



ORGANIC POTASH CORPORATION

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(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

November 29, 2018

Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30 2018	June 30 2018
Assets		
Current		
Cash	\$ 82,104	\$ 101,664
Other receivables (note 4)	4,552	3,772
Prepays (note 4)	16,767	13,393
Total Assets	\$ 103,423	\$ 118,829
Liabilities		
Current		
Accounts payable and accrued liabilities (note 13)	\$ 655,559	\$ 650,447
Loans payable (note 6)	73,572	312,204
Debentures (note 9)	200,000	200,000
	929,131	1,162,651
Shareholders' Deficiency		
Share capital (note 7)	4,394,645	4,036,844
Shares to be issued (note 7)	-	110,000
Contributed surplus (note 8)	1,420,884	1,420,884
Accumulated other comprehensive loss	(381,826)	(416,079)
Deficit	(6,259,411)	(6,195,471)
	(825,708)	(1,043,822)
Total Liabilities and Shareholders' Deficiency	\$ 103,423	\$ 118,829

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 months ended September 30,
(Expressed in Canadian Dollars)

	2018	2017
Sales	\$ -	\$ -
General and administration (note 10)	18,421	12,463
Share-based compensation (note 8)	12,500	-
Finance costs	5,041	5,041
Foreign exchange gain	27,978	68,115
Loss (income) before provision for income taxes	63,940	85,619
Income taxes	-	-
Net income (loss) for the period	(63,940)	(85,619)
Other comprehensive income (loss)		
Items that may be reclassified to income		
Exchange loss on translating to presentation currency	34,253	77,180
Income (loss) and comprehensive income (loss) for the period	\$ (29,687)	\$ (8,439)
Income (loss) per common share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares, basic and diluted	98,599,159	88,725,391

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

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Shares to be issued	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity (Deficiency)
Balance as at June 30, 2017	\$ 4,036,844	\$ 1,420,884	\$ -	\$ (387,674)	\$ (7,723,980)	\$ (2,653,926)
Income (loss) and comprehensive income (loss) for the period	-	-	-	77,180	(85,619)	(8,439)
Balance as at September 30, 2017	4,036,844	1,420,884	-	(310,494)	(7,809,599)	(2,662,365)
Balance as at June 30, 2018	4,036,844	1,420,884	110,000	(416,079)	(6,195,471)	(1,043,822)
Issuance of shares, net of issue costs (note 7)	110,000	-	(110,000)	-	-	-
Stock-based compensation (note 7)	12,500	-	-	-	-	12,500
Issuance of shares for debt settlement (notes 6 and 13)	235,301	-	-	-	-	235,301
Income (loss) and comprehensive income (loss) for the period	-	-	-	34,253	(63,940)	(29,687)
Balance as at September 30, 2018	\$ 4,394,645	\$ 1,420,884	\$ -	\$ (381,826)	\$ (6,259,411)	\$ (825,708)

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

Organic Potash Corporation

Unaudited Condensed Interim Consolidated Statements of Cash Flows
Three months ended September 30,
(Expressed in Canadian Dollars)

	2018	2017
Cash flows provided by (used in):		
Operating activities		
Net income (loss) for the period	\$ (63,940)	\$ (85,619)
Items not affecting cash:		
Share-based compensation (note 8)	12,500	-
Foreign exchange gain (loss)	30,922	67,949
Net changes in non-cash working capital:		
Other receivables	(780)	(2,466)
Prepays	(3,374)	(6,951)
Accounts payable and accrued liabilities	5,112	(1,132)
Cash used in operations	(19,560)	(28,219)
Financing activities	-	-
Cash provided by financing	-	-
Increase (decrease) in cash	(19,560)	(28,219)
Cash, beginning of the period	101,664	66,117
Cash, end of the period	\$ 82,104	\$ 37,898
Issuance of shares for debt settlement (note 9)	235,301	-

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 months ended September 30, 2018 and 2017

(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 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 months ended September 30, 2018 and 2017 were approved and authorized for issue by the Board of Directors on November 29, 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, 2018, 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.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

(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% (2017 - 45%). In 2016, the Company legally transferred 55% of the shares of GC Resources pursuant to the agreement described in Note 13. 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 condensed consolidated interim financial statements.

(c) 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.

(d) 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 condensed consolidated interim 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:** Charges for share-based payments are based on the fair value at the date of issuance. The share-based payments are valued using Black-Scholes option pricing model; inputs to the model include assumptions on share price volatility, discount rates and expected life.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

(d) Use of estimates and judgments (continued)

(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.

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 September 30, 2018, and have not been applied in preparing these condensed consolidated interim 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. The Company is in the process of evaluating the impact on its financial statements.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

3. New standards and interpretations not yet adopted (continued)

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 of IFRS 15 is permitted. The Company has assessed that IFRS 15’s impact will not be material to the financial statements.

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. The Company is in the process of evaluating the impact on its financial statements.

4. Prepaids and Other receivables

	September 30, 2018		June 30, 2018	
HST receivable	\$	4,552	\$	3,772
Prepaids		16,767		13,393
	\$	21,319	\$	17,165

The Company agreed to an amount of \$25,000 to the Chief Financial Officer as compensation for services for the fiscal year 2019. On June 29, 2018, the Company paid \$12,500 and has been presented as a prepaid expense at June 30, 2018. The remaining amount has been paid through shares subsequent to year end.

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).

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

5. Investment in Joint Venture (continued)

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 September 30, 2018, 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.

On August 27, 2018, the Company converted \$235,301 worth of cash debt to equity at \$0.02 per share for a total of 11,765,049 common shares. All conversions were executed by members of the Board of Directors.

7. Share capital

Authorized: an unlimited number of common shares

Issued and outstanding:

	Common Shares	Amount \$
Balance, June 30, 2017	88,725,391	4,036,844
Balance, June 30, 2018	88,725,391	4,036,844
Issuance of shares, net of issue costs (note 9)	5,500,000	110,000
Stock-based compensation (note 8)	625,000	12,500
Issuance of shares for debt settlement (note 9)	11,765,049	235,301
Balance, September 30, 2018	106,615,440	4,394,645

On July 9, 2018, the Company completed the non-brokered private placement for gross proceeds of \$110,000 comprising of 5,500,000 units at a purchase price of \$0.02 per unit.

On July 9, 2018, the Company issued 625,000 shares valued at \$12,500 to the Chief Financial Officer as compensation for services for the fiscal year 2019.

On August 27, 2018, the Company converted \$235,301 worth of cash debt to equity at \$0.02 per share for a total of 11,765,049 common shares. All conversions were executed by members of the Board of Directors.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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, 2018	3,600,000	0.08
Balance at September 30, 2018	3,600,000	0.08

The Company had the following stock options outstanding at September 30, 2018:

Grant Date	Exercise Price (\$)	Weighted Avg Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
March 17, 2016	0.08	2.57	250,000	250,000
September 29, 2016	0.08	3.00	3,350,000	3,350,000

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.

During the three months ended September 30, 2018, the Company issued 625,000 shares valued at \$12,500 to the Chief Financial Officer as compensation for services for the fiscal year 2019.

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.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

9. Convertible debentures (continued)

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.

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 September 30, 2018, the Company had \$200,000 (June 30, 2018 - \$200,000) of debentures remaining outstanding with accrued interest of \$115,661 included in accounts payable and accrued liabilities (June 30, 2018 - \$110,620).

10. General and administration

	Three months ended September 30,			
	2018		2017	
Professional fees	\$	7,125	\$	4,240
Office and administration		11,296		8,223
	\$	18,421	\$	12,463

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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 the credit risk is mitigated as the Company 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.

(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.

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

11. Financial risk management (continued)

Risk management framework (continued)

(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	\$ 3,615	\$ 10	\$ 3,625
Accounts payable and accrued liabilities	(168,012)	(550,931)	(718,944)
Total	\$(164,398)	\$(550,921)	\$(715,319)
Effect of +/- 10% change in exchange rate	\$ (16,440)	\$ (55,092)	\$ (71,532)

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 \$7,153 in net income (June 30, 2018 - \$6,401).

(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, shares to be issued, contributed surplus, accumulated other comprehensive loss, and deficit in the definition of capital, which at September 30, 2018, was a deficit of \$825,708 (June 30, 2018 - \$1,043,822).

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 months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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 September 30, 2018, the Company had \$200,000 (June 30, 2018 - \$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

On May 29, 2018, the Company agreed with current and former directors that the outstanding non-cash fees of \$1,579,943 owing would be forgiven. This resulted in a gain of settlement of debt of \$1,579,943 to be booked in the statement of income (loss) and comprehensive income (loss) at the year ended June 30, 2018.

On July 9, 2018, the Company issued 625,000 shares valued at \$12,500 to the Chief Financial Officer as compensation for services for the fiscal year 2019.

As at September 30, 2018, the Company:

- a) has no balance owing to a law firm in which a director of the Company is a partner (at June 30, 2018 - \$Nil remained in accounts payable and accrued liabilities).

Organic Potash Corporation

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

13. Related party transactions (continued)

- b) has no balance owing to a relative of a director for IT consulting services (June 30, 2018 -\$Nil remained in accounts payable and accrued liabilities).

During the three months ended September 30, 2018, The Company incurred IT consulting services of \$1,500.

- c) As at September 30, 2018 and June 30, 2018, the Company has 1,675,000 stock options granted to key management.
- d) has no balance owing to key management (June 30, 2018 - \$Nil of key management's compensation remained in accounts payable and accrued liabilities).
- e) has a balance of \$46,756 owing to a company controlled by two directors of the Company (June 30, 2018- \$46,756 remained in accounts payable and accrued liabilities).

On August 27, 2018, the Company converted \$235,301 worth of cash debt to equity at \$0.02 per share for a total of 11,765,049 common shares. All conversions were executed by members of the Board of Directors.

As at September 30, 2018, the Company has the 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 \$73,572 (June 30, 2018 - \$312,204), and consists of GHC 238,349, USD \$7,200. These amounts remain outstanding as at September 30, 2018 and are presented in loans payable and 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 September 30, 2018, no funds have been received.

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Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

13. Related party transactions (continued)

- 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.