Vancouver, BC

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

For the Nine Months Ended June 30, 2014

WESTERN POTASH CORP.

INDEX TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

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Exhibit "A"

WESTERN POTASH CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

Assets	**June 30, 2014**	Sep 30, 2013
Current:		
Cash and cash equivalents	**$ 5,282,011**	$ 28,347,894
Term deposit	**15,100,000**	100,000
Accounts and other receivables (Note 12)	**211,002**	257,427
Loans receivable (Note 8)	**128,288**	94,068
Deposits	**408,428**	156,921
Prepaid expenses	**224,625**	86,350
	21,354,354	29,042,660
Equipment (Note 5)	**170,669**	241,681
Exploration and evaluation expenditures (Note 6)	**61,632,394**	58,980,807
Investments (Note 7)	**976,599**	221,670
Loan receivable (Note 8)	**244,504**	
Investment in associate (Note 9)	**-**	860,924
	$ 84,378,520	$ 89,347,742
Liabilities		
Current:		
Accounts payable (Note 12)	**$ 176,556**	$ 296,230
Accrued liabilities	**-**	76,434
Deposits	**-**	14,050
	176,556	386,714
Shareholders' Equity		
Share Capital (Note 10)	**141,265,556**	140,943,956
Contributed Surplus (Note 11)	**21,187,228**	21,275,328
Deficit, per Exhibit "C"	**(78,250,820)**	(73,258,256)
	84,201,964	88,961,028
Commitments and contractual agreements (Note 14)		
Contingency (Note 16)		
	$ 84,378,520	$ 89,347,742

Approved by the Directors on August 14, 2014:

"J. Patricio Varas"

"Troy Nikolai"

- see accompanying notes –

Exhibit "B"

WESTERN POTASH CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the three months ended June 30		For the nine months ended June 30	
	2014	2013	**2014**	2013
Expenses:				
Accounting fees (Note 12)	**$ 42,992**	$ 40,841	**$ 143,895**	$ 122,787
Amortization	**15,169**	18,866	**48,530**	56,447
Bank charges and interest	**684**	419	**2,489**	3,340
Consulting fees (Note 12)	**660,444**	465,800	**1,945,573**	2,170,975
Filing and regulatory fees	**3,932**	74,780	**62,854**	198,768
Foreign exchange (gain)/loss	-	-	**(42)**	16,677
Investor relations	**230,144**	102,780	**671,451**	425,488
Legal fees	**16,783**	40,126	**185,578**	230,901
Office and miscellaneous	**122,078**	86,992	**311,065**	280,052
Rent, net of recoveries (Note 12)	**93,625**	87,155	**278,174**	327,367
Salaries, wages and benefits	**89,040**	68,477	**284,988**	249,437
Stock based compensation	-	-	-	1,295,827
Telephone	**15,926**	13,182	**38,721**	54,863
Travel - Corporate development	**159,004**	77,861	**359,693**	277,740
Travel - Investor relations	**4,113**	4,602	**56,880**	88,626
Loss before other items	**1,453,934**	1,081,881	**4,389,849**	5,799,295
Other Income (Expense):				
Interest income	**35,684**	18,672	**147,821**	51,783
Gain /(Loss) on disposal of investment	-	(2,265)	**(54,600)**	4,649
Unrealized loss on investment valued at FVPL	**(349,791)**	-	**(134,435)**	-
Unrealized gain on convertible loan	-	-	-	287,435
Equity loss from investment in associate	**(7,968)**	(183,227)	**(76,080)**	(183,227)
Impairment on investment in associate	-	-	**(446,464)**	-
Writeoff of leasehold improvements	**(38,957)**	-	**(38,957)**	-
Other income	-	-	-	53,333
Net Loss and Comprehensive Loss	**1,814,966**	1,248,701	**4,992,564**	5,585,322
Weighted Loss per share - basic and diluted	**$ (0.008)**	$ (0.007)	**$ (0.022)**	$ (0.031)
Weighted Average Number of Shares Outstanding	**226,756,279**	186,240,238	**226,481,334**	181,185,293

- see accompanying notes –

Exhibit "C"

WESTERN POTASH CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Issued and Outstanding Shares	Share Capital and Shares Subscribed ($)	Contributed Surplus ($)	Deficit ($)	Shareholders' Equity ($)
Balance, September 30, 2012	161,295,183	102,710,607	16,723,375	(56,746,034)	62,687,948
Brokered private placement @ 0.48 per share	20,000,000	6,808,763	-	-	6,808,763
Share issuance costs	-	(554,436)	-	-	(554,436)
Fair value of compensation options issued (Note 10(d)(ii))	-	-	692,589	-	692,589
Fair value of compensation options re-priced (Note 10(d)(ii))	-	-	603,238	-	603,238
Non-brokered private placement @ $0.71 per share (Note 10(b))	45,040,876	31,979,022	-	-	31,979,022
Net Loss and Comprehensive Loss	-	-	-	(5,585,322)	(5,585,322)
Balance, June 30, 2013	226,336,059	140,943,956	18,019,202	(62,331,356)	96,631,802
Fair value of compensation options issued (Note 10(d)(ii))	-	-	3,211,983	-	3,211,983
Fair value of compensation options re-priced (Note 10(d)(ii))	-	-	44,143	-	44,143
Net Loss and Comprehensive Loss	-	-	-	(10,926,900)	(10,926,900)
Balance, September 30, 2013	226,336,059	140,943,956	21,275,328	(73,258,256)	88,961,028
Exercise of options @ $0.45 per share	50,000	22,500	-	-	22,500
Exercise of options @ $0.50 per share	190,000	95,000	-	-	95,000
Fair value of options transferred from contributed surplus	-	88,100	(88,100)	-	-
Exercise of warrants @ $0.58 per share	200,000	116,000	-	-	116,000
Net Loss and Comprehensive Loss	-	-	-	(4,992,564)	(4,992,564)
Balance, June 30, 2014	226,776,059	141,265,556	21,187,228	(78,250,820)	84,201,964

- see accompanying notes –

Exhibit "D"

WESTERN POTASH CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Nine Months Ended June 30, 2014	Nine Months Ended June 30, 2013
Operating Activities :		
Net Loss, per Exhibit "B"	$ **(4,992,564)**	$ (5,585,322)
Adjustment for -		
Amortization	**48,529**	56,447
Accrued interest on loans receivable	**(31,224)**	
Gain (Loss) on disposal of investment	**54,600**	(4,649)
Share-based compensation	-	1,295,827
Unrealized (gain) /loss on investment valued at FVPL	**134,435**	(287,435)
Equity loss on investment in associate	**76,080**	183,227
Impairment on investment in associate	**446,464**	-
Writeoff of leasehold improvements	**38,957**	-
Changes in non-cash working capital -		
(Increase) Decrease in accounts and other receivable	**46,425**	839,443
(Increase) Decrease in prepaid expenses	**(138,275)**	(37,956)
Increase (Decrease) in accounts payable	**(119,674)**	(721,231)
Increase (Decrease) in accrued liabilities	**(76,434)**	(108,043)
Cash flows from (used in) operating activities	**(4,512,681)**	(4,369,692)
Investing Activities:		
Acquisition of equipment	**(16,474)**	(10,014)
Acquisition of mineral property and deferred development costs	**(2,651,587)**	(4,459,538)
Disposal/(Acquisition) of investments	**(605,584)**	75,349
Deposit received	**(265,557)**	1,950
Payments on loans receivable	**(247,500)**	(741,712)
Disposal / (Purchase) of term deposits	**(15,000,000)**	20,000
Cash flows from (used in) investing activities	**(18,786,702)**	(5,113,965)
Financing Activity:		
Issuance of share capital, subscription receipts and shares subscribed	**233,500**	38,329,071
Cash flows from (used in) financing activity	**233,500**	38,329,071
Net Increase (Decrease) in Cash and Cash Equivalents	**(23,065,883)**	28,845,414
Cash and Cash Equivalents, beginning	**28,347,894**	2,779,368
Cash and Cash Equivalents, ending	**$ 5,282,011**	$ 31,624,782

- see accompanying notes –

WESTERN POTASH CORP.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2014
(Unaudited – Prepared by Management)

1. Nature of Business and Going Concern Assumption

Western Potash Corp. ("the Company") was incorporated on April 5, 2007 under the British Columbia Business Corporations Act using the name 787604 BC Ltd.

The Company changed its name from 787604 BC Ltd. to Western Potash Corp. on July 10, 2007.

The Company and its wholly owned subsidiary, WPX Land Holdings Corp., were amalgamated as one company under the name of Western Potash Corp. on October 1, 2011.

The Company's principal business activities include the acquisition, evaluation, and exploration of mineral properties containing potash in Western Canada. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2014, the Company had not yet achieved profitable operations, had an accumulated deficit of $78,250,820 since inception and expects to incur further losses in the development of its business. However, the Company had working capital surplus of $21,177,798 as at June 30, 2014. The Company’s ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, its ability to obtain the necessary financing to develop the properties and to meet its ongoing levels of corporate overhead, keep its property in good standing and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The address of its registered head office is Suite 1400 - 1111 West Georgia St., Vancouver, British Columbia, Canada.

2. Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements as at and for the three months ended June 30, 2014, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS have been omitted or condensed.

WESTERN POTASH CORP.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2014
(Unaudited – Prepared by Management)

2. Basis of Presentation (Continued)

b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

All amounts are expressed in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all group entities and for all periods presented.

a) Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: 0907414 B.C. Ltd. (a company incorporated in the province of B.C.) and 101178726 Saskatchewan Ltd. (a company incorporated in the province of Saskatchewan). All inter-company transactions and balances have been eliminated in the condensed interim consolidated financial statement presentation. In addition, effective April 2, 2013, the Company equity accounts for Discovery Harbour Resources Corp. (“Discovery”) as the Company has significant influence, but not control. Effective April 23, 2014, the Company no longer had a significant influence in Discovery (Note 9). Effective April 19, 2013, the Company no longer consolidates Potassio Ocidental M Ltda (a company incorporated in Brazil) (“Potassio”) as the Company does not control or have significant influence over Potassio as of that date.

b) Cash and Cash Equivalents -

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

c) Equipment

Equipment is recorded at cost. Amortization is calculated using the declining balance method at the following annual rates:

Automobiles	30%
Computer Software	100%
Furniture and Fixtures	20%

Leasehold improvements are amortized on a straight line basis over the term of the lease.

For the year of acquisition, the rate is one half of that shown above with the exception of leasehold improvements.

3. Significant Accounting Policies (Continued)

d) Income Taxes -

Income tax on the profit or loss for the periods presented comprises current and deferred income tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is provided using the balance sheet liability method, creating temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, it does not recognize the asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

e) Flow-Through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. Significant Accounting Policies (Continued)

f) Basic and Diluted Loss Per Share -

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

For the three months ended June 30, 2014, potentially dilutive common shares relating to options and warrants outstanding totaling 40,699,000 at June 30, 2014 (September 30, 2013: 41,609,000) were not included in the computation of loss per share because their effect was anti-dilutive.

g) Share-based Compensation -

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

h) Exploration and Evaluation Expenditures -

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

3. Significant Accounting Policies (Continued)

h) Exploration and Evaluation Expenditures – (Continued)

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

i) Financial Instruments -

Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(i) Fair Value Through Profit or Loss

This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

(ii) 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 cost less any provision for impairment individually. Significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(iii) 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. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

WESTERN POTASH CORP.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2014
(Unaudited – Prepared by Management)

3. Significant Accounting Policies (Continued)

i) Financial Instruments – (Continued)

Financial Assets (Continued)

(iv) Available-for-Sale Financial Assets

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 directly in equity. 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 equity and recognized in the statement of comprehensive loss. All financial assets except for those 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 any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(i) Fair Value Through Profit or Loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement.

(ii) Other Financial Liabilities

Other financial liabilities are measured after initial recognition at amortized cost using the effective interest method.

Classification

Cash and cash equivalents	Financial asset at fair value through profit or loss
Term deposit	Financial asset at fair value through profit or loss
Accounts and other receivables	Loans and receivables
Loan receivable	Loans and receivables
Investments	Financial asset at fair value through profit or loss or available-for-sale
Accounts payable	Other financial liabilities
Accrued liabilities	Other financial liabilities

3. Significant Accounting Policies (Continued)

i) Financial Instruments – (Continued)

Fair Value Hierarchy

The fair value hierarchy that prioritizes the inputs used to measure fair value is as follows:

- Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3- inputs for the asset or liability that are not based on observable market data.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment loss been recognized.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

WESTERN POTASH CORP.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2014
(Unaudited – Prepared by Management)

3. Significant Accounting Policies (Continued)

j) Foreign Currency Translation -

The Company's financial statements are presented in Canadian dollars, which represents the functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the prevailing exchange rates on the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the prevailing exchange rates on the date when the fair value was determined.

k) Provision for Decommissioning and Restoration -

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at June 30, 2014 and September 30, 2013, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

l) Investment in Associates

Associates are entities over which the Company has significant influence, but not control. The financial results of the Company's investments in its associates are included in the Company's results according to the equity method. Subsequent to the acquisition date, the Company's share of profits or losses of associates is recognized in the condensed interim consolidated statements of income (loss) and its share of other comprehensive income (loss) of associates is included in other comprehensive income (loss).

The Company assesses at each period-end whether there is any objective evidence that its interests in associates are impaired. If the interests are impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the condensed interim consolidated statements of income (loss).

WESTERN POTASH CORP.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2014
(Unaudited – Prepared by Management)

3. Significant Accounting Policies (Continued)

m) Significant Accounting Judgments and Estimates -

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of equipment, valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation expenditures

Management has determined that exploration and evaluation expenditures which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

3. Significant Accounting Policies (Continued)

m) Significant Accounting Judgments and Estimates – (Continued)

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Cash generating units

The determination of the Company's CGU's impacts the measurement of impairment that is recognized in the financial statements. The determination of CGU's requires judgement in defining smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGU's are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risk and materiality.

4. Accounting Standards Issued But Not Yet Effective

a) New standard IFRS 9 Financial Instruments

This new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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5. Equipment

	Cost	Accumulated Amortization	**Jun 30, 2014 Net**	Sep 30, 2013 Net
Automobiles	$ 89,587	$ 79,669	**$ 9,918**	$ 12,797
Computer software	64,692	63,804	**888**	3,551
Furniture and fixtures	291,946	132,083	**159,863**	170,112
Leasehold improvements	-	-	**-**	55,221
	$ 446,225	$ 275,586	$ **170,669**	$ 241,681

6. Exploration and Evaluation Expenditures

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties are in good standing.

	Saskatchewan Property	Brazilian Property	Total
Balance as at September 30, 2012	$ 52,239,059	$ 1,554,378	$ 53,793,437
Deferred Exploration and Evaluation Expenditures			
Feasibility	6,741,748	-	6,741,748
Disposition (Note 6 (b))	-	(1,554,378)	(1,554,378)
Balance as at September 30, 2013	58,980,807	-	$ 58,980,807
Deferred Exploration and Evaluation Expenditures			
Feasibility	2,651,587	-	2,651,587
Balance as at June 30, 2014	$ 61,632,394	$ -	$ 61,632,394

a) Saskatchewan Potash Property

On December 11, 2007, the Company filed three potash exploration license applications in the Province of Saskatchewan. Application file numbers WP1 KP407, WP2 KP408 and WP3 KP409 cover an area of 253,440 acres in size. On May 27, 2008, the Company was granted these three potash permits in south eastern Saskatchewan. The three contiguous permits, KP 407, KP 408, and KP 409, granted by the Saskatchewan Ministry of Energy and Resources comprise a total of 123,948 acres. Each of the permits grants the Company the exclusive rights to explore and prospect for subsurface minerals for a term of five years. During 2009, the Company did not renew permit KP 407 and concentrated on properties covered under permits KP 408 and KP 409.

6. Exploration and Evaluation Expenditures (Continued)

b) Brazilian Property

On July 28, 2008, the Company signed an agreement with Amarillo Gold Corporation ("Amarillo"), a company related by two common directors, to acquire Potash and Bauxite mineral rights in Brazil. As per terms of the agreement, Amarillo, through its Brazilian subsidiary, would acquire, on behalf of the Company, exploration rights for potash and bauxite over acreage in the Brazilian Amazon Basin, then vend these exploration rights into a new Western Potash Brazilian subsidiary(s) ("WPXA"). Under the terms of the agreement, the Company would pay for all direct and indirect expenses incurred by Amarillo in connection with the acquisition of the potash and bauxite exploration rights in Brazil. During the year ended September 30, 2009, the Company paid $150,000 to Amarillo for assisting the Company in applying for potash and bauxite exploration rights in the Amazon Basin. Amarillo also returned the deposit in investment of $1,500,000 to the Company after deducting direct expenses in applying for these permits and after converting the Brazilian Real into Canadian funds. During the year ended September 30, 2012, the Company paid for permits for its Brazilian properties through its wholly owned Brazilian subsidiary, Potassio Ocidental M Ltda ("Potassio"), in the amount of $1,849,378. Amarillo's subsidiary, Amarillo Mineracao Do Brasil LTDA, staked some of the mineral claims in Brazilian property for the Company in a 100% interest in a power-of-attorney relationship.

During the year ended September 30, 2012, the Company has entered into an option agreement dated May 16, 2012 with Moonraker Acquisition Corp. ("Moonraker") whereby Moonraker held an option to acquire the Company's Brazilian potash claims. Under the terms of the option agreement, Moonraker had an option to acquire an 80% interest in the Company's Brazilian potash mineral claims. Subsequent to the execution of this option agreement, Moonraker announced that it has signed an arms-length letter of intent with Pacific Potash Corporation ("Pacific Potash") effective June 8, 2012, relating to an acquisition by Pacific Potash of all the issued and outstanding securities of Moonraker. The transaction was approved by the TSX Venture Exchange on July 24, 2012.

The Option Agreement, which was originally made as of May 16, 2012 and amended on January 29, 2013, provided that the Pacific Potash might earn up to an 80% interest in Brazilian potash claims by issuing 1,500,000 shares (500,000 issued in August 2012, valued at a fair value of $45,000), payment of $500,000 ($100,000 paid in June 2012 and $150,000 paid in August 2012) in cash and work commitments totaling a minimum of $2,000,000, with all consideration and commitments spread over a three year period. Pursuant to the Second Amending Agreement dated March 15, 2013, the remaining considerations and commitments of cash payments of $250,000, issuance of 1,000,000 common shares, and a minimum of $2,000,000 exploration expenditures requirement were eliminated and cancelled.

On March 15, 2013, the Company entered into a Share Purchase Agreement ("the Agreement") with Pacific Potash. Pursuant to the Agreement, Pacific Potash acquired 100% of the outstanding shares of Potassio from the Company, in exchange for the issuance of 1,000,000 common shares of Pacific Potash (issued on April 19, 2013 and valued at a fair value of $95,000). The sale of Potassio closed on April 19, 2013.

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6. Exploration and Evaluation Expenditures (Continued)

b) Brazilian Property (Continued)

In January 2013, Potassio was fined by the Brazilian Departamento Nacional de Producao Mineral (“DNPM”) due to failure to pay the Taxa Annual pro Hectare (“TAH”) fees related to the exploration permits over Brazilian potash claims owned by Potassio. On October 7, 2013, Potassio reached a settlement with DNPM for a total gross amount of TAH payments, penalties and interests of $2,180,279 (4,660,707 Brazilian Real). The administrative order was granted by DNPM to allow Potassio to make the outstanding TAH payments and related penalties and interested owed as of settlement date over a 60 month payment period. On a closing date of sale of Potassio by the Company, April 19, 2013, the total TAH payments and related penalties and interest of $1,549,105 with a discount rate of 12% and a payment period of five years have been accrued and accounted for. Pacific Potash would assume all of the TAH fee payment arrears totalling $4,660,707 in Brazilian Real due to the Brazilian government.

7. Investments

	Jun 30, 2014	Sep 30, 2013
<u>Fair Value Through Profit or Loss</u>		
Arctic Star Exploration Corp. – shares & warrants - cost (a)	**153,479**	114,800
Arctic Star Exploration Corp. – unrealized loss (a)	**(28,573)**	(57,328)
Pacific Potash Corp. – shares – cost (b)	**-**	95,000
Pacific Potash Corp. – shares – unrealized gain (b)	**-**	35,000
Discovery Harbour Resources Corp. – shares & warrants - cost (c)	**449,565**	111,185
Discovery Harbour Resources Corp. – unrealized loss (c)	**(101,072)**	(76,987)
Equitorial Exploration Corp. – shares - cost (d)	**450,000**	-
True Claim Exploration Inc. – shares - cost (e)	**192,305**	**-**
True Claim Exploration Inc. – shares - unrealized loss (e)	**(139,105)**	-
	$ 976,599	$ 221,670

a) Arctic Star Exploration Corp.

During the year ended September 30, 2011, the Company participated in a private placement of Arctic Star Exploration Corp., which is a public company listed on TSX Venture Exchange and a company related to the Company by a common director. The Company acquired 540,000 units at $0.25 per unit, with each unit made up of one share and one half of one common share purchase warrant, exercisable at $0.50 per share until August 26, 2012. Shares of Arctic Star Exploration Corp. were financial assets at fair value through profit or loss, and were measured at their quoted fair market value. The fair value of warrants was established by using the valuation technique, the Black-Scholes Option Pricing Model. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 0.91% to 1.04%; expected life – 0.91 year to 1 year; expected volatility – 167.69% to 168.04%; and expected dividends – nil. Unrealized loss of $20,800 was recognized in net loss for the year ended September 30, 2011. All of warrants with an exercise price of $0.50 per share expired unexercised during the year ended September 30, 2012. 510,000 shares were re-measured at their quoted fair market value of $108,000 with unrealized

7. Investments (Continued)

a) Arctic Star Exploration Corp. (Continued)

gain of $10,800 recognized in net loss for the year ended September 30, 2012. During the year ended September 30, 2013, all of shares were disposed of for cash proceeds of $114,914 and gain of $6,914 recognized in net loss for the year ended September 30, 2013.

During the year ended September 30, 2013, the Company acquired 521,818 units at $0.22 per unit, with each unit made up of one share and one common share purchase warrant, exercisable at $0.37 per share until April 12, 2015. Shares of Arctic Star Exploration Corp. were financial assets at fair value through profit or loss, and were measured at their quoted fair market value. The fair value of 521,818 warrants was established by using the valuation technique, the Black-Scholes Option Pricing Model. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 0.95% to 1.19%; expected life – 1.53 years to 2 years; expected volatility – 117.65% to 138.33%; and expected dividends – nil. As at June 30, 2014, 850,818 shares were re-measured at their quoted fair market value of $114,860 (September 30, 2013 - $46,964) and 521,818 warrants were re-measured at a fair value of $10,046 (September 30, 2013 - $10,508) by using the valuation technique, the Black Scholes Option Pricing Model with an unrealized loss of $462 recognized in net loss for the period ended June 30, 2014.

b) Pacific Potash Corp.

During the year ended September 30, 2012, the Company received 500,000 shares of Pacific Potash at a fair value of $45,000 pursuant to the option agreement dated May 16, 2012 with Pacific Potash. 500,000 shares were re-measured at their quoted fair market value of $77,500 with unrealized gain of $32,500 recognized in net loss for the year ended September 30, 2012. During the year ended September 30, 2013, all of shares were disposed of for cash proceeds of $75,235 and loss of $2,265 recognized in net loss for the year ended September 30, 2013.

During the year ended September 30, 2013, the Company received 1,000,000 shares of Pacific Potash at a fair value of $95,000 pursuant to the share purchase agreement dated March 15, 2013 with Pacific Potash. 1,000,000 shares were re-measured at their quoted fair market value of $130,000 with unrealized gain of $35,000 recognized in net loss for the year ended September 30, 2013.

During the second quarter of fiscal 2014, the Company disposed of its remaining shares of Pacific Potash for proceeds of $75,400 for a loss of $54,600.

c) Discovery Harbour Resources Corp. (“Discovery”)

During the year ended September 30, 2013, the Company acquired 2,166,667 units at $0.30 per unit, with each unit made up of one share and one half of one common share purchase warrant, exercisable at $0.45 per share until March 28, 2015. The fair value of $538,816 of 2,166,667 shares was recorded to investment in associate (Note 9). The fair value of 1,083,333 warrants was established by using the valuation technique, the Black Scholes Option Pricing Model. Assumptions used in the option pricing model were as follows: average risk free interest rate – 1.00% to 1.10%; expected life – 1.49 years to 2 years; expected volatility – 118.82% to 166.46%; and expected dividends – nil. As at June 30, 2014, 1,083,333 warrants were re-measured at a fair

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7. Investments (Continued)

c) Discovery Harbour Resources Corp. ("Discovery") (Continued)

value of $10,163 (September 31, 2013 - $34,198) by using the valuation technique, the Black Scholes Option Pricing Model, with unrealized loss of $24,035 recognized in net loss for the period ended June 30, 2014.

The Company as at April 23, 2014 no longer had a significant influence in "Discovery" as a result of a private placement which resulted in an unrelated individual holding approximately 49.6% of "Discovery", and approximately 58.9% on a diluted basis. Therefore, the investment in associate was reclassified as a financial instrument fair valued through profit or loss ("FVPL"):

Balance - September 30, 2012	$ -
Investment re-classified from available-for-sale investment	1,005,736
Conversion of loan receivable	4,059,895
Acquisition of 2,166,667 shares	538,816
Equity loss for the year	(185,701)
Impairment	(4,557,822)
Balance - September 30, 2013	860,924
Equity loss for the period ended March 31, 2014	(68,112)
Writedown for the period ended March 31, 2014	(446,464)
Investment in associate as at March 31, 2014	346,348
Equity loss for period ended April 24, 2014	(7,968)
Investment reclassified from investment-in-associate April 24, 2014	$ 338,381

As at June 30, 2014, 9,895,674 shares were re-measured at their quoted fair market value of $338,330 (September 30, 2013 - $Nil)

d) Equitorial Exploration Corp.

On January 31, 2014, the Company acquired 3,000,000 shares at $0.15 per unit for a cost of $450,000. For the period ended June 30, 2014, 3,000,000 shares were re-measured at their quoted fair value of $450,000 with an unrealized gain/loss of $nil recognized in the net loss for the period ended June 30, 2014.

e) True Claim Exploration Inc.

On January 24, 2014, the Company acquired 3,800,000 shares at $0.05 per share for a cost of $192,305. For the period ended June 30, 2014, 3,800,000 shares were re-measured at their quoted fair value of $53,200 with an unrealized loss of $139,105 recognized in the net loss for the period ended June 30, 2014.

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8. Loans Receivable

	Jun 30, 2014	Sep 30, 2013
Red Oak Mining Corp. (a)	$ **240,000**	$ -
Accrued interest	**4,504**	-
	244,504	-
Mighty Ventures Holding Corp. (b)	**85,000**	85,000
Accrued interest	**16,061**	9,068
	101,061	94,068
Arctic Star Exploration Corp. (c)	**7,500**	
Accrued interest	-	-
	7,500	-
Amarillo Gold Corp. (d)	-	-
Accrued interest	**19,727**	-
	19,727	-
	$ 372,792	94,068
Current	**$ 128,288**	$ 94,068
Long-term	**244,504**	-
	$ 372,792	$ 94,068

a) Red Oak Mining Corp.

On February 19, 2014, the Company advanced a loan of $240,000 bearing an interest rate of 5% per annum to Red Oak Mining Corp. (formerly Universal Wing Technologies Inc.), a public company trading on the TSX-V. The loan in unsecured and matures February 19, 2016.

b) Mighty Venture Holding Corp.

During the year ended September 30, 2013, the Company advanced a loan of $85,000 bearing an interest rate of 11% per annum to Mighty Venture Holding Corp., a private company. The loan is due on demand and unsecured.

c) Arctic Star Exploration Corp.

During the period ended June 30, 2013, the Company advanced a loan of $7,500 to Arctic Star Exploration Corp., a public related company trading on the TSX-V. The loan is non interest bearing, due on demand and unsecured.

8. Loans Receivable (Continued)

d) Amarillo Gold Corp.

During the three months ended June 30, 2014, the Company advanced a loan of $500,000 bearing an interest rate of 12% per annum to Amarillo Gold Corp., a public related company trading on the TSX-V. The principal portion of the loan was repaid prior to the end of the quarter.

9. Investment in Associate

a) Investment in Discovery Harbour Resources Corp.

Discovery Harbour Resources Corp. ("Discovery") was a private company until April 2, 2013 and subsequently became a public company on April 3, 2013 after completing a reverse takeover transaction with a public company, CVC Cayman Ventures Corp., listed at the TSX Venture Exchange ("TSX Venture Exchange"). Upon completion of reverse takeover transaction on April 2, 2013, Discovery consolidated its common shares on a three old for one new basis. All references to Discovery common shares and warrants in these consolidated financial statements reflect Discovery share consolidation.

The Company has invested 673,333 shares of Discovery during the year ended September 30, 2010. 673,333 shares of Discovery were classified as an available-for-sale financial asset which did not have a quoted price in an active market, and were measured at the carrying amount until April 2, 2013 (Note 7).

During the year ended September 30, 2012, the Company acquired 2,817,579 common shares of Discovery to settle outstanding receivables, unsecured line of credit and accrued interest for $845,273 (Note 7).

On April 2, 2013, the Company, through conversion of a debenture, received 4,238,095 common shares of Discovery at a fair value of $4,059,895. The Company also acquired 2,166,667 shares of the Discovery and 1,083,333 warrants of the Discovery in a private placement (Note 7 (c)). As at April 2, 2013, the Company, combined with its prior shares, owned directly a total of 9,895,674 shares of the Discovery representing approximately 30.65% of the outstanding issued share capital of the Discovery with a common director of both companies. As a result, effective April 2, 2013, the Company had significant influence over Discovery. Therefore, the investment in Discovery was recorded using the equity method. As at September 30, 2013, the carrying value of investment in Discovery was written down to $860,924 and impairment of $4,557,822 was charged to the consolidated statements of loss.

The Company had 9,895,674 shares (21.85% interest) of 45,293,513 total shares issued as at September 30, 2013.

The Company as at April 23, 2014 no longer had a significant influence in "Discovery" as a result of a private placement which resulted in an unrelated individual holding approximately 49.6% of "Discovery", and approximately 58.9% on a diluted basis. Therefore, the investment in associate was reclassified as a financial instrument fair valued through profit or loss ("FVPL"):

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9. Investment in Associate (Continued)

Balance - September 30, 2012	$ -	
Investment re-classified from available-for-sale investment	1,005,736	
Conversion of loan receivable	4,059,895	
Acquisition of 2,166,667 shares	538,816	(Note 7)
Equity loss for the year	(185,701)	
Impairment	(4,557,822)	
Balance - September 30, 2013	860,924	
Equity loss for the period	(68,112)	
Writedown for the period	(446,464)	
Investment in associate as at March 31, 2014	$ 346,348	
Equity loss for period ended April 24, 2014	(7,968)	
Investment re-classified to FVPL	(338,381)	
	$ Nil	

10. Share Capital

a) Authorized - unlimited Common shares without par value.

b) Issued and Fully Paid -

	Number	Amount
Balance, September 30, 2012	161,295,183	99,919,370
Brokered private placement @ $0.48 per share [1]	20,000,000	9,600,000
Share issuance costs	-	(554,436)
Non-brokered private placement @ $0.71 per share [2]	45,040,876	31,979,022
Balance, September 30, 2013	226,336,059	$140,943,956
Exercise of options @ $0.45 per share	50,000	22,500
Exercise of options @ $0.50 per share	190,000	95,000
Fair value of options transferred from contributed surplus	-	88,100
Exercise of warrants@ $0.58 per share	200,000	116,000
Balance, June 30, 2014	226,776,059	$ 141,265,556

[1] On October 24, 2012, the Company sold 20,000,000 units at a price of $0.48 per unit, for aggregate gross proceeds to the Company of $9,600,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share of the Company at an exercise price of $0.58 at any time up to and including the close of business on October 24, 2015.

[2] On June 19, 2013, the Company sold 45,040,876 shares at a price of $0.71 per share, for aggregate gross proceeds to the Company of $31,979,022.

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10. Share Capital (Continued)

c) Share Purchase Warrants -

(i) As at June 30, 2014, the Company had warrants outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
19,800,000	0.58	October 24, 2015

(ii) A summary of the Company's issued and outstanding share purchase warrants as at June 30, 2014, September 30, 2013 and September 30, 2012 and changes during those periods is presented below:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, September 30, 2012	10,363,740	$ 1.67
Expired	(10,363,740)	(1.67)
Granted [1]	20,000,000	0.58
Balance, September 30, 2013	20,000,000	0.58
Exercised	(200,000)	(0.58)
Balance, June 30, 2014	19,800,000	$ 0.58

[1] On October 24, 2012, the Company granted 20,000,000 common share purchase warrants and brokers' warrants with its offering.

d) Share-Based Compensation Plan -

(i) As at June 30, 2014, the Company had compensation and stock options outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
710,000	0.50	June 1, 2015
2,500,000	0.50	December 29, 2015
225,000	0.50	February 3, 2016
3,154,000	0.50	May 20, 2016
250,000	0.50	February 15, 2017
700,000	0.50	March 30, 2017
2,170,000	0.45	November 30, 2017
11,190,000	0.45	September 12, 2018
20,899,000		

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10. Share Capital (Continued)

d) Share-Based Compensation Plan – (Continued)

(ii) A summary of the status of the Company's stock options as at June 30, 2014, September 30, 2013 and September 30, 2012 and changes during those years is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance September 30, 2012	15,204,000	$ 0.79
Granted [1]	13,435,000	0.45
Cancelled [2]	(1,849,000)	(1.15)
Re-priced [2]	1,849,000	0.50
Cancelled [3]	(5,020,000)	(1.14)
Re-priced [4]	5,020,000	0.50
Expired	(6,940,000)	0.50
Forfeited	(10,000)	0.50
Forfeited	(40,000)	1.10
Forfeited	(40,000)	1.16
Balance, September 30, 2013	21,609,000	$ 0.47
Exercised	(240,000)	(0.49)
Cancelled	(50,000)	(0.48)
Expired	(420,000)	(0.50)
Balance, June 30, 2014	20,899,000	$ 0.47

[1] On November 30, 2012, the Company granted 2,195,000 stock options to employees, consultants, directors and officers under its Stock Option Plan at an exercise price of $0.45 per share exercisable at any time on or before November 30, 2017. The fair value of these stock options is determined to be $692,589 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.28%, expected life of 5 years, forfeiture rate of 0%, expected volatility of 91.07% and a dividend rate of 0%. The Company recorded $511,159 as share-based compensation and $181,430 as exploration and evaluation expenditures.

On September 12, 2013, the Company granted 11,240,000 stock options to employees, consultants, directors and officers under its Stock Option Plan at an exercise price of $0.45 per share exercisable at any time on or before September 12, 2018. The fair value of these stock options is determined to be $3,211,983 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 2.13%, expected life of 5 years, forfeiture rate of 0%, expected volatility of 84.32% and a dividend rate of 0%. The Company recorded $3,019,093 as share-based compensation and $192,890 as exploration and evaluation expenditures.

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10. Share Capital (Continued)

d) Share-Based Compensation Plan – (Continued)

(ii) Continued

[2] On December 20, 2012, the Company re-priced 1,849,000 stock options to employees and consultants under its Stock Option Plan at an exercise price of $0.50 per share. The fair value of these stock options charged to operation in 2013 as share-based compensation is determined to be $158,711 using the Black-Scholes option pricing model:

- 150,000 stock options expiring December 29, 2015 with an original exercise price of $1.10 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.21%, expected life of 3.02 years, forfeiture rate of 0%, expected volatility of 73.94% and a dividend rate of 0%.
- 150,000 stock options expiring February 3, 2016 with an original exercise price of $1.34 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.21%, expected life of 3.12 years, forfeiture rate of 0%, expected volatility of 73.43% and a dividend rate of 0%.
- 1,024,000 stock options expiring May 20, 2016 with an original exercise price of $1.16 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.21%, expected life of 3.42 years, forfeiture rate of 0%, expected volatility of 73.15% and a dividend rate of 0%.
- 525,000 stock options expiring March 30, 2017 with an original exercise price of $1.10 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.30%, expected life of 4.28 years, forfeiture rate of 0%, expected volatility of 87.89% and a dividend rate of 0%.

[3] On January 25, 2013, the Company re-priced 5,020,000 stock options issued to insiders of the Company under its Stock Option Plan at an exercise price of $0.50 per share. The fair value of these stock options charged to operation in 2013 as share-based compensation is determined to be $488,670 using the Black-Scholes option pricing model:

- 2,350,000 stock options expiring December 29, 2015 with an original exercise price of $1.10 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.23%, expected life of 2.93 years, forfeiture rate of 0%, expected volatility of 71.97% and a dividend rate of 0%.
- 75,000 stock options expiring February 3, 2016 with an original exercise price of $1.34 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.23%, expected life of 3.02 years, forfeiture rate of 0%, expected volatility of 74.28% and a dividend rate of 0%.
- 2,145,000 stock options expiring May 20, 2016 with an original exercise price of $1.16 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.23%, expected life of 3.32 years, forfeiture rate of 0%, expected volatility of 73.91% and a dividend rate of 0%.
- 250,000 stock options expiring February 15, 2017 with an original exercise price of $1.33 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.35%, expected life of 4.06 years, forfeiture rate of 0%, expected volatility of 78.43% and a dividend rate of 0%.

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10. Share Capital (Continued)

d) Share-Based Compensation Plan – (Continued)

(ii) Continued

- 200,000 stock options expiring March 30, 2017 with an original exercise price of $1.10 were re-valued at an exercise price of $0.50 using the current assumptions of risk-free interest rate of 1.35%, expected life of 4.18 years, forfeiture rate of 0%, expected volatility of 82.78% and a dividend rate of 0%.

11. Contributed Surplus

Balance, September 30, 2012	$ 16,723,375
Fair value of compensation options issued (Note 10(d)(ii))	3,904,572
Fair value of compensation options re-priced (Note 10(d)(ii))	647,381
Balance, September 30, 2013	21,275,328
Fair value of options transferred from contributed surplus	(88,100)
Balance, June 30, 2014	$ 21,187,228

12. Related Party Transactions

Related party transactions that are not disclosed elsewhere in the condensed interim consolidated financial statements for the three months ended June 30, 2014 and 2013 are as follows:

	2014	2013
	$	$
Amounts paid and accrued to directors and companies in which directors are shareholders		
Management and consulting	276,910	142,606
Amounts paid and accrued to an accounting firm in which a director is a consultant		
Accounting and legal	10,147	13,515
Rental income charged to companies, related by common directors, for sharing office		
Rent and expense recoveries	26,034	31,844

Net accounts payable balances at June 30, 2014 were outstanding to directors, companies in which directors are shareholders and an accounting firm in which a director is a consultant in the amount of $17,450 (2013: $30,714).

Accounts receivable balances at June 30, 2014 were outstanding from companies with common directors in the amount of 110,326 (2013: nil)

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties. Note 7, 9 and 14 also provide information on related party transactions.

13. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its potash properties and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes cash, debt and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets. As at June 30, 2014, the Company had not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to those markets, and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the Toronto Stock Exchange in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company expected it has sufficient capital resources during the year to meet its operating requirements to complete its Feasibility study at its Milestone Property in Saskatchewan.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

14. Commitments and Contractual Agreements

a) On August 1, 2007, as amended January 1, 2011 and August 1, 2013, the Company entered into a two-year executive consulting agreement with J P Varas Management and Geological Corp., a company controlled by an officer of the Company. Under the agreement, the Company shall pay a monthly fee of $31,667 per month plus some other allowances. The agreement shall automatically renew for one year. If the agreement is terminated by the Company without cause, it is required to pay between 12 months to 36 months of monthly fees plus a certain amount calculated based on bonus paid within a 12 month period at the time of termination.

b) On October 29, 2008, the Company agreed to sublease a premises located at 701 West Georgia Street, Vancouver B.C., commencing January 1, 2009 and expiring June 29, 2014. The premise consists of 4,552 square feet of rentable area and has a basic rental fee of $32.00 per square feet per annum plus applicable taxes. Additional rent for the Company's proportionate share of building property taxes and operating expenses are estimated to be $19.43 per square foot per annum plus applicable taxes. This lease expired on June 29, 2014.

c) On May 4, 2010, the Company agreed to sublease another premises located at 701 West Georgia Street, Vancouver B.C., commencing July 1, 2010 and expiring June 30, 2014. The premise consists of 3,260 square feet of rentable area and has a basic rental fee of $32.00 per square feet per annum plus applicable taxes. This lease expired on June 30, 2014.

14. Commitments and Contractual Agreements (Continued)

d) On April 29, 2011, the Company agreed to sublease another premises located at 701 West Georgia Street, Vancouver B.C., commencing July 1, 2011 and expiring June 30, 2014. The premise consists of 1,186 square feet of rentable area and has a basic rental fee of $30.50 per square feet per annum plus applicable taxes. This lease expired on June 30, 2014.

e) On November 5, 2009, the Company agreed to sublease a premises located at 1545B McAra St., Regina, Saskatchewan, commencing November 15, 2009 and expiring November 14, 2011. The premise consisted of 1,800 square feet of rentable area and had a minimum monthly rental fee of $2,200 plus applicable taxes. Effective November 1, 2011, the Company moved to a new premise located at 2010 – 11th Avenue, Regina, Saskatchewan, commencing November 1, 2011 and expiring October 31, 2016. The premise consists of 2,318 square feet of rentable area and has a minimum monthly rental fee of $3,477 plus applicable taxes.

f) On January 17, 2012, the Company agreed to sublease another premises located at 701 West Georgia Street, Vancouver B.C., commencing March 1, 2012 and expiring June 30, 2014. The premise consists of 2,891 square feet of rentable area and has a basic rental fee of $29.00 per square feet per annum plus applicable taxes. This lease expired on June 30, 2014.

g) The Company leased new premises located at Suite 1400 - 1111 West Georgia St., Vancouver, B.C., commencing July 1, 2014 and expiring June 30, 2019. The premise consists of 13,817 square feet of rentable area and has a basic rental fee of $30.00 per square feet per annum plus applicable taxes with the first payment made on July 1, 2014.

15. Financial Instruments and Risk Factors

a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

At June 30, 2014, certain financial instruments were recorded at fair value on the statement of financial position with changes to fair value being reported in the statement of loss, except for those investments that do not have a quoted market price in an active market, which are measured at cost. The fair value measurement of these instruments is classified according to the following hierarchy based on the amount of observable inputs available to value the instrument.

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

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

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15. Financial Instruments and Risk Factors (Continued)

a) Fair values (Continued)

The Company's cash and cash equivalents, term deposit, and investments valued at fair value through profit or loss have been valued using Level 1 inputs. Investment in warrants has been valued using Level 3 inputs. The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2014 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	$ 5,282,011	$ -	$ -	$ 5,282,011
Term deposit	15,100,000	-	-	15,100,000
Investments	956,390	-	20,209	976,599
	$ 21,338,401	$ -	$ 20,209	$ 21,358,610

b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, term deposits, accounts and other receivables, loan receivable and investment. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents and term deposits are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk concentration with respect to financial instruments above is remote.

c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company had cash and cash equivalents balance of $5,282,011 to settle current liabilities of $176,556. All of the Company's significant liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to, available bank lines, results from new wells drilled, commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

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Notes to Condensed Interim Consolidated Financial Statements
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15. Financial Instruments and Risk Factors (Continued)

d) Market risk (Continued)

i) Interest rate risk

The Company has cash balances and no interest bearing debt. The Company’s current policy is to invest excess cash in high yield term deposits and bankers’ acceptance. The Company regularly monitors its cash management policy. Interest rate risk is remote as the interest rates on the Company’s short-term investment have fixed interest rates.

ii) Foreign currency risk

The Company's functional currency for the parent company and its subsidiaries is the Canadian dollar and major expenditures are transacted in Canadian dollars.

iii) Commodity price risk

The Company is exposed to commodity price risk. Commodity price risk is defined as the potential impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of potash, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company’s future profitability and viability of development depends upon the world market price of potash. Potash prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of potash are produced in the future, a profitable market will exist for them. A decline in the market price of potash may also result in the Company reducing its mineral resources, which could have a material and adverse effect on the Company’s value.

The Company is not a potash producer as of June 30, 2014. Therefore, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company’s liquidity and its ability to meet its ongoing obligations.

16. Contingency

By an agreement dated January 14, 2013, the Company retained UBS Securities Canada Inc. ("USB") to provide certain services. The agreement provided for various potential payments from the Company to UBS if specific triggering events occurred. It is the position of the Company that none of the triggering events has occurred and that no amount is currently payable to UBS. However, by letter dated September 10, 2013 counsel for UBS asserted that a fee is due to UBS. The legal counsel for the Company has written to counsel for UBS and explained the basis for the position of the Company that there is currently no amount due to UBS. No legal proceedings have been served nor is the legal counsel for the Company aware of any legal proceeding being commenced. The legal counsel for the Company assessed the claim of UBS to be weak. Whether any future entitlement will arise in favour of UBS will depend upon whether future events occur which might trigger a fee entitlement for UBS. Any settlement will be reflected as a charge to operations in the year occurred. No provision for possible loss has been included in these condensed interim consolidated financial statements.