Prophecy Potash Corp.

Condensed Interim Financial Statements
For the period for the six months ended March 31, 2019
(Expressed in Canadian Dollars)

Prophecy Potash Corp.

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For the six months ended March 31, 2019
(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 an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

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.

PROPHECY POTASH CORP.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2019	As at September 30, 2018
	$	**$**
ASSETS		
Current		
Cash	214,118	288,882
Non-Current		
Exploration and evaluation asset (Note 3)	49,922	20,000
TOTAL ASSETS	264,040	308,882
LIABILITIES		
Current		
Accounts payable and accrued liabilities	10,612	19,715
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	423,800	423,800
Deficit	(170,372)	(134,633)
	253,428	289,167
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	264,040	308,882

Nature of operations (Note 1)

These financial statements are authorized for issuance by the Board of Directors on May 29, 2019.

On behalf of the Board of Directors:

"Shawn Smith"	"Ian McDonald"
Director	Director

The accompanying notes are an integral part of these interim financial statements.

PROPHECY POTASH CORP.
Condensed Interim Statement of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the three months ended March 31, 2019	For the six months ended March 31, 2019	From March 29, 2018 (date of incorporation) to March 31, 2018
	$		
Expenses			
Bank charges	447	611	-
Computer-related expenses	-	-	-
Meals and entertainment	-	-	-
Professional fees	10,612	18,913	-
Regulatory and filing	-	16,215	-
Share-based compensation (note 4)	-	-	-
Travel expenses	-	-	-
	(11,059)	(35,739)	-
Loss and comprehensive loss for the period	(11,059)	(35,739)	-
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding	21,189,999	21,189,999	1

The accompanying notes are an integral part of these interim financial statements.

PROPHECY POTASH CORP.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

	For the six months ended March 31, 2019	**From March 29, 2018 (date of incorporation) to March 31, 2018**
	$	**$**
Cash flows used in operating activities		
Net loss for the period	(24,680)	-
Adjustment for non-cash item:		
Share-based compensation	-	-
Changes in non-cash working capital item:		
Accounts payable and accrued liabilities	(19,715)	-
	(44,395)	-
Cash flows from investing activity		
Exploration and evaluation asset	(29,922)	-
Cash flows from financing activity		
Proceeds from shares issued	-	1
Net increase in cash	(74,317)	1
Cash, beginning of the period	288,882	-
Cash, end of the period	214,565	1

The accompanying notes are an integral part of these interim financial statements.

PROPHECY POTASH CORP.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Deficit	Total Shareholders' Equity
		$	$	$
Balance at March 29, 2018	**-**	**-**	**-**	**-**
Issuance of incorporation share	1	1	-	1
Repurchase and cancellation of incorporation share	(1)	(1)	-	(1)
Proceeds from shares issued	21,189,999	423,800	-	423,800
Net loss for the period	-	-	(134,633)	(134,633)
Balance at September 30, 2018	**21,189,999**	**$ 423,800**	**$ (134,633)**	**$ 289,167**

	Number of Shares Issued	Share Capital	Deficit	Total Shareholders' Equity
		$	$	$
Balance at September 30, 2018	**21,189,999**	**423,800**	**(134,633)**	**289,167**
Net loss for the period	-	-	(35,739)	(35,739)
Balance at March 31, 2019	**21,189,999**	**423,800**	**(170,372)**	**253,428**

The accompanying notes are an integral part of these interim financial statements.

1. NATURE OF OPERATIONS

Prophecy Potash Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 29, 2018. The Company is a mineral property exploration company that is in the process of completing an IPO, subsequent to which it intends to list its shares for trading on the Canadian Securities Exchange ("CSE"). Specifically the Company intends to file a prospectus to qualify the offering, to the public in the provinces of British Columbia, Alberta and Ontario, of up to 1,800,000 common shares at a price of $0.15 per share, for maximum gross proceeds of $270,000. Refer to Notes 4 and 8.

The Company has an option agreement to earn an interest in a mineral property located near Fort St. James, British Columbia (Note 3) and has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts from the property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying property, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property option agreement and to complete the development of the property and upon future profitable production or proceeds for the sale thereof.

The Company's head office, principal address and registered and records office is located at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7.

The Company's ongoing operations are ultimately dependent upon the success of its business activities and its ability to attain profitable operations and generate funds therefrom and/or to raise equity capital or borrowings sufficient to meet current and future obligations. Management expects to finance operating costs over the next twelve months with public and private financing endeavors.

The Company has no source of operating revenue, has incurred net losses since inception and as at March 31, 2019 has a deficit of $170,372. Its continued existence will be dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance with International Financial Reporting Standards

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 29, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2019 could result in restatement of these unaudited condensed consolidated interim financial statements.

Basis of presentation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Financial instruments

Financial assets
The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized as a profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities
The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and includes accrued liabilities and due to related party.

As at September 30, 2018, the Company does not have any derivative financial assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share capital

Common shares are classified as equity and measured at the fair value of consideration received or services rendered. Cash consideration received for common shares issued to non-related parties is considered to be the most accurate reflection of fair value; concurrent issuances to related parties at lower prices would accordingly be considered to reflect a component of non-monetary compensation. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Accounting standards and amendments not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended September 30, 2018 and have not been applied in preparing these financial statements:

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's financial statements.

3. EXPLORATION AND EVALUTION ASSET

Indata Property, British Columbia, Canada

The Company has entered into an agreement with Eastfield Resources Ltd. ("Eastfield") whereby it obtained the option to acquire an undivided 60% interest in Eastfield's 91.2% - owned Indata copper-gold property ("Indata Property") located 120 kilometres northwest of the community of Fort St. James, British Columbia. The Indata Property comprises 16 mineral claims totaling 3,189 hectares. The residual 8.8% interest in the Indata Property is held by Imperial Metals Corporation. Eastfield and the Company have a director in common.

To earn the 60% interest, the Company is required to complete $2,000,000 in exploration work, make cash payments of $250,000 ($20,000 paid) and issue common shares at an aggregate value of $150,000 over a 5 year term. A minimum $75,000 exploration program is required to be completed in the first year.

	Indata Property
	$
Balance at March 29, 2018 (date of incorporation)	**-**
Acquisition costs	20,000
Geological	-
Balance at September 30, 2018	**20,000**
Geological	29,922
Balance at March 31, 2019	**49,922**

4. SHARE CAPITAL

Authorized Share Capital

Unlimited number of common shares without par value.

Issued Shares

On June 25, 2018, the Company issued, by private placement, 5,574,000 common shares at a price of $0.005 per share for gross proceeds of $27,870. The Company recognized a charge for stock-based compensation of $83,610 in respect to the fair value of the shares issued, based on the June 25, 2018 issuance described immediately below at $0.02 per share, exclusive of the cash proceeds received.

On June 25, 2018 the Company completed an additional non-brokered private placement, issuing 15,615,999 Units, at $0.02 per Unit, for gross proceeds of $312,320. Each Unit consists of one common share and one share purchase warrant. Each warrant can be exercised to acquire one common share of the Company for $0.05 for a period of two years.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL – (continued)

During the period ended December 31, 2018, the Company appointed an agent to offer, for sale to the public, pursuant to a prospectus, up to 1,800,000 common shares at a price of $0.15 per common share, for maximum gross proceeds of $270,000 (the "Offering"). The agent engaged in connection with the Offering of the common shares will be paid a commission of 6% of the gross proceeds. In addition, the Company will pay the agent a Corporate Finance Fee of $35,000 plus GST ($20,000 plus GST deposit paid) and will reimburse the agent for its expenses incurred pursuant to the Offering ($10,000 retainer paid).

Refer to Note 8.

Escrowed Shares

It is expected that immediately prior to listing on the CSE, an escrow agreement (the "Escrow Agreement") between the Company and certain shareholders of the Company will be completed resulting in 12,143,999 common shares (the "Escrowed Shares"), representing 57.31% of the issued and outstanding common shares prior to the completion of the Offering, being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Shares will be released from escrow on the Listing Date (the "Initial Release") and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

Stock Option Plan

The Company determined a total of 560,000 share purchase options will be granted to the directors and officers on the date upon which the Company becomes listed on the CSE. These options will be exercisable for a price of $0.20 for a period of five years from the date the Company becomes listed on the CSE.

Warrants

The continuity of share purchase warrants for the period ended March 31, 2019 is as follows:

	Outstanding Warrants	**Weighted Average Exercise Price**
		$
Balance, March 29, 2018, date of inception	-	-
Granted	15,615,999	0.05
Balance, September 30, 2018	15,615,999	0.05
Balance, March 31, 2019	15,615,999	0.05

On completion of the Offering, the Company will also grant to its agent warrants to acquire up to 8% of the common shares issued under the Offering at a price of $0.15 per share for a period of 24 months from the closing date of the Offering, being up to 144,000 common shares.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

6. CAPITAL DISCLOSURES AND MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. The Company is not subject to any externally imposed capital requirements.

The Company manages its 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 the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements, borrow, acquire or dispose of assets.