



ORGANIC POTASH CORPORATION

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

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

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

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

"Heather Welner"

Heather Welner

Chief Executive Officer

"Olga Balanovskaya"

Olga Balanovskaya

Chief Financial Officer

February 20, 2018

Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Financial Position

	December 31 2017	June 30 2017
Assets		
Current		
Cash	\$ 18,211	\$ 66,117
Other receivables (note 4)	6,747	3,458
Prepays	5,689	2,046
Total Assets	\$ 30,647	\$ 71,621
Liabilities		
Current		
Accounts payable and accrued liabilities (note 13)	\$ 2,202,345	\$ 2,210,372
Loans payable (notes 6 and 13)	312,458	315,175
Debentures (note 9)	200,000	200,000
	2,714,803	2,725,547
Shareholders' Deficiency		
Share capital (note 7)	4,036,844	4,036,844
Contributed surplus (note 8)	1,420,884	1,420,884
Accumulated other comprehensive loss	(321,016)	(387,674)
Deficit	(7,820,868)	(7,723,980)
	(2,684,156)	(2,653,926)
Total Liabilities and Shareholders' Deficiency	\$ 30,647	\$ 71,621

Nature of operations and going concern (note 1)

Commitments (note 12)

Approved by the Board

"Heather Welner"
Director

"Wally Rudensky"
Director

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

Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Loss
Three and six months ended December 31,

	Three months ended,		Six months ended,	
	2017	2016	2017	2016
Sales	\$ -		\$ -	
General and administration (note 10)	18,343	22,708	30,806	45,728
Share-based compensation (note 8)	-	-	-	66,949
Finance costs	5,041	-	10,082	-
Foreign exchange gain	(12,115)	(34,800)	56,000	(62,150)
Gain on conversion of debenture interest (note 9)	-	-	-	(3,256)
Gain on extinguishment of debenture (note 9)	-	-	-	(13,333)
Loss (income) before provision for income taxes	11,269	(12,092)	96,888	33,938
Income taxes	-	-	-	-
Net income (loss) for the period	(11,269)	12,092	(96,888)	(33,938)
Other comprehensive income (loss)				
Items that may be reclassified to income				
Exchange loss on translating to presentation currency	(10,523)	(47,188)	66,658	(78,070)
Income (loss) and comprehensive loss for the period	\$ (21,792)	\$ (35,096)	\$ (30,230)	\$ (112,008)
Income (loss) per common share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares, basic and diluted	88,725,391	87,775,934	88,725,391	87,178,330

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

Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity (Deficit)
Balance as at June 30, 2016	\$ 4,004,548	\$ 1,353,935	\$ (378,345)	\$ (7,561,655)	\$ (2,581,517)
Issuance of shares for debt settlement (note 9)	8,296	-	-	-	8,296
Stock-based compensation (note 8)	-	66,949	-	-	66,949
Income (loss) and comprehensive loss for the period	-	-	(78,070)	(33,938)	(112,008)
Balance as at December 31, 2016	4,012,844	1,420,884	(456,415)	(7,595,593)	(2,618,280)
Balance as at June 30, 2017	4,036,844	1,420,884	(387,674)	(7,723,980)	(2,653,926)
Income (loss) and comprehensive loss for the period	-	-	66,658	(96,888)	(30,230)
Balance as at December 31, 2017	\$ 4,036,844	\$ 1,420,884	\$ (321,016)	\$ (7,820,868)	\$ (2,684,156)

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

Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Cash Flow

Six months ended December 31

	2017	2016
Cash flows provided by (used in):		
Operating activities		
Net income (loss) for the period	\$ (96,888)	\$ (33,938)
Items not affecting cash:		
Share-based payments (note 8)	-	66,949
Gain on conversion of debenture interest (note 9)	-	(3,256)
Gain on settlement of debenture (note 9)	-	(13,333)
Net changes in non-cash working capital:		
Other receivables	(3,289)	369
Prepays	(3,643)	(6,652)
Accounts payable and accrued liabilities	(4,102)	(4,750)
Cash used in operations	(107,922)	5,389
Financing activities		
Proceeds from issuance of units, net of issue costs	-	37,370
Cash provided by financing	-	37,370
Effect of foreign currency translation	60,016	(50,167)
Increase (decrease) in cash	(47,906)	(7,408)
Cash, beginning of the period	66,117	101,436
Cash, end of the period	\$ 18,211	\$ 94,028

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

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

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 is engaged in West Africa in the development of production of potassium carbonate produced from agricultural waste, in particular, cocoa husks. The address of the Company’s registered office is 10 Wilkinson Road, Suite 22, Brampton, Ontario, L6T 5B1, Canada.

The condensed interim consolidated financial statements for the three and six months ended December 31, 2017, and 2016, were approved and authorized for issue by the Board of Directors on February 20, 2018.

The condensed interim 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 could be material if the Company was unable to continue as a going concern.

2. Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of condensed interim financial statements including IAS 34. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2017, as they follow the same accounting policies, unless otherwise indicated.

(a) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except as detailed in the Company’s accounting policies.

(b) Basis of consolidation

The condensed consolidated interim financial statements of the Company include the Company and its wholly-owned subsidiary, GC Purchasing Ltd. (“GC Purchasing”) and GC Resources Ltd. (“GC Resources”) of which the Company owns 45% (2016 - 45%).

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

2. Basis of presentation (continued)

(b) Basis of consolidation (continued)

In 2016, 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. Intercompany balances and transactions are eliminated in preparing these consolidated financial statements.

2. Functional and presentation currency

The condensed consolidated interim 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.

3. Use of estimates and judgments

The preparation of the condensed consolidated interim 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) **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.
- (iii) **Functional currency:** Judgment is required to determine the functional currency of the parent and its subsidiaries. These judgments are evaluated when circumstances change. Judgments are based on management's experience and knowledge of the relevant facts and circumstances, including the currency that influences the cost, financing and the currency in which funds are retained.
- (iv) **Compound financial instruments:** Certain financial instruments comprise a liability and an equity component. This is the case with the convertible debentures issued by the Company.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

2. Basis of presentation (continued)

(iv) *Compound financial instruments (continued):*

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.

- (v) **Consolidation:** The Company exercises judgement in determining whether it controls entities 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. New standards and interpretations not yet adopted

New standards and interpretations that are not yet effective for the period ended December 31, 2017, and have not been applied in preparing these condensed interim 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 the expected loss impairment method to be used, replacing the incurred loss impairment method 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 Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

4. Other receivables

	December 31, 2017		June 30, 2017	
HST receivable	\$	6,747	\$	3,458
	\$	6,747	\$	3,458

5. 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 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 13).

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 December 31, 2017, the Joint Venture has not commenced operations and has no assets and liabilities.

6. 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 13) and former directors of the Company.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

7. Share capital

Authorized: an unlimited number of common shares

Issued and outstanding:

	Common Shares	Amount \$
Balance, June 30, 2016	87,510,663	4,004,548
Share issuance upon conversion of debt	414,728	8,296
Share issuance for compensation	800,000	24,000
Balance, June 30, 2017	88,725,391	4,036,844
Balance, December 31, 2017	88,725,391	4,036,844

8. Share-based payments

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

	Number of Options	Weighted Average Exercise Price, \$
Balance at June 30, 2016	2,600,000	0.14
Options expired	(2,350,000)	0.15
Options granted	3,350,000	0.08
Balance at June 30, 2017	3,600,000	0.08
Balance at December 31, 2017	3,600,000	0.08

The Company had the following stock options outstanding at December 31, 2017:

Grant Date	Exercise Price (\$)	Weighted Avg Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
March 17, 2016	0.08	3.90	250,000	250,000
September 29, 2016	0.08	4.30	3,350,000	3,350,000

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

8. Share-based payments (continued)

The fair value of the options granted on September 29, 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 \$66,948 as stock-based compensation, being the fair value of the options vested during the year ended June 30, 2017.

During the year ended June 30, 2017, the Company issued 800,000 shares valued at \$24,000 (Nil-during the three and six months ended December 31, 2017) to the Chief Financial Officer as compensation for services.

9. 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 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.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

9. Convertible debentures (continued)

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.

On July 21, 2016, a total of \$20,000 of debentures and \$4,885 of accrued interest were converted to 414,728 common shares that were issued to the debenture holders. For the year ended June 30, 2017, a gain of \$13,333 was recorded on the statement of income and comprehensive loss as a result of the extinguishment of debentures and a gain of \$3,256 as a result of the debenture interest conversion.

As at December 31, 2017, the Company had \$200,000 (June 30, 2017 - \$200,000) of debentures remaining outstanding with accrued interest of \$100,702 included in accounts payable and accrued liabilities (June 30, 2017 - \$90,620).

10. General and administration

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Professional fees	\$ 5,250	\$ 10,604	\$ 9,490	\$ 20,225
Office and administration	13,093	12,104	21,316	23,503
Travel	-	-	-	2,000
	\$ 18,343	\$ 22,708	\$ 30,806	\$ 45,728

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

11. Financial risk management

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

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these 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 maintains its balances with major banks in Canada.

(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.

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. All accounts payables are due within 30 days, the majority of which are payables to related parties.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

11. Financial risk management (continued)

Risk management framework (continued)

(iii) Market risk

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

(a) Foreign exchange risk

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

	USD	GHC	Total
Cash	\$ 8,807	\$ 9	\$ 8,816
Accounts payable and accrued liabilities	(168,012)	(550,931)	(718,944)
Total	\$(159,205)	\$(550,922)	\$(710,127)
Effect of +/- 10% change in exchange rate	\$ (15,921)	\$ (55,092)	\$ (71,013)

Based on the foreign currency exposure noted above and assuming all other variables remain constant, a 1% change in exchange rate against the Canadian dollar would result in an increase/decrease of \$7,101 in net income (June 30, 2017 - \$8,892).

(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 December 31, 2017, was a deficit of \$2,684,156 (June 30, 2017 - \$2,653,926).

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.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three and six months ended December 31, 2017 and 2016

11. Financial risk management (continued)

Risk management framework (continued)

(iv) Capital management (continued)

To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets. As at December 31, 2017, the Company had \$200,000 (June 30, 2017 - \$200,000) of debentures, which came due in May 2015. Besides debentures, the Company has not entered into any debt financing except for 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.

12. 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. No payments have been made to date under this arrangement.

13. Related party transactions

Transactions with related parties are incurred in the normal course of business. During the period ended December 31, 2017, the Company:

- a) has a balance owing to a law firm in which a director of the Company is a partner. As at December 31, 2017, \$148,450 (June 30, 2017 - \$148,450) remains in accounts payable and accrued liabilities;
- b) has a balance owing to a company controlled by a director. As at December 31, 2017, \$47,576 (June 30, 2017 - \$47,576) remains in accounts payable and accrued liabilities;
- c) incurred IT consulting services of \$1,500 (2016-\$1,500) to a relative of a director. As at December 31, 2017, \$103,763 (June 30, 2017 -\$102,763) remains in accounts payable.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements
Three months ended September 30, 2017 and 2016

13. Related party transactions (continued)

- d) 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 \$457,006 (June 30, 2017 - \$449,882), and consists of GHC 238,349, USD \$62,950 and CAD \$307,968. These amounts remain outstanding as at December 31, 2017 and are presented in loans payable and accounts payable and accrued liabilities.
- e) As at December 31, 2017, the Company has 1,675,000 stock options granted to key management.
- f) As at December 31, 2017, \$878,081 (June 30, 2016 - \$878,081) of key management's compensation remains in accounts payable and accrued liabilities.

Ghana Operations

In fiscal 2016, 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"). Closing will occur on the date of the first draw down on the EDAIF facility. As at December 31, 2017, no funds have been received.
- The conveyance of shares has occurred. However, the date for successful raise of funds expired. The first renewal was granted until December 31, 2016 at which time if not complete the shares were to revert to the Company. However, the Company had to extend the expiry date to June 30, 2017 due to Ghana electing a new party in Government. Loan/grant applications will be resubmitted under new regime. After June 30, 2017, the Company continued the agreement on a month to month basis.
- OPC will maintain 50% control 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 (\$100.00 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.