convertible debentures as the interest rate is fixed.

(iv) Capital management

The Company includes equity, comprised of share capital, warrants, contributed surplus, equity portion of convertible debentures, accumulated other comprehensive loss, prepaid share subscriptions and deficit in the definition of capital, which at June 30, 2016, was a deficit of \$2,581,517 (2015 - \$3,313,057).

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

12. Financial risk management (continued)

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. As at June 30, 2016, the Company has \$220,000 (2015 - \$870,000) of debentures, which came due in May, 2015. Besides 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.

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:

	2016	2015
(Income) loss before income taxes	\$ (233,905.00)	\$ 1,073,475
Statutory rate	26.50%	26.50%
Expected income tax recovery at combined basic Federal and Provincial tax rate	(61,985)	284,471
Effect on income taxes of:		
Non capital loss in foreign jurisdiction not recognized	(19,013)	(49,329)
Share issue costs incurred	-	1,723
Non-deductible (taxable)	121,294	(64,072)
Change in tax assets not recognized	(40,296)	(172,793)
Income tax expense	\$ -	\$ -

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

13. Income taxes (continued)

Deferred Tax Balances

The Company's deferred 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:

	2016	2015
Non-capital losses carry forward	\$ 1,337,283	\$ 1,291,772
Share issuance cost	3,705	8,921
Tax assets not recognized	(1,340,988)	(1,300,693)
Deferred income tax asset	\$ -	\$ -

Losses Carried Forward

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

2031	\$	713,209
2032		1,162,238
2033		1,164,383
2034		1,214,591
2035		620,189
2036		171,743
Total	\$	5,046,353

14. Commitments

The Company currently has 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 shall expire on June 30, 2035, and has an automatic renewal for an additional 20 years. As consideration for the license granted, the Company is to pay GC Technology an ongoing royalty fee equal to 4% of the gross sales up to a maximum of US\$800,000 royalty fee per year.

15. Related party transactions

Transactions with related parties are incurred in the normal course of business. During the year ended June 30, 2016, the Company:

- incurred legal fees recorded as professional fees totaling \$Nil (2015 - \$30,000), to a law firm in which a director of the Company is a partner. As at June 30, 2016, \$148,450 (2015 - \$148,450) remains in accounts payable and accrued liabilities;

Organic Potash Corporation

Notes to Consolidated Financial Statements

Years ended June 30, 2016, and 2015

(Expressed in Canadian Dollars)

15. Related party transactions (continued)

- b) incurred rent expense, recorded as office and general, totaling \$Nil (2014 - \$6,000), to a company controlled by a director. As at June 30, 2016, \$47,576 (2015 - \$47,576) remains in accounts payable and accrued liabilities; and
- c) to date, the Company has received interest free loans from directors and senior officers of the Company, and from companies controlled by the directors and senior officers. The total of these loans amounts to \$451,363 (2015 - \$250,309), and consists of GHC 246,057, USD \$67,637 and CAD \$308,937. These amounts remain outstanding as at June 30, 2016, and are presented in loans payable, accounts payable and accrued liabilities.
- d) 700,000 common shares valued at \$45,500 were issued to Chief Financial Officer as compensation for services. As at June 30, 2016, \$878,081 (2015 - \$1,102,081) of key managements' compensation remains in accounts payable and accrued liabilities.

Ghana Operations

During the period, the Company entered into agreements with Mclean Ghana Ltd. ("MGL") (a corporation controlled by Mr. Augustus Tanoh a director of OPC) in order to facilitate the receipt of funding necessary to construct and operate a production facility in Ghana. The effective date of the transaction was on November 18, 2015, upon the registrar of companies certifying the transfer of the shares.

The agreement with MGL is as follows:

- MGL will purchase fifty-five percent (55%) of the issued and outstanding shares of GC Resources Ltd. ("GC") from OPC for the sum of one hundred Canadian dollars (\$100) and the successful raise of funds, in the form of mixed grant and interest free debt, from the Export Trade, Agricultural & Industrial Development Fund of Ghana ("EDAIF") of 8,832,000 Ghana Cedis (approximately three million Canadian dollars (\$3,000,000) ("Raise of Funds"). As at June 30, 2016, no funds have been received.
- The conveyance of shares has occurred however the date for a successful raise of funds expired. A renewal was granted until December 31, 2016 at which time if a successful raise of funds is not complete the shares shall revert to the Company.
- OPC will maintain 50% of the Board of GC, and it is agreed that prior to any payments being completed, approval must be received from an OPC designated representative. The CEO of OPC shall remain as Chair of GC.
- An option agreement was also executed where-in-which, after the Raise of Funds has been completed OPC may repurchase the 55% of GC, acquired by MGL, at any time, by paying MGL, one hundred Canadian dollars (\$100 CAD) plus three hundred and fifty thousand (350,000) common share options at \$0.05 of OPC and repaying all the amounts advanced by the EDAIF.

16. Subsequent events

On July 21, 2016, \$20,000 of debentures and \$4,884 of accrued interest were converted to 414,729 common shares.