MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended

September 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Western Potash Corp. ("the Company" or "WPX"") for the year ended September 30, 2016. It has been prepared as of December 12, 2016 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for year ended September 30, 2016. All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"), and all dollar amounts are expressed in Canadian dollars.

For additional information, readers should also refer to Company information filed on www.sedar.com.

Forward Looking Statements

The following MD&A contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding mineral resource estimates, exploration results, potential mineral resources, potential mineralization and future plans and objectives of the Company are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, risks related to the exploration stage of the Company's mineral properties, uncertainties relating to the availability and costs of financing needed in the future, the possibility that future exploration results will not be consistent with the Company's expectations, changes in equity markets, changes in commodity prices, failure to establish estimated mineral resources (the Company's mineral resource figures are estimates and no assurances can be given that the indicated levels of potash will be produced), fluctuations in currency exchange rates, inflation, political developments, changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain required project approvals, the uncertainties involved in interpreting geological data and the other risks involved in the mineral exploration business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein. Also see pages 21-22 for other risks and uncertainties.

Description of Business

Western Potash Corp. was incorporated April 5, 2007 under the British Columbia *Business Corporation Act* as 787604 B.C. Ltd. The Company changed its name to Western Potash Corp. on July 10, 2007.

The Company is a mineral exploration company engaged in the acquisition, evaluation, exploration and development of potash mineral properties in Western Canada. Its potash properties are located in Southern Saskatchewan. The Company's objectives are to discover, define and develop a world-class potash deposit. The Company currently has no mineral production that yields any revenues.

Overview

The Company is a development stage potash company focused on building Canada's most efficient potash solution mine at its 100% owned Milestone property (the "Milestone Project") located 30 kilometers southeast of Regina, and southeast of Mosaic's Belle Plaine Mine, one of the largest producing potash solution mines in the world. The Company intends to develop a world-class potash deposit in an ecologically sustainable, economically efficient and socially responsible manner.

On July 2, 2015, the Company announced the completion of a Scoping Study for a Pilot Plant Scale Selective Solution Mining Operation (the "Pilot Study") on the Milestone Project. The Pilot Study is a preliminary economic assessment and was prepared by Novopro Projects Inc. in conjunction with Agapito Associates Inc. The Pilot Study outlines how the Company may effectively exploit the Milestone asset through reduced targeted levels of potential production, using innovative selective potash solution mining techniques, while projecting reduced capital expenditures ("CAPEX") and competitive operating expenditures ("OPEX"). The Pilot Study included a resource estimate for the study area. The Pilot Study reports that the resulting after-tax/royalty projected Net Present Value ("NPV") related to the resources within the study area is $56.7M CAD, with an Internal Rate of Return ("IRR") of 25.2 % assuming a nominal discount rate of 10%, CAPEX of $80.6M CAD, OPEX of $80 CAD per tonne, and a potash price of $315 USD per tonne FOB Vancouver.

Selected Annual Information

The following table presents financial information for the years ended September 30, 2016, September 30, 2015 and September 30, 2014.

	For the Year Ended September 30, 2016	**For the Year Ended September 30, 2015**	**For Year Ended September 30, 2014**
Total revenues	$ -	$ -	$ -
Interest income	1,206,723	266,131	404,412
Net loss and comprehensive loss	5,386,663	6,007,822	6,253,652
Basic and diluted loss per share	0.01	0.03	0.03
Total assets	149,777,324	158,133,263	83,204,012
Total current liabilities	298,976	2,505,732	288,874
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

Selected Annual Information (Continued)

For the year ended September 30, 2016, the Company had net loss and comprehensive loss of $5,386,663 compared to a net loss and comprehensive loss of $6,007,822 for the year ended September 30, 2015. Although the Company's operating expenses increased $775,696 for the year ended September 30, 2016, this was due to increases in consulting and rent expenses which increased $2,018,713 and $281,329 respectively. All other components of operating expenses decreased for the year ended September 30, 2016. Since the completion of the pilot study, the Company has continued to decrease most of its discretionary spending as the Company transitions from the exploration stage to the development stage of its mining operations and it focuses spending on the development of its Milestone project. Other income and expenses improved for the year ended September 30, 2016 to income of $588,646 compared to a loss of $808,239, an improvement of $1,396,885 primarily due to the increase in interest income of $940,592 resulting from higher cash and term deposit positions from the September 17, 2015 issuance of 240,409,500 common shares for aggregate gross proceeds to the Company of $80,729,510.

For the year ended September 30, 2015, the Company had net loss and comprehensive loss of $6,007,822 compared to a net loss and comprehensive loss of $6,253,652 for the year ended September 30, 2014. The Company's operating expenses decreased $743,744. Since the completion of the feasibility study and the strategic investments by China BlueChemical Ltd., and Benewood Holdings Corporation, through a joint venture company, CBC (Canada) Holding Corp., the Company has continued to decrease its staffing levels and exploration stage activities as the Company transitions from the exploration stage to the development stage of its mining operations in 2015. Although operating expenses decreased $743,744 for the year ended September 30, 2015 compared to the prior year, other expenses increased $497,944 mainly due to a $666,658 increase in the unrealized loss on investments valued at fair value through profit or loss and a $310,100 increase in the write down of its receivables from rental tenants. Impairment on investment in associate was $nil for the year ended September 30, 2015 compared to $446,464 for the prior year as the Company no longer had an investment in an associate company. Interest income decreased $138,281 for the year ended September 30, 2015 compared to the prior year due to the Company's decrease in its loans receivable.

Review of Annual Financial Results

Net Loss and Comprehensive Loss

During the year ended September 30, 2016 the Company incurred a net loss and comprehensive loss of $5,386,663 ($0.01 per Common Share) as compared to a net loss and comprehensive loss of $6,007,852 ($0.03 per Common Share) for the year ended September 30, 2015.

Operating expenses

Operating expenses increased by $775,696 to $5,975,309 for the year ended September 30, 2016 from $5,199,613 for the year ended September 30, 2015 due to increases in consulting and rent expenses which increased $2,018,713 and $281,329 respectively. All other components of operating expenses decreased for the year ended September 30, 2016.

Consulting fees increased by $2,018,713 to $4,513,200 for the year ended September 30, 2016 from $2,494,487 for the year ended September 30, 2015 due to the a restructuring of key management staff resulting in several severance payments. Although these payments resulted in a $2,018,713 increase in consulting expenses, the severance payments were negotiated at lower amounts than originally committed.

Review of Annual Financial Results (Continued)

Operating expenses (Continued)

Rent expense increased by $281,329 to $600,610 for the year ended September 30, 2016 from $319,281 for the year ended September 30, 2015 due to the loss of several subtenants.

Accounting fees decreased by $175,700 to $93,160 for the year ended September 30, 2016 from $268,860 for the year ended September 30, 2015 due to reduction in the use of external accounting services.

Filing and regulatory fees decreased $198,656 to $68,647 for the year ended September 30, 2016 from $267,303 for the year ended September 30, 2015. Legal fees decreased $44,514 to $125,874 for the year ended September 30, 2016 from $170,388 for the year ended September 30, 2015. These expenses decreased due to the company having completed its search for a partner to advance the Milestone Project in fiscal 2015 and therefore, did not incur legal costs for due diligence requests in fiscal 2016 which would have been performed in the 2015 fiscal year. 2016's legal costs are associated with the share buyback program and consultant termination costs.

Salaries wages and benefits decreased by $155,134 to $122,950 for the year ended September 30, 2016 from $278,084 for the year ended September 30, 2015. Investor relations decreased by $445,444 to $62,059 for the year ended September 30, 2016 from $507,503 for the year ended September 30, 2015. These expenses decreased due to the continued decrease in staffing levels as the Company transitions from the exploration stage to the developmental stage of its mining activities.

Office and miscellaneous expenses decreased by $209,681 to $181,084 for the year ended September 30, 2016 from $390,765 for the year ended September 30, 2015. Travel expenses decreased by $270,008 to $112,289 for the year ended September 30, 2016 from $382,297 for the year ended September 30, 2015. Since the completion of the Pilot Study, the Company has continued to decrease most of its discretionary spending as the Company transitions from the exploration stage to the development stage of its mining operations and focuses its spending activities on the development of its Milestone project.

Other Income and Loss

Interest income increased by $940,592 to $1,206,723 for the year ended September 30, 2016 from $266,131 for the year ended September 30, 2015 resulting from the increase in its cash and term deposit positions from the September 17, 2015 issuance of 240,409,500 shares for aggregate gross proceeds to the Company of $80,729,510.

Unrealized loss on investments decreased by $615,715 to $148,555 for the year ended September 30, 2016 from $764,270 for the year ended September 30, 2015. The decrease is attributed to the Company's disposal of most of its investments which were valued at $94,295 as at September 30, 2016 compared to $677,345 as at September 30, 2015.

Loss on disposal of investments was $121,085 for the year ended September 30, 2016 compared to $nil for the year ended September 30, 2015, as there were no disposals in the year ended September 30, 2015.

Impairment of accounts and loans receivable increased by $38,337 to $348,437 for the year ended September 30, 2016 from $310,100 for the year ended September 30, 2015 due to the Company's write-off of approximately 90% of its loan and rent receivables from Red Oak Mining Corp. as the Company no longer believes these amounts will be fully collected.

Summary of Quarterly Results

The following table reports selected financial information for the eight most recent quarters.

	Three months ended September 30, 2016	Three months ended June 30, 2016	Three months ended March 31, 2016	Three months ended December 31, 2015
Other Items – Income (Loss)	$ (138,439)	$ 283,431	$ 404,904	$ 38,750
Operating Expenses	1,673,743	1,241,743	1,731,575	1,328,248
Net Loss & Comprehensive Loss	(1,812,182)	(958,312)	(1,326,671)	(1,289,498)
Loss per share – basic and diluted	(0.004)	(0.002)	(0.003)	(0.003)

Quarterly numbers in 2016 have been recast where applicable to reflect adjustments made at September 30, 2016 to expense certain costs previously capitalized to mineral property and development costs.

	Three months ended September 30, 2015	Three months ended June 30, 2015	Three months ended March 31, 2015	Three months ended December 31, 2014
Other Items – Income (Loss)	$ (609,488)	$ (262,982)	$ (93,004)	$ 157,235
Operating Expenses	1,644,078	1,221,813	1,031,575	1,302,147
Net Loss & Comprehensive Loss	(2,253,566)	(1,484,795)	(1,124,579)	(1,144,912)
Loss per share – basic and diluted	(0.009)	(0.007)	(0.005)	(0.005)

The Company’s net loss and comprehensive loss for the fourth quarter of fiscal 2016 increased to $1,812,182 from a net loss of and comprehensive loss of $958,312 for the third quarter of fiscal 2016. Operating expenses increased to $1,673,743 from $1,241,743 for the third quarter of fiscal 2016. The increase in net loss and comprehensive loss and operating expenses is primarily attributed to an increase in consulting fees due to the restructuring of key management staff resulting in several severance payments. Other items – income (loss) for the fourth quarter of fiscal 2016 decreased to a loss of $138,439 compared to income of $283,431 for the third quarter of fiscal 2016 due to the recognition of impairment of accounts and loans receivables from Red Oak Mining Corp of $348,437 in the fourth quarter of 2016. Also, unrealized losses on investments of $148,555 for the fourth quarter of fiscal 2016 were recorded compared to $nil for the third quarter of fiscal 2016.

The Company’s net loss and comprehensive loss for the third quarter of fiscal 2016 decreased to $958,312 from a net loss of and comprehensive loss of $1,326,671 for the second quarter of fiscal 2016. The decrease in net loss and comprehensive loss is mainly attributed to decreases in changes to consulting fees in operating expenses mentioned above. Other items – income (loss) for the third quarter of fiscal 2016 decreased to income of $283,431 from income of $404,904 for the second quarter of fiscal 2016 due to an increase in realized losses on disposal of investments.

The Company’s net loss and comprehensive loss for the second quarter of fiscal 2016 increased to $1,326,671 from a net loss of and comprehensive loss of $1,289,498 for the first quarter of fiscal 2016. The increase in net loss and comprehensive loss is mainly attributed to increases in operating expenses mentioned above. Other items – income (loss) for the second quarter of fiscal 2016 increased to income of $404,904 income from income of $38,750 for the first quarter of fiscal 2016 due to a significant increase in interest earned on term deposits described above. In addition, in the first quarter of 2016 the Company incurred a realized loss on the disposal of an investment resulting in a $256,980 loss. There were no realized losses in the second quarter of fiscal 2016.

Summary of Quarterly Results (Continued)

The Company's net loss and comprehensive loss for the first quarter of fiscal 2016 decreased to $1,289,498 from a net loss of and comprehensive loss of $2,253,566 for the fourth quarter of fiscal 2015. The decrease in net loss and comprehensive loss is mainly attributed to decreases in operating expenses which have continued to decrease since the completion of the preliminary economic assessment due to management's attempt to reduce costs through the current challenging commodities down cycle, as the Company transitions from the exploration stage to the developmental stage of its mining activities. Other items – income (loss) for the first quarter of fiscal 2016 increased to income of $38,750 from a loss of $609,488 for the fourth quarter of fiscal 2015 due to a significant increase in interest earned on term deposits which were the result of the Company selling 240,409,500 shares at a price of $0.3358 per share, for aggregate gross proceeds to the Company of $80,729,510 on September 17, 2015. Other income increased in the first quarter of fiscal 2016 despite a realized loss of $256,980 incurred on the disposal of investments.

The Company's net loss and comprehensive loss for the fourth quarter of fiscal 2015 increased to $2,253,566 from a net loss of and comprehensive loss of $1,484,795 for the third quarter of fiscal 2015. The increase in net loss and comprehensive loss is mainly attributed to an increase in unrealized losses on investments valued at fair value and write-off of accounts and loans receivables.

The Company's net loss and comprehensive loss for the third quarter of fiscal 2015 increased to $1,484,795 from a net loss of and comprehensive loss of $1,124,579 for the second quarter of fiscal 2015. The increase in net loss and comprehensive loss is mainly attributed to an increase of $190,238 in operating expenses described above.

The Company's net loss and comprehensive loss for the second quarter of fiscal 2015 decreased to $1,124,579 from a net loss of and comprehensive loss of $1,144,912 for the first quarter of fiscal 2015. The decrease in net loss and comprehensive loss is mainly attributed to a decrease of $20,333 in operating expenses described above.

Review of Fourth Quarter Financial Results

Net Loss and Comprehensive Loss

Net loss and comprehensive loss for the three months ended September 30, 2016 was $1,812,182 compared to a net loss and comprehensive loss of $2,253,566 for the three months ended September 30, 2015, a decrease of $441,384.

Operating expenses

Operating expenses increased by $29,665 to $1,673,743 for the three months ended September 30, 2016 from $1,644,078 for the three months ended September 30, 2015 due to increases in consulting fees and rent. All other significant components of operating expenses decreased in comparison.

Consulting fees increased by $636,541 to $1,367,885 for the three months ended September 30, 2016 from $731,344 for the three months ended September 30, 2015 due to the a restructuring of key management staff resulting in several severance payments. Although these payments resulted in a significant increase

Review of Fourth Quarter Financial Results (Continued)

Operating expenses (Continued)

in consulting expenses, the severance payments were negotiated at lower amounts than originally committed.

Rent expense increased by $53,409 to $146,721 for the three months ended September 30, 2016 from $93,312 for the three months ended September 30, 2015 due to the loss of several subtenants.

Accounting expense decreased by $95,662 to $19,610 for the three months ended September 30, 2016 from $115,272 for the three months ended September 30, 2015 due to a reduction of external accounting services.

Filing and regulatory fees expense decreased by $183,866 to $3,684 for the three months ended September 30, 2016 from $187,550 for the three months ended September 30, 2015. Legal expense decreased by $70,088 to $33,432 for the three months ended September 30, 2016 from $103,520 for the three months ended September 30, 2015. These expenses decreased due to the Company having completed its search for a partner to further the Milestone Project in fiscal 2015 and therefore, did not incur legal costs for due diligence requests in fiscal 2016 which would have been performed in the 2015 fiscal year. 2016's legal costs are associated with the share buyback program and employee termination costs.

Salaries, wages and benefits decreased by $42,133 to $28,318 for the three months ended September 30, 2016 from $70,451 for the three months ended September 30, 2015. Investor relations decreased by $157,641 to $1,272 for the three months ended September 30, 2016 from $158,913 for the three months ended September 30, 2015. These expenses decreased due to the continued decrease in staffing levels as the Company transitions from the exploration stage to the developmental stage of its mining activities.

Office and miscellaneous expenses decreased by $61,358 to $37,922 for the three months ended September 30, 2016 from $99,280 for the three months ended September 30, 2015. Travel expenses decreased by $50,411 to $5,081 for the three months ended September 30, 2016 from $55,492 for the three months ended September 30, 2015. Since the completion of the Pilot Study, the Company has continued to decrease most of its discretionary spending as the Company transitions from the exploration stage to the development stage of its mining operations and focuses its spending activities on the development of its Milestone project.

Other Income and Loss

Interest income increased $146,298 to $197,625 for the three months ended September 30, 2016 from $51,327 for the three months ended September 30, 2015 resulting from the increase in its cash and term deposit positions from the September 17, 2015 issuance of 240,409,500 common shares for aggregate gross proceeds to the Company of $80,729,510.

Unrealized loss on investments decreased by $129,901 to a loss of $220,814 to for the three months ended September 30, 2016 compared to a unrealized loss of $350,715 for the three months ended September 30, 2015. The decrease in unrealized loss on investments is due to the fact most of the investments had been written down in the previous fiscal year.

Review of Fourth Quarter Financial Results (Continued)

Other Income and Loss (Continued)

Loss on disposal of investments was $121,085 for the three months ended September 30, 2016 compared to a loss of $nil for the three months ended September 30, 2015 as there were no disposals for the three months ended September 30, 2015.

Impairment of accounts and loan receivable increased by $38,337 to $348,437 for the three months ended September 30, 2016 from $310,100 for the year ended September 30, 2015 due to the impairment of 90% of its loan and rent receivables from Red Oak Mining Corp.

Liquidity and Capital Resources

Cash Resources and Liquidity

As at September 30, 2016, the Company had cash and cash equivalents of $1,759,558, term deposits of $69,006,441 and working capital of $71,494,835 compared to cash and cash equivalents of $87,235,606, term deposits of $100,000 and working capital of $86,508,516 as at September 30, 2015. The Company has no debt or other long term obligations outstanding impacting liquidity or future cash flows. On September 17, 2015, the Company completed a non-brokered private placement where it sold 240,409,500 common shares at a price of $0.3358 per share, for aggregate gross proceeds to the Company of $80,729,510 giving it sufficient funds to proceed with its business plan for 2016-2017. The Company is in the development stage as at September 30, 2016.

Future cash requirements depend primarily on the stage and the extent of development the Company is planning to implement. Subsequent development programs will depend on the cost and duration of work planned and on the results from previous programs. As of the date of this report, the Company is sufficiently funded to develop and maintain its current properties and fund its operating expenses for 2017.

The recoverability of amounts shown for mineral property and development costs is dependent upon the ability of the Company to obtain necessary financing to complete the development and upon future profitable production from the Milestone Project. At September 30, 2016, the Company had no sources of revenues, has incurred operating losses since inception and expects to incur further losses during the development and construction of the Milestone Project. However, the Company has a working capital surplus of $71,494,835 as at September 30, 2016 including cash and cash and cash equivalents of $1,759,558 and term deposits of $69,006,441. Although the Company believes that its current cash position is sufficient to fund mine development costs and general and administrative expenses in 2017, the Company may require additional equity or debt financing beyond 2017 to fund the completion of the construction of a pilot plant at the Milestone Project and general and administrative expenses and other obligations until commissioning of the plant. In the longer term, additional financing may be required to expand the mining operation at the Milestone Project if the cash flows of the Pilot Plant are not sufficient to fund such expansion. Furthermore, as the Company has not yet commenced construction or commissioning of the pilot plant, there are no guarantees that the pilot plant will operate as expected, if at all, or that the Company will be able to complete construction of the plant on time and on budget. Material cost overruns may also require additional financing. 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.

Liquidity and Capital Resources (Continued)

Financing Activities

The Company has raised approximately $220 million since its inception, net of issuance costs, through non-brokered private placements of common shares, exercise of warrants, exercise of compensation options and its Initial Public Offering.

For the year ended September 30, 2016, the Company re-purchased 3.88 million of its own shares at a cost of $762,520. There were no other financing activities during the year ended September 30, 2016.

For the year ended September 30, 2015, the Company completed a non-brokered private placement of 240,409,500 shares at a price of $0.3358 per share, for aggregate gross proceeds to the Company of $80,729,510 on September 17, 2015. The completion of the private placement gives the Company sufficient funds to proceed with its business plan for 2016-2017.

Investment Activities

Mineral properties and mine development costs totaled $77,303,565 as at September 30, 2016, compared to $68,758,061 as at September 30, 2015. The increase reflects the Company's feasibility and development activities at its Milestone property in Saskatchewan, where $8,545,504 in development costs were incurred during the year ended September 30, 2016.

Investments had a fair value of $94,295 as at September 30, 2016 compared to a fair value of $677,345 as at September 30, 2015. During the year ended September 30, 2016, the Company disposed of its investments in Arctic Star Exploration Corp., Equitorial Exploration Corp. and True Claim Exploration Inc. resulting in the decrease in investments and a loss on disposal of investments of $121,085.

Additional Disclosures

Related Party Transactions

The Company's key management personnel includes the Company executive officers and members of the Board of Directors. Payments to key management personnel are included in consulting fees on the consolidated statement of loss and comprehensive loss and mineral property and development costs as follows:

Additional Disclosures (Continued)

Related Party Transactions (Continued)

Payments to key management personnel:

	For the three months Ended September 30		For the twelve months Ended September 30	
	2016	2015	**2016**	2015
Consulting fees:				
Salaries and wages	**80,625**	320,900	**$ 774,000**	$ 1,228,621
Bonus	**-**	-	**160,500**	-
Contract renegotiation and termination fees	**1,880,000**	-	**2,380,000**	-
	1,960,625	320,900	**3,314,500**	1,228,621
Capitalized payments:				
Salaries and wages	**150,750**	-	**741,000**	-
Bonus	-	2,500,000	**549,500**	2,500,000
	150,750	2,500,000	**1,290,500**	2,500,000
	2,111,375	2,820,090	**$ 4,605,000**	$ 3,728,621

Other related party transactions:

	For the three months ended September 30		For the twelve months ended September 30	
	2016	2015	**2016**	2015
Amounts paid and accrued to an accounting firm in which a director is a consultant				
Accounting and legal	-	$ 11,337	-	$ 69,875
Rental income charged to companies, related by common directors, for sharing office				
Rent	**$ 12,870**	$ 82,188	**$ 60,433**	$ 237,242

Accounts payable at September 30, 2016 include amounts outstanding to directors and companies in which directors are shareholders and an accounting form in which a director is a consultant in the amount of $57,000 (2015 - $175,614).

Accounts receivable at September 30, 2016 include amounts outstanding from companies with common directors in the amount of $70,006 (2015 - $157,723).

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Additional Disclosures (Continued)

Related Party Transactions (Continued)

(a) Rental income charged to companies, related by common directors, for sharing office

Arctic Star Exploration Corp. is a company where Patrick Power is a director. Rental revenue of $54,944 (2015 - $122,275) was received or receivable from Arctic Star Diamond Corp.

Amarillo Gold Corp. is a company where Patrick Power and Buddy Doyle are directors. Rental revenue of $1,156 (2015 - $16,952) was received or receivable from Amarillo Gold Corp.

Discovery Harbour Resources Corp. is a company where Patricio Varas is a director. Rental revenue of $591 (2015 - $14,771) was received or receivable from Discovery Harbour Resources.

Equitorial Exploration Corp. is a company where Patricio Varas, Troy Nikolai and Patrick Power are directors. Rental revenue of $3,742 (2015 - $54,928) was received or receivable from Equitorial Exploration Corp.

Trueclaim Exploration Inc. is a company where Troy Nikolai is a director. Rental revenue of $nil (2015 - $28,316) was received or receivable from Trueclaim Exploration Inc.

(b) Accounts payable balances at September 30, 2016 due to related parties

Accounts payable to 0867808 B.C. Ltd. is $nil (2015 - $4,213)
Accounts payable to Dave Hodge is $nil (2015 - $129,250)
Accounts payable to Patricio Varas is $nil (2015 - $39,552)
Accounts payable to Lithosphere Services Inc. is $nil (2015 - $nil)
Accounts payable to Peter Miles is $nil (2015 - $nil)
Accounts payable to YCP Consulting Inc. is $nil (2015 - $nil)
Accounts payable to Xue Wenye is $nil (2015 - $1,000)
Accounts payable to Chang Xiaogang is $nil (2015 - $1,000)
Accounts payable to Yinping Wang is $20,000 (2015 - $nil)
Accounts payable to Hui Wang is $37,000 (2015 - $nil)

(c) Accounts receivable balances at September 30, 2016 due from related parties

Accounts receivable from Arctic Star Exploration Corp. is $144 (2015 - $53,644)
Accounts receivable from Amarillo Gold Corp. is $69,862 (2015 - $69,297)
Accounts receivable from Trueclaim Exploration Inc. is $nil (2015 - $12,979)
Accounts receivable from Equitorial Exploration Corp. is $nil (2015 - $21,802)

Additional Disclosures (Continued)

Commitments and Contractual Obligations

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 2,318 square feet of rentable area and has a minimum monthly rental fee of $34,542 plus applicable taxes. The minimum annual lease payments are $414,510 per year until June 30, 2017 and $442,144 per year thereafter until June 30, 201

The Company entered into a water supply agreement dated November 15, 2012 with the City of Regina with a term of 44 years and will require fixed payment for water usage at a rate of $0.25/cubic meter (increasing by 1% annually) multiplied by a fixed annual volume as prescribed in the agreement. Upon signing of the agreement, the Company paid $500,000 which is creditable against future usage charges should usage begin by January 1, 2017. If usage does not commence by that date, the Company would be required to pay an additional $200,000 annually until usage commences. If usage has not commenced by December 31, 2019, the City of Regina has the option to terminate the agreement and any payments made by the Company will become non-refundable.

The Company has entered into a fixed price engineering services contract related to the Milestone Project for approximately $3.3 million, of which approximately $2.1 million was paid in 2016 with the remainder due in 2017.

Contingencies

By an agreement dated September 1, 2010, the Company retained Lockwood Financial Ltd. ("Lockwood") to provide certain services. That agreement provided for various potential payments from the Company to Lockwood if specific triggering events occurred. A Notice of civil claim has been filed by Lockwood seeking a payment in an amount of $1,439,056 for a success fee and additional service fee owing. It is the position of the Company that none of the triggering events occurred and that no amount is currently payable to Lockwood. The Company, in consultation with legal counsel, assesses that it is not probable at September 30, 2016 that the claim of Lockwood will be successful and that the Company will be required to pay any amounts and no provision for possible loss has been included in the consolidated financial statements.

Off-Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Subsequent Event

There are no subsequent events

Critical 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 are as follows:

Valuation of loan receivable

The valuation of loan receivable is based on the discounted estimated future cash flows expected to be received. Such estimates are based on an evaluation of the financial condition of the counter party and the Company's expectations about the timing of repayment. Changes in these assumptions may result in changes to the amount of impairment loss recognized.

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

Management has determined that mineral properties and mine development costs 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. Changes in these assumptions could result in an impairment loss.

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 and discount rate. In addition, the Company estimates forfeiture rates in determining the amount of share-based compensation to recognized. Changes to these assumptions affect the fair value on the grant date and the amount of share-based payment expense in profit or loss.

Accounting Standards Issued But Not Yet Effective

IFRS 9 - Financial Instruments ("IFRS 9").

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The mandatory effective date of IFRS 9 for the Company is for the annual period beginning on October 1, 2018 and must be applied retrospectively with some exemptions. The Company does not intend to adopt IFRS 9 until its mandatory adoption date. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue- Barter Transactions Involving Advertising Services. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. This standard is effective for the Company for the annual period beginning on October 1, 2018. The Company does not intend to adopt IFRS 15 until its mandatory adoption date. This standard will affect how the Company accounts for future revenue contracts.

IFRS 16 - Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 – Leases and its associated interpretative guidance. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The standard is effective for the Company for the annual period beginning on October 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements. The Company does not intend to adopt IFRS 16 until its mandatory adoption date. The extent of the impact of adoption of the standard has not yet been determined.

Mineral Properties

Saskatchewan

The Milestone Project is located 35 kilometers southeast of Regina, and 75 Kilometers southeast of Mosaic's Belle Plaine Mine, one of the largest producing potash solution mines in the world. The leases are adjacent to potash permits held by BHP-Billiton, Vale and the North Atlantic Potash- Rio Tinto JV. The Milestone Project includes more than 87,500 acres of Crown held Mineral Leases. The renewable, 21 year Crown lease was granted by ministerial order and provides the Company with full and exclusive power and right to mine Crown owned subsurface minerals, including potash, subject to the provisions outlined by The Saskatchewan Subsurface Mineral Regulations, 1960. The Company has completed the drilling of eleven potash exploration wells on the property, and purchased and acquired several-hundred line kilometers of 2D and 3D seismic data during the exploration program. The Company has significantly de-risked and advanced the Milestone Project by completing multiple Resource and Reserve Estimates (2010, 2011, 2012, 2013, and 2015), Scoping Studies (2011 and 2015), a Prefeasibility Study (2011), a Feasibility Study (2012) on the Milestone Project, and has received Environmental Assessment Approval from the Government of Saskatchewan (2013).

On July 2, 2015, the Company announced the completion of a new Pilot Study on the Milestone Project. The initial Milestone Feasibility Study, delivered and announced by the Company in December of 2012, was designed with a specific strategic perspective: one that focused on financing and project risk reduction while maximizing value, resulting in a large tonnage, long life, mining methodology similar to that used for over forty years at Mosaic's Belle Plaine Potash Solution Mine. Finding a financial solution for the Milestone project, utilizing the 2012 feasibility work has proven to be challenging given the current potash pricing environment and the broad commodity pricing cycles inherent to the market. Consequently, a new paradigm was required to move the Project forward to effectively exploit the Milestone asset while projecting a significantly reduced CAPEX and competitive OPEX, and potentially insulating the Company from these broad commodity and market cycles.

The new Pilot Study is a preliminary economic assessment and was prepared by Novopro Projects Inc. in conjunction with Agapito Associates Inc. The Pilot Study included a resource estimate for the study area.

The Pilot Study provides an analysis of the potential for selective mining of the Milestone deposit, starting with a smaller scale, low capital cost pilot project. Included in the study is an analysis of a selective mining method relying on horizontally drilled wells selectively mining initially the Esterhazy potash member. The method of selective solution mining has been proven in industry; however, the exact mining method proposed in the Pilot Study has not to date been utilized in Saskatchewan. Other examples of producing operations employing some key aspects of the Pilot Study. Selective solution mining method include Intrepid Potash, Moab, Utah (Potash), who employ solution mining of potash from flooded underground workings and horizontally drilled caverns.

The Pilot Study is based on a mineral resource in the Esterhazy member (the target mining horizon) in the study area, consisting of a Measured Resource of 7.17 million tonnes (Mt) grading 39.5% KCl, an Indicated Resource of 11.56 Mt grading 39% KCl and an Inferred Resource of 1.77 Mt grading 39% KCl. A cutoff grade of 15.8% KCl (10% K2O) was used to define the top and bottom of the target member.

Mineral Properties (Continued)

Saskatchewan (Continued)

The Pilot Study envisions the simultaneous operation of three pilot production caverns. The horizontally drilled wells inject a Sodium Chloride (NaCl) saturated brine having a temperature higher than the in-situ rock formation temperatures. Potassium Chloride (KCl) is then selectively dissolved within the potash

formation, leaving a lattice of NaCl behind. KCl rich brines are then brought to surface through each production well. KCl recovery is achieved through delivery of the resultant KCl rich brine to a surface crystallization facility. It is estimated that such a production facility would deliver 145,600 tonnes of standard grade MOP per year.

Some of the advantages of the proposed methodology are:

- the capital cost will be less than for conventional solution mining;
- the surface foot print will be reduced due to the absence of a salt tailings facility; and
- the Project will provide a scalable production facility that has the potential to be expanded to meet future market requirements and changing investment appetites.

The Pilot Study reports that the resulting after-tax/royalty projected NPV is $56.7M CAD, with an IRR of 25.2 % assuming a nominal discount rate of 10%, CAPEX of $80.6M CAD, OPEX of $80 CAD per tonne, and a potash price of $315 USD per tonne FOB Vancouver.

On April 21, 2016 the Company announced that its wholly owned subsidiary, Milestone Potash Corp. awarded an Engineering Services Agreement to Amec Foster Wheeler ("Amec") for the next stage engineering of the Milestone Pilot Plant Project in Saskatchewan. The Company also announced that Agapito Associates Inc. ("Agapito") was contracted to provide Pilot Well Subsurface Design. Amec will provide a full scope of engineering and procurement services as well as a Class 3 Capital Cost Estimate in advance of Western's Final Investment Decision to construct the Pilot Plant Project. Deliverables include process flow diagrams, site plans, specifications, data sheets and detailed drawings.

For the underground well and cavern design, Agapito of Grand Junction, Colorado will continue its engineering and design work following on from its involvement in the delivery of the Scoping Study for a Pilot Plant Scale Selective Solution Mining Operation dated July 2015. Agapito's design work will include well trajectory, well structure, cavern layout and a production schedule for the twelve-year life of mine.

During December, 2015 the Company drilled a single well to explore for a water supply for the pilot plant project. Two monitoring wells were installed, as well as a production well near the proposed project location by Golder & Associates. The well recovery data indicates that the Judith River Formation aquifer in the project area does not have sufficient aquifer yield to meet the project requirements. The Company is investigating additional sources of water for the Pilot Plant Project, as the existing water agreement with the city of Regina privides significant more water than is needed for the pilot project.

Mineral Properties (Continued)

Saskatchewan (Continued)

Key Highlights of the Pilot Study:

Projected Production Capacity -	146,000 tonnes per year
Capital Cost -	$80.6M CAD
Operating Cost -	$80 CAD per tonne (excluding logistics and royalties)
Transportation Cost-	$70 CAD per tonne
Sustaining Capital -	$12M CAD (in year 5)
Accuracy -	+/- 25%
Potash Price -	$315 USD per tonne (Standard grade)
CAD/USD exchange rate -	1.22
Operating life of mine -	12 years
After-Tax/Royalties IRR -	25.2%
After-Tax/Royalties NPV-	$56.7M CAD

Table 1 below evaluates the key economic sensitivities of the Project. Since the analysis is based on a cash flow estimate, actual financial results may vary from these predictions.

Table 1: Project Potash Price, OPEX, and CAPEX Sensitivities

	NPV(CAD)	IRR
Base Case Real Basis	$56.7M	25.2%
10% Increase / Decrease in Potash Price	$74.4M / $38.5M	29.4% / 20.6%
10% Increase in CAPEX	$51.4M	22.7%
10% Increase in OPEX	$52.7M	24.2%

The Pilot Study concludes that the Milestone Project is economically viable. Successful operation of the pilot plant would support potential future feasibility studies of a larger commercial scale facility.

On August 14, 2015, the Company filed a technical report containing a preliminary economic assessment and resource estimate in respect of the Pilot Study (the "Technical Report") pursuant to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") with Canadian securities regulators. The Technical Report is available on SEDAR at www.sedar.com, and also on the Company's website at www.westernpotash.com.

In September, 2015, the Company received Environmental Assessment Approval from the Saskatchewan Ministry of Environment ("SMoE") for the Milestone Project Pilot Plant, ("the Pilot Plant"). The change in mining methodology and design proposed for the Pilot Plant required review under the EAA as it represented a change from the original 2013 approval. A Project Description outlining the Pilot Plant was

Mineral Properties (Continued)

Saskatchewan (Continued)

submitted to SMoE in July, 2015. Following review of the Project Description, Saskatchewan Ministry of Environment concluded that the proposed change will not result in significant environmental impacts different from those identified in the original EIS and is satisfied that the requirements of the EAA have been met.

Readers are cautioned that the projected mining method, potential production profile and plan and mine plan referred to in the Pilot Study are conceptual in nature and additional technical studies will be required in order to fully assess their viability. There is no certainty that a potential mine will be realized or that a production decision will be made. A mine production decision that is made without a feasibility study carries additional potential risks that include, but are not limited to, the inclusion of inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mine design and mining schedules, metallurgical flow sheets and process plant designs will require additional detailed work and economic analysis and internal studies to ensure satisfactory operational conditions and decisions regarding future targeted production. The Pilot Study is a preliminary economic assessment, is preliminary in nature and includes inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that inferred resources will be converted to the measured and indicated categories, that the measured and indicated resources will be converted to the proven and probable mineral reserve categories and there is no certainty that the Pilot Study will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability; the estimate of mineral resources in the Pilot Study may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

Qualified Persons

The in-house qualified person who has reviewed and approved the disclosure of technical and scientific information included in this MD&A is J. Patricio Varas, P. Geo., a director of the Company.

Outstanding Share Data

The following details the share capital structure as at the date of this MD&A and September 30, 2016:

Authorized -

Unlimited Common shares without par value.

Issued and Fully Paid

	Number	Amount
Balance, September 30, 2016, date of this MD&A	467,185,559	$ 219,985,801

Outstanding Share Data (Continued)

Stock Based Compensation Plan

As at date of this MD&A, the Company had compensation and stock options outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
250,000	0.50	February 15, 2017
225,000	0.50	March 30, 2017
1,595,000	0.45	November 30, 2017
10,390,000	0.45	September 12, 2018
12,460,000		

Treasury Shares

On October 30, 2015, the Company received approval from the Toronto Stock Exchange to make a "normal course issuer bid" (the "Bid") to purchase up to 13.65 million of the Company's issued and outstanding common shares. The bid commenced on November 4, 2015 and terminated on November 3, 2016. As of September 30, 2016, the Company had purchased 3,887,000 common shares at a cost of $762,520. These shares will not be retired and will be classified as treasury shares in the equity section.

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company have assessed or caused to be assessed the effectiveness of the Company's disclosure control procedures ("DC&P") and internal control over financial reporting ("ICFR") which has been designed or caused to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has relied upon certain informal procedures and communication to maintain the effectiveness of disclosure controls and procedures and to continually improve and upgrade the design and evaluation of its DC&P and ICFR. However, there can be no assurance that the risk of a material misstatement in the annual financial statements can be reduced to less than a remote likelihood

As at September 30, 2016, because of the material weakness in internal controls over financial reporting discussed below, the Company's Chief Executive Officer and Chief Financial Officer concluded that the design and operation of disclosure controls and procedures are not effective.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of ICFR as at September 30, 2016. In conducting this evaluation, the Company used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013*). Based on its evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's ICFR is not effective as at September 30, 2016 because of a material weakness identified in the design of a control

Internal Controls and Procedures over Financial Reporting

relating to the classification of expenditures as mineral property and development costs or expense. Specifically, a review of one time, unique expenditures such as contract termination/severance costs was not undertaken to determine whether such costs are appropriate to capitalize or should be expensed.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

This material weakness resulted in an overstatement of mineral property and development costs and understatement of expenses in the consolidated financial statements as at and for the year ended September 30, 2016, which was corrected prior to the issuance of the September 30, 2016 consolidated financial statements.

We plan to respond to the material weakness by implementing a more rigorous review process related to the capitalization of one time, unique transactions including, when necessary, consultation with accounting advisors.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Risks and Uncertainties

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

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.

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 September 30, 2016, the Company had cash and cash equivalents balance of $1,759,558 to settle current liabilities of $298,976. 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

Risks and Uncertainties (Continued)

Liquidity risk (continued)

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.

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.

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.

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.

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 September 30, 2015. 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.