Western resources corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2022, AND SEPTEMBER 30, 2021

(Expressed in Canadian Dollars)

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The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Western Resources Corp. (the "Company" or "WRX") for the year ended September 30, 2022. It has been prepared as of December 28, 2022 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 of the Company and notes thereto for the year ended September 30, 2022 ("Fiscal 2022"). For additional information, readers should also refer to Company information filed on www.sedar.com.

All dollar amounts in this MD&A are expressed in Canadian dollars (sometimes referred to in this MD&A as "CA$"), unless otherwise specified. United States dollars are referred to as "US$" and Brazilian Real is referred to as "BRL$".

FORWARD-LOOKING STATEMENTS

Statements contained in this MD&A that are not identified as historical facts are forward-looking statements involving risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of mineral resources; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others; risks related to operations; risks related to jointly controlled operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; uncertainties and market price fluctuation of real estate investment industry, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

DESCRIPTION OF BUSINESS

The Company was incorporated on January 16, 2017 under the British Columbia Business Corporations Act.

The Company is a resource company mainly focused on the development of its Milestone potash project (the "Milestone Project") in Canada owned by its subsidiary, Western Potash Corp. ("Western Potash"). The Milestone Project is located in Southern Saskatchewan. The Company's objectives are to successfully complete Phase I of the Milestone Project ("Phase I") to prove a new mining technology, which the Company expects to then apply to Phase ll and other future phases... Ultimately, the Company intends to develop a world-class and environmental-friendly potash deposit at a competitive cost. The Company currently has no mineral production that yields any revenues.

The Company in the past also invested in real estate development projects in the Greater Vancouver Area, all of which investments have been liquidated except for two.

OVERVIEW

Primarily utilized in the fertilizer industry, potash is typically combined with two other macronutrients, nitrogen and phosphorous, to improve crop yields, provide additional protection against disease, and increase water retention. Globally, potash prices have fluctuated since 2000 due to changes in potash supply and demand as well as global economic trends, regional tensions, and unstable market trends in agriculture, oil and other commodities. Potash prices continue to increase and are expected to stay high for the medium term. Management remains positive with respect to the outlook for the potash industry, including medium to long-term potash industry fundamentals. While new projects are anticipated, the increase in potash production is likely to be absorbed by the marketplace without disruption to potash prices. The global potash market is expected to increase due to continued population growth and increased demand for more intensive farming in several industries, including the organic food sector.

Management believes that its project development conditions are favourable when compared to those of other competitors. From an overall cost perspective, the Phase I capital expenditure (“CAPEX”) projection remains below that of other recent new potash mines.

With large high-quality resources, stable government, good infrastructure and a highly skilled and available workforce, Saskatchewan is one of the best regions in the world for mining. The Company therefore continues to believe that, despite this competitive market, an opportunity exists for an innovative potash producer, provided its operating costs are comparatively low and that it adopts an appropriate marketing strategy. Western Potash’s strategy for optimizing the Phase I deposit’s development includes adjusting the associated marketing plan. The adjustment will begin with a staged production approach to Phase I (146,000 tonnes of potash per year) to prove the project’s innovative solution mining technology. If proven, the construction and operation of Phases II and III will follow when management believes market conditions are suitable. Western Potash’s caverns are the first intentionally developed horizontal solution mining potash caverns in Saskatchewan and management continues to believe that Phase I represents a new and improved method of extracting potash in the province.

The Saskatchewan Ministry of Environment (“SMoE”) has issued an operating approval hot mining, and the Rural Municipality (“RM”) of Lajord has approved necessary building permits and agreed to a Project Agreement with the Company. Additional regulatory approvals and permits will be processed as required. An Environmental Management Plan (“EMP”), Conceptual Decommissioning and Reclamation plan in support of reclamation bonds, and an Annual Environmental Report, all for 2020, were also submitted to the SMoE. The Company has also submitted the 2021 Annual Environmental Report and plans to the SMoE. EMP is updated and submitted to the SMoE on an as-needed basis, and the Company has submitted 2021 and 2022 versions of the EMP with appropriate updates to reflect current project status.

The Company is encouraged by the broad support for the project and continues to actively engage the local community, the Saskatchewan government, the RM local businesses, and local landowners. Although these community engagement activities were reduced for the 2022 and 2021 fiscal years due to COVID-19, the Company expects to resume the engagements when permitted by provincial policy.

As of September 30, 2021, the Company identified indicators of impairment related to the Milestone Project and determined the recoverable amount based on the higher of the fair value less cost to sell and value in use. The determination of fair value less costs to sell and value in use of an asset or cash generating unit (CGU) requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, closure and rehabilitation costs, future capital expenditures and discount rates. The estimates and assumptions are subject to risk and uncertainty, hence, there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the asset or CGU. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in net income (loss).

As at September 30, 2022, the Company reviewed the carrying amounts of the non-financial assets to determine whether there is any indicator that an impairment loss exists. Where such an indicator exists, the recoverable amount of the assets is estimated and compared to the carrying amount in order to determine the amount of the impairment loss. The Company identified no external or internal indicators of impairment.

(Expressed in Canadian Dollars)

On January 13, 2022, the Company incorporated Western Potash Holdings Corp. (“WPHC”) and transferred its 100% equity interest in Western Potash Corp. to WPHC. As the result, WPHC through its 100% of equity interest of Western Potash and its subsidiary, 0907414 BC Ltd. (“BC Subsidiary”), owns the Milestone Project, which is the Company’s main asset.

On February 16, 2022, the Company, along with its two subsidies, WPHC and Western Potash entered into a subscription agreement (the “Subscription Agreement”) with Vantage Chance Limited (“Vantage”), a private investment company registered in the British Virgin Islands. Pursuant to the Subscription Agreement, Vantage committed to make an equity investment of $80,000,000 (“Investment Proceeds’) in WPHC in exchange for an aggregate of 157,325,071 common shares of WPHC. After completing the transaction, Vantage will hold 54% of the total issued and outstanding common shares of WPHC. The Investment Proceeds will be used solely for the purposes of the development and construction of the Milestone Potash Project.

On May 20, 2022, the Company and Vantage amended the Subscription Agreement to: 1) allow Vantage to pay the Investment Proceeds in two tranches as follows: (i) $33,000,000 on the Closing Date; and (ii) $47,000,000 on the Subsequent Closing Date, 2) agree on a share conversion term to allow that either WRX or Vantage to convert all 157,325,071 of the Subscription Shares held by Vantage into 219,726,258 fully paid and non-assessable WRX Shares, representing approximately 54% of the issued and outstanding WRX Shares (the “Conversion Option”), at an exchange rate of approximately 0.716 Subscription Share per WRX Share.

On July 29, 2022, second amended agreement was executed to allow Vantage to pay the remaining Investment Proceeds of $47,000,000 in two tranches as follows: (i) $17,000,000 on the Second Tranche Closing Date; and (ii) $30,000,000 on the Third Tranche Closing Date.

Upon completion of the investment transaction on September 8, 2022, Vantage and the Company initiated the Conversion Option. On September 28, 2022, after obtaining the approval from the Toronto Stock Exchange (“TSX”) and consent from the Company’s largest shareholder Tairui Mining Inc. ("Tairui"), the Conversion Option was completed. As a result, Vantage owns 53.79% of the issued and outstanding WRX Shares calculated on a post-transaction, non-diluted basis. Tairui’s holdings in WRX, 105,854,938 WRX Shares, representing approximately 56.08% of the issued and outstanding WRX Shares pre-conversion, have been diluted to approximately 25.91% post-conversion.

On May 12, 2022, Western Potash entered into a time and material construction project for $20,639,523 with Stuart Olson Prairie Construction Inc. (“SOX”), a wholly owned subsidiary of Bird Construction Inc., as general contractor to continue the bulk of the remaining construction work for the Milestone Project. Project construction had been put on hold in May 2020 when the process plant was approximately 50% complete. The project construction restarted in May of 2022. A maximum workforce of around 100 people is expected to be working at the site throughout construction, which is expected to be completed by Q2, 2023, and followed by a three-month general commissioning. Production is expected to begin in Q3 of 2023.

In the past, the Company invested some of its cash in real estate projects to earn a higher return than bank deposits. The Company partnered with Formwerks Boutique Investments Ltd. (“Formwerks”), and Alabaster Holdings Corp. (“Alabaster”), both real estate developers in the Greater Vancouver area, to develop real estate projects. At one point, the Company held interests in five limited-partnerships with Formwerks and one limited-partnership with Alabaster. The Company has since sold some of those interests except for two remaining limited partnership interests: the FB Burrard Development Limited Partnership (“FB Burrard”) and the FB 234 Third Avenue Development Limited (“FB Third”). For additional information on the Company’s real estate investments, please refer to notes 8 of consolidated Financial Statements.

SELECTED ANNUAL INFORMATION

	September 30, 2022	September 30, 2021	September 30, 2020
	$	$	$
Operating income (loss) before other income	(3,380,888)	(2,889,708)	(2,166,745)
Other income (expenses)	3,053,315	(2,706,646)	(2,156,476)
Net Loss before income tax for the year	**(327,573)**	**(5,596,354)**	**(4,323,221)**
Current assets	36,765,233	9,082,619	11,168,038
Non-current assets	267,736,666	237,765,390	253,600,499
Total assets	**304,501,899**	**246,848,009**	**264,768,537**

(Expressed in Canadian Dollars)

The Company's operating expenses for the year ended September 30, 2022 increased by $491,180, in comparison to the year ended September 30, 2021. For the year ended September 30, 2022, a $ 8,859,254 gain on accounts payable settlements represents reductions in payables, and $449,259 in other income is mostly due to the revaluation of the warrants and the foreign exchange gain and loss.

Operating expenses

	September 30, 2022	September 30, 2021	September 30, 2020
	$	$	$
Office and miscellaneous expenses	1,044,653	1,178,700	514,257
Consulting fees	297,910	361,735	512,109
Salaries, wages and benefits	1,686,500	659,272	275,445
Depreciation	90,749	142,893	207,096
Share-based payments	146,262	22,836	218,872
Professional fees	114,814	524,272	438,966
Operating expense	**3,380,888**	**2,889,708**	**2,166,745**

The major expense increase during the year ended September 30, 2022, compared to the prior year ended September 30, 2021, was in salaries, wages, and benefits. After the equity financing agreement was signed with Vantage in February 2022, Western Potash began preparing for the kick-off of the Milestone Project. New hires during the period resulted in a significant increase of the salaries, wages, and benefits. The Company was not able to capitalize these expenses until May 16, 2022, when Western Potash announced the restart of the project. Other increases were also due to the restart preparation of the Milestone Project.

Other income and expenses

	September 30, 2022	September 30, 2021	September 30, 2020
	$	$	$
Gain on settlement of payables	8,859,254	-	-
Interest income	76,452	84,124	169,027
Other income	449,259	463,883	177,698
Other income	9,384,965	548,007	346,725
Finance costs	4,975,958	3,144,418	724,870
Loss on loan modification	1,261,989	-	-
Loss on legal settlement	-	-	1,584,684
Share of loss from investment in associates	93,703	110,235	193,647
Other expenses	(6,331,650)	(3,254,653)	(2,503,201)
Other income (expenses)	**3,053,315**	**(2,706,646)**	**(2,156,476)**

Other income and expenses increased dramatically during the year ended September 30, 2022 mainly due to the following factors:

- Gain on settlement of trade payables (Note 10 of the Audited Consolidated financial statements for year ended September 30, 2022);
- Finance costs including expensed accretion of interests to Tairui for $2,027,416, and expensed interest on vendors outstanding for $2,305,645;
- Loss on loan modification for $1,261,989 due to the modification of the loan arrangement with Tairui.

QUARTERLY RESULTS

	Q4 30-Sep-22	Q3 30-Jun-22	Q2 31-Mar-22	Q1 31-Dec-21	Q4 30-Sep-21	Q3 30-Jun-21	Q2 31-Mar-21	Q1 31-Dec-20
Mineral property, plant and equipment	260,411,647	255,486,027	231,767,843	232,081,653	231,385,170	227,665,653	223,636,503	219,548,418
Investment in associates	830,529	1,615,922	1,432,479	1,432,479	1,402,129	6,061,628	9,061,630	10,271,201
Other assets	6,494,490	6,308,342	5,472,902	4,978,092	4,978,091	5,027,776	4,334,711	4,385,140
Share-based payments (recovery)	27,093	-	82,121	37,048	(1,124)	33,725	8,000	(17,765)
Office and miscellaneous expenses	283,089	(185,690)	549,001	398,253	861,670	113,306	121,311	82,413
Salaries, wages and benefits	26,587	342,223	633,964	683,726	468,236	73,196	60,565	57,275
Other income (expenses)	(5,311,033)	11,047,646	(1,255,182)	(1,428,116)	(2,217,938)	(362,275)	(50,773)	(75,660)
Income (loss) and comprehensive income (loss) for the period	(5,740,879)	10,869,704	(2,691,828)	(2,764,635)	(3,927,155)	(719,318)	(478,980)	(498,032)
Basic and diluted gain (loss) per share for the period attributable to common shareholders ($ per common share)	(0.01)	0.03	(0.01)	(0.01)	(0.02)	(0.00)	(0.00)	(0.00)

Factors that can cause fluctuations in the Company's quarterly results include unrealized gains and losses on embedded derivatives, commitments mainly including royalty payable and loan payable denominated in USD, and marketable securities, the nature and extent of exploration activities carried out under specific work program, finance expenses, grant and vesting of stock options.

- The significant increase to a total of $28,643,805 in Q3 and Q4 during the year ended September 30, 2022, in mineral property, plant and equipment was the result of the restart of construction and mining development of the Company.
- A significant increase of other income $11,047,646 in Q3 2022 was due to the gain on trade payable settlement.
- An increase of $573,399 in Salaries, wages and benefits in Q2 2022 in comparison to that of Q2 2021 was the result of the preparation for the construction restart before the announcement of the construction restart in May of 2022, prior to which the Milestone project was suspended.
- An increase of $427,690 in Office and miscellaneous expenses in the Q2 2022 in comparison to that of Q2 2021 was the result of the preparation work before the announcement the construction restart in May 2022, prior to which the Milestone project was under suspended.
- Share-based payments in Q2 2022($82,121) increased in comparison to $8,000 in Q2 2021 due to greater options grants in that period.

LIQUIDITY AND CAPITAL RESOURCES

	As at Sept 30, 2022 $	As at Sept 30, 2021 $	As at Sept 30, 2020 $
Current assets	36,765,233	9,082,619	11,168,038
Current liabilities	(14,376,956)	(45,442,556)	(57,081,910)
Working Capital	**22,388,277**	**(36,359,937)**	**(45,913,872)**

Cash resources and liquidity

As at September 30, 2022, the Company does not have significant sources of revenues and has not generated positive cash flow from operations. The Company had net working capital of $22,388,277 including cash and cash equivalents of $2,200,558. The working capital has increased by $58,748,214 in comparison to the year ended September 30, 2021.

During the year ended September 30, 2022, the Company closed two financings. Western Potash received the first tranche of the loan transaction from Appian Capital Advisory LLP ("Appian Capital") in the amount of $45 million. WPHC received total of $80 million equity investment from Vantage.

During the year ended September 30, 2022, the Company settled outstanding accounts payable with various vendors totaling $39,822,148 related to the Company's mineral property for total cash payments of approximately $28,495,734 (including PST). The Company also paid the outstanding principal, in the amount of $35 million, owing to Tairui.

Financing activities

Pursuant to the "Subscription Agreement" as disclosed in the "Overview" section of this documents, the Company received $80 million equity investment from Vantage during the year ended September 30, 2022.

Western Potash signed an $85 million loan transaction agreement with Appian Capital on April 28, 2022 (the "Loan Transaction"). Proceeds of the Loan Transaction enables Western Potash to settle accounts payables, continue and complete the remaining construction and development of the Milestone Project, and fund general and administrative expenses associated with the Project. The First Tranche in the principal amount of $45 million was advanced in May 2022.
The Loan Transaction includes:

1. A six-year term loan facility of up to USD$66,421,824 (equivalent of $85,000,000) (the "Total Commitments"), at an interest rate of 12.5% per annum. Appian Capital makes available to the Company a US dollar term loan facility in an aggregate amount equal to the Total Commitments at a price equal to the USD Equivalent of CAD 881.44 per CAD 1,000 of the Total Commitments, reflecting an original issue discount of 11.856% (the OID).
2. The grant of a 1.5% royalty to Appian based on the gross revenue of the Milestone Phase I Project.
3. Appian makes available to the Company a US dollar term loan facility in an aggregate amount equal to the Total Commitments at a price equal to the USD Equivalent of $881.44 per $1,000 of the Total Commitments, reflecting an original issue discount of 11.856% (the OID), as a result, the principal amount outstanding under the Loan Transaction shall be equal to the Total Commitments, but the Lender shall only be obliged to disburse the USD$58,546,852 (equivalent of $74,922,400) in loan proceeds.
4. The Loan Transaction agreement requires WPC to ensure compliance with the following two financial covenants:
    1) the Historic Debt Service Cover Ratio must be no less than 1.10:1, and will be assessed starting on September 30, 2023 and at the end of each quarter thereafter;
    2) the Loan Life Cover Ratio is assessed when the Company received the first tranche of financing on May 16, 2022 and at the end of each quarter thereafter, until the Final Maturity Date. The Loan Life Cover Ratio must be greater than 1.80:1 until December 31, 2024, and no less than 1.30:1 thereafter.
5. The issuance to Appian Capital by the Company of 20,774,030 warrants (the "Appian Warrants"), which will allow Appian Capital to acquire up to 20,774,030 common shares of Company at a price of $0.2834 per common share, which represents approximately 11.1% of the Company's issued and outstanding common shares on a pre-transaction basis. The main terms of Appian Warrants are as follows:
    - The Appian Warrants can be exercised by cash or without cash consideration (cashless exercise pursuant to the formula set out in the TSX Company Manual).
    - The exercise price of the Appian Warrants is $0.2834, representing a 25% discount to the 5-day VWAP on April 28, 2022, the execution date of the Loan Transaction agreement.
    - The term of the Appian Warrants is 6 years from the closing date of the Loan Transaction.
    - If the Company share price reaches at least $0.50/share above exercise price for 5 consecutive trading days (to be adjusted for customary anti-dilution provisions), Appian Capital will be required to exercise (via cash or cashless exercise) the Appian Warrants within 5 business days, subject to Appian Capital being legally permitted to exercise.
    - The form of Appian Warrants certificate contains customary anti-dilution provisions.

Investment activities

The Company owns a 100% interest in the Milestone Project located in the province of Saskatchewan under various property leases. The Company's rights to these properties are subject to a renewable 21-year Crown Lease issued by the Saskatchewan Ministry of Energy and Resources and renewable freehold leases. Those leases provide the Company with full and exclusive rights to mine Crown owned subsurface minerals and privately-owned subsurface minerals, including potash. Annual lease payments total approximately $420,000.

(Expressed in Canadian Dollars)

MILESTONE PROJECT

The Company is focused on building what it believes will be Canada's most efficient potash solution mine at the Milestone property located 35 kilometers southeast of Regina, Saskatchewan, a region with some of the largest producing-potash solution mines in the world. The Company has initiated the construction of Phase I of the Milestone Project in what believes is an ecologically sustainable, economically efficient, and socially responsible manner. This mine is expected to be the first potash mine in the world to leave no salt tailings at the surface, which is expected to significantly reduce water consumption and long-term environmental liabilities.

Land and Minerals

The Milestone Project includes 84,557 acres of Crown held Mineral Leases, and 65,305 acres of acquired Freehold Leases. The renewable, 21-year Crown lease was granted by the Government of Saskatchewan under a 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) and the Subsurface Mineral Tenure Regulations (2015). The Company completed the drilling of 11 potash exploration wells on the property, completed several hundred-line kilometers of 2D seismic study, and conducted a 3D seismic study during the exploration program. The leases are adjacent to potash permits held by other multinational mining companies.

The Company signed a Unitization Agreement with the Ministry of Energy and Resources and all included freeholder mineral owners, to unitize the four mineral sections around the Phase I site providing mineral reserves for the 12-year life of the plant. This mine life will be expanded to 40 years as a result of the updated NI 43-101 report discussed below. The Unitization Agreement outlines the royalty payments in proportion to their percentage ownership of the unitized area once production commences. For more detailed information about the land and minerals of the Milestone Project, please refer to the NI 43-101 report discussed below, which is available on SEDAR.

Updated NI-43-101

The Company released an updated NI 43-101 report, prepared by March Consulting Associated Inc. ("March Consulting") on December 29, 2021, and filed on SEDAR in December 2021 (www.sedar.com). March Consulting undertook a review of the Milestone Project and determined that the mine life could be increased from 12 to 40 years with the implementation of an asset maintenance and replacement strategy. The full costs of this plan have been included in the OPEX and sustaining CAPEX results below.

Data and other information obtained from these operations, in conjunction with several leading solution mining experts have enabled Western Potash to optimize its Phase I solution mining plan to enhance the reliability in order to meet the target production of 146,000 tonnes per annum (tpa) of granular potash. The mining plan will extract both the Belle Plaine and Patience Lake members from a series of horizontal caverns which have been planned within the unitized area.

Phase I is based on Mineral Resources in the Patience Lake and Belle Plaine members within lease KLSA 008.

Measured and Indicated Resources

Measured						
Type	**Thickness (meters)**	**Density (T/M³)@**	**Tonnage (MMT)***	**Tonnage with subtractions (MMT)**	**K_2O (weight %)**	**K_2O tonnage (MMT)**
Measured	22.86	2.17	440.52	418.50	20.87	87.19
Indicated	22.77	2.12	2,532.13	2,304.23	21.03	483.91
Total M&I	**22.78**	**2.13**	**2,972.65**	**2,722.73**	**21.01**	**571.1**

**MMT: Million Metric Tonnes* *@T/M³: Tonnes per cubic meter*

Measured and Indicated Mineral Resources are not discounted by modifying factors to account for losses associated with the brine remaining in the cavern or plant and transport losses. Measured and Indicated Mineral Resources are inclusive of Proven and Probable Mineral Reserves.

The reserve estimate is based on the mine plan developed after operating the Pilot Phase of the Project. The estimate is based on the geologic model and assigned thicknesses and grades for the individual caverns.

Proven and Probable Reserves for Phase I Project

Proven + Probable Reserves									
Category	Thickness (meters)	Density (T/M^3)	Tonnage (MMT)	Tonnage with subtractions (MMT)	K_2O (weight %)	K_2O tonnage (MMT)	KCl (weight %)	KCl Tonnage (MMT)	KCl Tonnage Adjusted (MMT)
Proven	14.62	2.14	44.55	40.54	20.49	8.67	32.44	13.15	11.67
Probable	13.39	2.13	71.97	65.49	21.17	14.37	33.51	21.95	19.48
Total	**13.86**	**2.14**	**116.52**	**110.69**	**20.91**	**23.04**	**33.10**	**36.64**	**31.15**

Cavern losses (10%) and processing recoveries of 95% have been applied to the Reserves noted above. The proven and probable reserves within the unitized area are sufficient for a mine life of over 200 years at the targeted production rate. Milestone Project economics are based on an operation period of 40 years at target production. Excess reserves would be available to extend mine life or increase production in the future.

The actual CAPEX allocated to Phase I to date is $116.2 million and a further $33.2million is needed to complete the Milestone Project and bring the plant into production, resulting in a total Phase I Milestone Project CAPEX of $149.45million (including a 12.5% contingency on the remaining CAPEX). The total annual OPEX for Phase I, based on operational data from the pilot phase, is estimated at $13.25 million per year (excluding G&A, logistics and royalties) or $90.60/t MOP for 146,000 tpa. Sustaining CAPEX consists mainly of expanding the mine field (drilling, piping, and infrastructure) and planned equipment maintenance. Sustaining CAPEX includes approximately $36 million every six years to expand the wellfield for ongoing production.

Assuming a discount rate of 8%, an economic analysis results in an after-tax project Net Present Value (NPV) of $197.7 million, and an Internal Rate of Return (IRR) of 20.4%, based on the assumption of a 100% equity investment and a potash price of US$415/t (CA$527/t) FOB mine gate. This price is obtained from the November 2021 Argus report for granular MOP to the USA Corn Belt and forecasted freight costs from the site. All costs are given in Canadian dollars (CA$) and prices are given in United States dollars (US$), with an assumed exchange rate of US$ 1 = CA$ 1.27. Inflation has not been applied to the potash price or future costs with the noted potash price assumed to apply from 2025 to the end of project life.

Permits

Western Potash previously investigated a full-scale project of 2.8 million tonnes per year for the Milestone Project by completing multiple Resource and Reserve Estimates (2010, 2011, 2012, and 2013), a Scoping Study (2011), a Prefeasibility Study (2011), and a Feasibility Study (2012). The SMoE issued an Environmental Assessment Approval (“EAA”) for the Milestone Project in March of 2013. The original 2013 approval was amended in 2015 to include both the new mining methodology and the scale of the Phase I plant. Following the conclusion of the AMEC Phase I pilot study, a second EAA amendment application was submitted detailing the final engineering and location of the Phase I plant, and approval was received in 2017. Then, in 2019 with SNC-Lavalin engineering, a third amendment was submitted and approved as a final design. A Development Agreement with the RM No. 128 was initially signed in 2015 and updated with the Milestone Project design in 2017 and 2019.

Western Potash has received numerous permits and approvals for Phase I development and the operation of hot mining. Additional permits will be received as the Milestone Project progresses.

Process Overview

The Phase I pilot plant uses selective solution mining of the Milestone Project deposit, starting with a smaller, and lower capital cost, pilot project. Phase I of the project is designed to produce 146,000 tonnes per year of potash (or “KCl”) over a project life of 40 years. To achieve this production, a total of no less than 4800 meters of caverns are planned, of which 2400 meters of caverns have already been drilled. A All these caverns will be in operation for 6 years and, it is expected, followed by replacement caverns. Each of the caverns is injected with sodium chloride (“NaCl”) saturated brine through one well to selectively dissolve

KCl, leaving the NaCl underground. The KCl rich brine is then brought to surface through a production well and sent to a pond where the cool ambient temperature allows for KCl precipitation and settlement. The KCl from the pond will then be harvested with a dredge and the resulting KCl-rich slurry will be pumped to the process plant. The process plant removes the brine from the slurry to form a KCl cake that is then dried, compacted and sent for storage and load-out.

Construction and Development

Construction at the Phase I site resumed in May 2022 and is progressing well. As of end of September 2022, the product storage building structural was completed, periodic pumphouse modifications were completed and a disposal well was successfully constructed. Procurement and delivery are expected to be on schedule subject to any minor deviation, and operational readiness and cavern development planning are ongoing.

Subsequent to September 30, 2022, additional progresses included pouring of all concretes, all rough setting of mechanical equipment, completion of structural steel of the process plant building, storage building, and compaction building, and closure of the claddings of the processing plant building and storage building, which will allow equipment and instrumentation installations to start in a safe and weatherproof environment. Construction completion is forecasted for May 2023 after which the mechanical commissioning will begin.

Cold mining was restarted in July 2022 to extract to the crystal pond the brines that were saturated with KCl from accumulation in the caverns over the past 15 months when they were shut in. Current results reflected through the cold mining operations indicate that current surface facilities and infrastructures are expected to be fully capable of supporting stable development and operations of the three caverns.

Community

The Company is committed to maintaining good relationships with the local community, government and business, through open and transparent communication, feedback and ongoing engagement with all parties with a view to benefiting the local community. An Open House was hosted in the RM of Lajord in August 2022 attracting over 50 local residents. Officials from various Ministries of the Province of Saskatchewan paid site visit to the mine plant in June 2022, including the Ministry of Trade and Export Development, Ministry of Energy and Resources and Ministry of Environment. Those and regular meetings with all levels of government have continued to confirm their respective strong supports for the project.

COMMITMENTS AND CONTRACTUAL AGREEMENTS

- Western Potash entered into a water supply agreement with the City of Regina (the “City”) with respect to future phases of the Milestone Project which provides Western Potash a preferential right to access a maximum of up to 25,000 cubic meters of water at a rate of $0.2628/cubic meter (increasing by a multiplier every year) per day of recycled water for an agreed term of 40 years from the start of water flow. Prior to water usage commencing, the Company is required to pay to the City annual standby fees. Half of the commitment fee and the standby fees will be credited against the annual water usage fees if water usage commences on or before December 31, 2025. If the Company does not commence usage on or before December 31, 2025, all credits accrued until that date will no longer be creditable against the annual usage fees. Furthermore, the Company will be required to pay a standby fee of $500,000 annually after December 31, 2025 until the earlier of (i) the date water usage commences and (ii) the term of the water supply agreement which is defined in the agreement as 40 years after connection to the Regina water system is completed. Both the City and the Company have the option to terminate the water supply agreement on or after December 3, 2025 if usage has not commenced by that date. The Company is currently corresponding with City to renegotiate the agreement.

- On October 25, 2018, Western Potash signed an off-take agreement with a North American company in the business of selling agricultural fertilizers to purchase an annual production of 146,000 metric tons of product from Western Potash once production at the Milestone Project reaches the designed capacity, for a period of 10 years commencing no later than May 31, 2021. The Commencement Date for product delivery was subsequently extended to November 30, 2022 on January 13, 2021 and further extended to November 30, 2023 on March 25, 2022. Under the new terms, if the new Commencement Date is not established by the extended date, but daily production rate is above that necessary to achieve 50% of the total committed annual capacity, the Commencement Date deadline shall be further extended for one more year, until November 30, 2024.

(Expressed in Canadian Dollars)

- On May 12, 2022, Western Potash entered into a time and material construction project for $20,639,523 with SOX as general contractor to continue the bulk of the remaining construction work for the Milestone Project. Project construction was put on hold in May 2020 when the process plant was approximately 50% complete. The project construction restarted in May 2022, with an anticipated maximum workforce of around 100 people expected at the site during the construction period. Construction is expected to be completed by Q2, 2023, and followed by a three-month general commissioning, with production expected to begin in Q3 of 2023.
- On May 16, 2022, Western Potash entered into a royalty agreement with Appian Capital for a purchase price of U$6,251,465.19 with the equivalent of C$8,000,000. The agreement indicates the royalty payable by the Grantor (Western Potash) to the Royalty Holder (Appian Capital) is calculated by multiplying the Royalty Rate of 1.5% by the Adjusted Gross Revenue, provided that the royalty shall only be payable in relation to the first 146,000 tonnes of Payable Potash produced by the Grantor in any Financial Year (see Note 14 of the audited consolidated financial statements for the year ended September 30, 2022).

INVESTMENT IN ASSOCIATES

As of September 30, 2022 and 2021, the Company had a 72.31% limited partnership interest in FB Burrard LP which is in the business of developing a real estate project in Vancouver, British Columbia. FB Burrard LP is controlled by its general partner, FB Burrard Development Ltd. (“FB Burrard”). FB Burrard is jointly controlled by the Company and Formwerks. Amongst other things, the shareholder agreement requires unanimous consent by the Company and Formwerks for decisions related to all relevant activities of FB Burrard. Accordingly, the Company accounts for its investment in FB Burrard using the equity method. For the year ended September 30, 2022, the Company received a return of equity of $nil (2021 - $1,501,622) and recognized its share of loss of $93,671 (2021 - $210,423) from real estate sales.

WGP Investment Limited Partnership (“WGP LP”) was created as an investment vehicle to allow new limited partners to invest in the Company’s real estate projects. On June 12, 2020, the Company transferred its 22.5% interest in FB Third LP and its 80% interest in Alabaster LP, which had a total carrying value of $7,361,909, to WGP LP in exchange for cash of $4,099,150 and 3,353,850 units in WGP LP with a value of $1 per unit. The cash portion paid by WGP LP was funded by the issuance of 4,099,150 units of WGP LP at $1 per unit, representing a 55% interest, to a new partner 1168387 BC Ltd. (“1168387 BC”). As a result of the transaction, the Company’s interest in FB Third LP and Alabaster LP were reduced to 10.125% and 36%, respectively. The transaction was accounted for as a partial disposition of these interests but did not result in a gain or loss. In connection with the transaction, the Company accrued a finder’s fee of $250,000 and may be required to pay additional amounts equal to 0.25 times the amount of profit distributions received from FB Burrard. The maximum payable, inclusive of the $250,000 finder’s fee, is $400,000. As of September 30, 2022, WGP LP has net assets of $1,544,747 (September 30, 2021 - $3,113,609) which relates to its interest in FB Third LP.

For more details, please review the note 8 on the audited consolidated financial statement for the year ended September 30, 2022.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	As at Sept 30, 2022	As at Sept 30, 2021
		$	$
Trade payables		85,325	210,860
Trade payable and accrued liabilities related to mineral property		4,182,297	41,308,098
Accrued liabilities		397,500	377,500
Interest payable related to loan payable	14	787,430	2,571,925
Other payables		-	211
Accounts payable and accrued liabilities		**5,452,552**	**44,468,594**

Settlements on trade payable related to mineral property

As of September 30, 2021, various vendors filed builders’ liens for up to $34,338,000 against Western Potash as a result of its delayed payment on the outstanding payables related to mineral property, plant and equipment. Certain of these vendors also filed legal claims against Western Potash in amounts totaling $4,638,000.

On May 12, 2022, Western Potash entered into a construction services agreement (the "Construction Agreement") with Stuart Olson Prairie Construction Inc., as general contractor to continue the remaining construction work for the Milestone Project. Pursuant to the Construction Agreement, Western Potash and SOX agreed to settle the outstanding accounts payable balance of $22,196,092 by way of a cash payment of $14,000,000 and issuance of 10,000,000 warrants to SOX. Those warrants had a fair value of $2,533,948 on the settlement date (See Note 14). As a result, the Company recorded a gain of $5,473,952 as a gain on payable settlements for the year ended September 30, 2022.

During the year ended September 30, 2022, the Company settled outstanding accounts payable with various vendors except for SOX, totaling $17,626,056 related to the Company's mineral property for total cash payments of $14,495,734 including PST. As a result, the Company recorded a gain of $3,120,322 as a gain on trade payable settlements.

Accrued liabilities

As of September 30, 2022, the Company accrued PST payable of $1,462,991 (September 2021 - $Nil) based on the result of Saskatchewan provincial sales tax audit.

PAYABLE ON LEGAL SETTLEMENT

On April 15, 2020, Western Potash entered into a legal settlement agreement with Amarillo Gold Corporation ("Amarillo" – currently operating as Hochschild Mining Brazil Holdings Corp. ("HMBHC') after restructuring) to resolve the disputes in respect of certain taxes and penalties related to exploration permits Amarillo has become liable to pay as a result of Amarillo's Brazilian subsidiary taking potash claims in Brazil during 2008 on behalf of Western Potash. During the year ended September 30, 2021 the Company did not make all required payments under the terms of the Amarillo Settlement and as such at September 30, 2021 was in default of the agreement and payment can be requested immediately by Amarillo. The Company has paid all outstanding debt as of September 30, 2022 and HMBHC has confirmed that all settlement conditions were satisfied (Note 11 of the audited consolidated financial statements for the year ended September 30, 2022).

LEASE OBLIGATIONS

The Company concluded that certain arrangements were not within the scope of IFRS 16 because they are arrangements for the use of land that grant the Company the right to explore, develop, produce, or otherwise use the mineral resource contained in that land.

In addition, the Company does not recognize a lease liability for leases with terms to maturity of less than 12 months. During the year ended September 30, 2022, the Company recognized $528,186 (2021 - $533,572) in the Mineral interests and mine development costs (Note 12 of the audited consolidated financial statements for the year ended September 30, 2022).

ASSETS RETIREMENT OBLIGATION

As at September 30, 2022, the Company recognized an asset retirement obligation of $2,911,163 (September 30, 2021 - $3,926,576) for mine development activities that have occurred to date.

Asset retirement obligations are reviewed annually or more frequently if significant changes in regulations or other relevant factors occur. Estimate changes are accounted for prospectively. As of September 30, 2022, as a result of its annual review of asset retirement obligations, the Company recorded a revaluation adjustment to decrease the asset retirement liability by $1,060,742 (2021 – increase $200,264).

The Company's asset retirement obligations are secured by a $4,308,342 million Irrevocable Standby Letter of Credit issued to the Government of Saskatchewan (See Note 13 of the audited consolidated financial statements for the year ended September 30, 2022).

LOAN PAYABLE AND DERIVATIVE LIABILITY

The Company has entered two significant loans agreements including one related party loan to Tairui and one facility loan to Appian Capital. During the year ended September 30, 2022, related party loan obligation to Tairui were settled with a waiver in favour of the Company of the interest payable to Tairui. The facility loan under the Loan Transaction with Appian Capital includes two derivative financial instruments – warrants and royalty, which required the management's estimation of their fair value due to the nature of potential volatility (Note 14 of the audited consolidated financial statements for the year ended September 30, 2022).

FINANCING ARRANGEMENT

During the year ended September 30, 2020, Western Potash through its BC Subsidiary entered into an agreement to sell the ownership of certain Phase II and Phase III vacant farmlands (the "Property") for gross proceeds of $8,300,000 on condition that Western Potash will repurchase the Property back by July 7, 2022 for $9,300,000. The Company has the option to extend the repurchase date to July 7, 2023 at which time the Company will pay $9,700,000. As the transaction includes an obligation to repurchase the property at a future date, the Company accounted for the transaction as a "financing arrangement". The obligation is recognized at its amortized cost using an effective interest rate of 7.15%. Management intends to exercise the option to repurchase the land in 2023. During the year ended September 30, 2022, the Company has exercised the option to extend the repurchase date to July 7, 2023 (Note 15 of the audited consolidated financial statements for the year ended September 30, 2022).

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares issued without par value. As of September 30, 2022, the Company had 408,490,478 common shares issued and outstanding with a carrying value of $285.4 million. 777,400 common shares with a carrying value of $762,520 are classified as treasury shares, which the Company reacquired from its shareholders but has not retired or cancelled. During the year ended September 30, 2022, 1,590,000 options with an exercise price of $0.12 were exercised. On September 28, 2022, the Company issued 219,726,258 common shares to Vantage associated with the Conversion Option exercised to convert 157,325,071 common shares of WPHC to common shares of WRX at a rate of 0.716. As of September 30, 2022, the Company had 14,860,000 stock options and 30,774,030 warrants outstanding (Note 16 of the audited consolidated financial statements for the year ended September 30, 2022).

CONTINGENCIES

Lockwood Financial Ltd.

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 payable to Lockwood. The case was officially dismissed in the Supreme Court of British Columbia on September 21, 2022.

NON-CONTROLLING INTEREST

The Company determined the investment from Vantage before the completion of the Conversion Option as a non -controlling interest ("NCI") during the period between the end of May 2022 and the beginning of September 2022. Management determined that the change of controlling shareholder as a result of the execution of Subscription Agreement and the Conversion Option does not affect the Company's control over its subsidiaries. Upon completion of the share conversion, Vantage owned and continues to own 53.79% of the issued and outstanding WRX Shares calculated on a post-transaction, non-diluted basis. Tairui's interest, which originally owned 105,854,938 WRX Shares, representing approximately 56.08% of the issued and outstanding WRX Shares pre-conversion, has been diluted to approximately 25.91% post-conversion (Note 17 of the audited consolidated financial statements for the year ended September 30, 2022).

(Expressed in Canadian Dollars)

RELATED PARTY TRANSACTIONS

The Company's key management personnel include the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and members of the Board of Directors. Payments to key management personnel included in the net income (loss) and mineral property, plant and equipment totaled $888,760 as of September 30, 2022.

On September 12, 2019, Western Potash entered into a Credit Facility Agreement to borrow up to an aggregate amount of $40,000,000 with Tairui, the Company's majority shareholder at the time, to provide financing for construction costs associated with the Milestone Project. The loan is unsecured and matures on September 30, 2024. On May 30, 2022, the Company fully repaid $35,000,000 and all outstanding loan interests were waived by Tairui (Note 14).

During the year ended September 30, 2022, WPC entered into a bridging loan agreement with a party related to one of the Company's directors at the cost of 6% simple interest per annum for an amount of $3,000,000, of which $1,000,000 was advanced. As at September 30, 2022, the advanced amount ($1 million) has been repaid.

Accounts payable at September 30, 2022 includes $nil in outstanding amounts payable to directors and officers (September 30, 2021 - $117,500).

During the year ended September 30, 2021, the Company repaid promissory notes having a total face value of $4,020,000 to related parties including the majority shareholder and officers of the Company along with accrued interest of $460,027.

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 except for the amount borrowed under the Credit Facility Agreement which was recognized at fair value on the issuance date.

SEGMENTED INFORMATION

The Company operates in two reportable operating segments, being the acquisition, exploration and development of mineral properties and the investment in real estate projects in Canada. Segmented information is as follows:

	Real estate **$**	**Mineral properties** **$**	**Total** **$**
For the year ended September 30, 2021			
Operating expenses	(150,715)	(2,738,993)	(2,889,708)
Interest and other expense	(180,581)	(2,526,065)	(2,706,646)
Income tax expense	-	(27,131)	(27,131)
Net loss for the year	(331,296)	(5,292,189)	(5,623,485)
For the year ended September 30, 2022			
Operating expenses	(29,714)	(3,351,174)	(3,380,888)
Interest and other income (expense)	(93,703)	3,147,018	3,053,315
Income tax expense	-	(65)	(65)
Net loss for the year	(123,417)	(204,221)	(327,638)
As at September 30, 2021			
Total assets	5,504,686	241,343,323	246,848,009
Non-current assets	1,402,129	236,363,261	237,765,390
Current assets	4,102,557	4,980,062	9,082,619
Total liabilities	-	(86,007,507)	(86,007,507)
As at September 30, 2022			
Total assets	880,863	303,621,036	304,501,899

(Expressed in Canadian Dollars)

Non-current assets	830,529	266,906,137	267,736,666
Current assets	50,334	36,714,899	36,765,233
Total liabilities	-	(63,095,901)	(63,095,901)

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company issued derivative financial instruments including warrants and royalty during the year ended September 30, 2022. All transactions undertaken are to support the Company's operations and development. These financial risks and the Company's exposure to these risks are provided in various tables in the Risks and Uncertainties section of this MD&A and Note 22 of the audited consolidated financial statements for the year ended September 30, 2022. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 2 of the audited consolidated financial statements for the year ended September 30, 2022.

CRITICAL ACCOUNTING 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 period. Actual results could materially differ from these estimates. Significant judgements made by management relate to the Company's ability to continue as a going concern, the basis of consolidation, economic recoverability and probability of future economic benefits of the mineral property, plant and equipment, the determination of asset retirement obligations, the determination of the fair value of financial instruments, and income taxes. For more details, refer to Note 2 of the audited consolidated financial statements for the year ended September 30, 2022.

RISKS AND UNCERTAINTIES

Risk Factors Relating to The Company's Business

The Company's ability to finance and develop the Milestone Project to production, generate revenues and profits from its natural resource properties, or any other resource property that it may acquire, currently or in the future, is dependent upon a number of factors. For a detailed discussion of these factors faced by the Company, please refer to the Company's most recent Annual Information Form dated December 28, 2022.

Readers are cautioned that the projected mining method, potential production profile as well as mine plan referred to in the updated NI 43-101 report prepared by March Consulting Associated Inc. included risks, further detailed below in Project risks, based on the modelling work, geology, implementation, plant startup and operation. There is no certainty that the potential mine will be completed or that production will be realized.

Going concern risk

Management had judged that the Company has the ability to continue in operation for at least twelve months from September 30, 2022 and to realize its assets and discharge its liabilities in the normal course of operations. Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Environmental Risks and Hazards

All phases of the Company's mineral operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which may require stricter or changing standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, laws and permits, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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, the Company's 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, 2022. Therefore, commodity price risk may affect the completion of future equity and/or debt transactions such as equity offerings, financings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations. The potash prices are increasing due to the inflation rate and supply issues. The increasing price will significantly increase the royalty payable obligation.

Project risks

Phase I is a demonstration plant, and as such there are a number of technical and economic risks. The most significant risk is lower than expected potash sales prices, which have the largest effect on project economics. There are exchange rate and tariff risks, but these are somewhat mitigated by the likely effect of sales price.

The mineral resources and reserves are based on a model of the geological conditions which relies on seismic studies, drilled core and historical data. There is no certainty that data or model captures all geological features or small-scale anomalies. Although an allowance has been made for losses or unknowns this may require changes in the mine plan. Mineral resources that are not mineral reserves do not have demonstrated economic viability; the estimate of mineral resources in the updated NI 43-101 Report may be materially affected by environmental, permitting, legal, title, taxation, social-political, marketing, or other relevant issues.

There are a number of technical and construction risks associated with the innovative use of selective horizontal solution mining. In particular, the risks include drilling the cavern, long-term potash recovery rates, and the difficulty of predicting and managing, with complete accuracy construction CAPEX costs, sustaining and operating costs. The Company is considering a number of construction strategies to plan for strict control of the construction costs and engaging leading experts and engineering firms to leverage their experience. To maintain potash recovery rates, additional well drilling is planned during operations and drilling costs have been included in the sustaining CAPEX. However, actual conditions in the caverns (including geological, flow and dissolution) may be overestimated in the cavern production models. This risk is partially mitigated by early hot mining which will build up potash in the crystallization pond and prove actual mining rates.

Weather conditions (including snow and flooding) may affect both the construction schedule and operations (in particular road restrictions may reduce the ability to ship product off-site or get necessary equipment or personnel to the site). The Company has developed contingency plans to minimize the risk associated with weather events, including flexibility in construction schedules, contingencies, appropriate productivity factors, and product shipping plans. These include on-site storage and conducting an annual plant maintenance shutdown during the period of spring road bans.

The development of the Phase I will include the construction and operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labour, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance construction and development activities. It is common for new mining operations to experience unexpected costs, problems and delays during construction, development, and mine start-up. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at the Phase I plant. The events like significant delays in completion of Phase I Milestone Project, consistently reaching production on a commercial scale, or significant increase in its capital costs than estimates, etc. could have a significant adverse effect on the Company's profitability of operations, cash generation from operations and its financial condition.

Credit Risk

Credit risk is the risk of loss associated with a counterparty'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, and deposits the carrying value of which represents the Company's maximum exposure to credit risk. 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.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and short-term investments and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2022. The Company's loans payables are not subject to interest rate risk as they are not subject to a variable interest rate.

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, short-term investments, restricted cash, accounts payable and accrued liabilities, interest payable, loan payable and royalty payable are held in CA$ and US$, therefore, these assets and liabilities are subject to foreign exchange risk. For more details, please refer to the note 22 on the audited consolidated financial statements for the year ended September 30, 2022.

Risk of geopolitical development

Russia and Belarus, the two major exporters of potash, are currently subject to sanctions related to the conflict in the Ukraine, which is causing short term supply disruptions; the long-term outlook remains uncertain. Insurance rates for shipments for commodities from Russia are high at present, forcing purchasers to look for alternative sources of potash supply. These supply shocks are expected to have a continuing impact on prices which are expected to remain elevated in the short term.

DISCLOSURE, CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 have 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.

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, 2022. 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 management identified a material weakness as at September 30, 2022. The limited level of staffing and technical resources available to manage certain complex non-routine transactions occurred during the year and certain material balances as of the year end resulted in significant adjustments to the preliminary financial statements being recorded.

The Company is committed to improving its ICFR. As part of the control improvement, management has continued and will continue to enhance the capacity and capabilities to review and evaluate ongoing and technical complex transactions through selected increased use of external resources and realignment of internal staff. Management will continue to monitor and evaluate the effectiveness of our ICFR on an ongoing basis and is committed to continuing further actions. Since the September 30, 2022 identification noted above, the Company has made progress in addressing identified material weakness including contracting with a third-party accounting firm to assist with the preparation and reviewing of the financial statements. The Company is also adopting a new SAP ERP system to replace its un-integrated ERP system and adding more functions including project management, human resources, and performance management. and is reviewing necessary staff additions to management these areas.

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. 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.

Despite the existence of the material weakness identified and described above, the CEO and CFO, together with management, believe that the consolidated financial statements associated with this Management's Discussion and Analysis, fairly present the financial position, results of operations and cash flows for the year ended September 30, 2022 and 2021 in all material respects.