



CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020  
(Expressed in Canadian Dollars)



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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Western Resources Corp.

### ***Opinion***

We have audited the consolidated financial statements of Western Resources Corp. ("the Entity"), which comprise:

- the consolidated statements of financial position as at September 30, 2021 and September 30, 2020
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2021 and September 30, 2020, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which indicates that at September 30, 2021 the Entity does not currently have a source of operating revenues, has a working capital deficit, and requires further funding in the next twelve months for construction and commissioning of its mineral property project.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty Related to Going Concern***" section of the auditors' report, we have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

### ***Assessment of valuation of mineral property, plant and equipment***

#### ***Description of the matter***

We draw attention to Note 6 to the consolidated financial statements. The carrying value of mineral property, plant and equipment is \$231,385,170. At the end of each reporting period, the Entity reviews the carrying amounts of its non-financial assets to determine whether there is any indication that an impairment loss exists. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss. As discussed in Note 6, the Entity identified indicators of impairment related to the Milestone Project and management performed an impairment test to estimate its recoverable amount. The Entity's estimate of the recoverable amount was determined using the fair value less cost to sell approach which used a discounted cash flow model. The significant assumptions used in determining the recoverable amount were future potash prices, mineral reserve estimates, discount rates and future operating and capital expenditures. The Entity used an independent third party to determine reserves and to assist in estimating the cash flows from the Milestone Project. No impairment loss was recognized in the consolidated financial statements.

***Why the matter is a key audit matter***

We identified the assessment of the carrying value of mineral property, plant and equipment as a key audit matter. This matter represented an area of significant risk of material misstatement as changes to certain significant assumptions could have a significant effect on the estimated recoverable amount of the Milestone Project. As a result, significant auditor judgment was required in evaluating the results of our audit procedures. Further, professionals with specialized skills and knowledge were required to evaluate certain significant assumptions.

***How the matter was addressed in the audit***

The following are the primary procedures we performed to address this key audit matter:

- We assessed the competence, capabilities and objectivity of the independent third party who prepared the mineral reserve estimate and assisted management with estimating cash flows from the Milestone Project
- We compared the future potash price assumptions used in the cash flow model to future price estimates provided by a third-party industry analyst
- We compared the operating and capital expenditure estimates used in the cash flow model to those determined by the independent third party

We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the appropriateness of the Entity's discount rate assumption by comparing to estimates that were independently developed using publicly available third-party sources and data for comparable entities.

***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett

Vancouver, Canada  
December 29, 2021

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Western Resources Corp.  
Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

		September 30, 2021	September 30, 2020
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		8,019,661	6,711,404
Term deposits, including restricted cash	4	822,698	3,220,683
Loan receivable from associate	7	-	525,764
Other current assets	5	240,260	710,187
		9,082,619	11,168,038
<b>Non-current assets</b>			
Mineral property, plant and equipment	6	231,385,170	214,118,951
Investment in associates	7	1,402,129	10,223,829
Real estate properties under development	8	-	24,875,902
Other assets	9	4,978,091	4,381,817
		237,765,390	253,600,499
<b>TOTAL ASSETS</b>		<b>246,848,009</b>	<b>264,768,537</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	44,468,594	39,125,305
Promissory notes	11	-	4,320,000
Current portion of lease obligations	12	37,386	90,924
Mortgage on real estate properties under development	8	-	13,010,836
Current portion of payable on legal settlement	15	936,576	534,845
		45,442,556	57,081,910
<b>Long term liabilities</b>			
Lease obligations	12	-	31,272
Asset retirement obligation	13	3,926,576	3,679,603
Loans payable	14	28,309,332	26,518,359
Payable on legal settlement	15	-	510,649
Financing arrangement	16	8,329,043	7,773,398
		40,564,951	38,513,281
<b>TOTAL LIABILITIES</b>		<b>86,007,507</b>	<b>95,595,191</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	17	231,142,466	231,106,466
Contributed surplus		28,829,181	28,985,540
Treasury shares	17	(762,520)	(762,520)
Deficit		(98,368,625)	(92,745,140)
		160,840,502	166,584,346
Non-controlling interest	8	-	2,589,000
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>160,840,502</b>	<b>169,173,346</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>246,848,009</b>	<b>264,768,537</b>
Nature of operations and going concern	1	-	-
Commitments and contractual agreements	21		
Contingencies	22		
Subsequent events	7,8,13,17		

These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Guy Bentinck Director

/s/ Wenye Xue Director

See accompanying notes to the consolidated financial statements.



Western Resources Corp.  
Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

	Notes	For the years ended	
		September 30, 2021 \$	September 30, 2020 \$
<b>EXPENSES</b>			
Consulting fees		361,735	512,109
Depreciation	6	142,893	207,096
Office and miscellaneous expenses		1,178,700	514,257
Professional fees		524,272	438,966
Salaries, wages and benefits		659,272	275,445
Share-based payments	17	22,836	218,872
Loss before other income (expenses)		(2,889,708)	(2,166,745)
<b>Other income (expenses)</b>			
Interest income		84,124	169,027
Other income	7,8	463,883	177,698
Loss on legal settlement	15	-	(1,584,684)
Finance costs	25	(3,144,418)	(724,870)
Share of loss from investment in associates	7	(110,235)	(193,647)
		(2,706,646)	(2,156,476)
Loss before income taxes		(5,596,354)	(4,323,221)
Income tax recovery (expense)			
Current	26	(27,131)	-
Deferred	26	-	2,657,746
		(27,131)	2,657,746
Loss and comprehensive loss for the year		(5,623,485)	(1,665,475)
<b>Loss and comprehensive loss attributable to:</b>			
Equity holders of the parent		(5,623,485)	(1,665,475)
		(5,623,485)	(1,665,475)
Basic and diluted loss per share for the year attributable to common shareholders (\$ per common share)		(0.03)	(0.01)
Weighted average number of common shares outstanding		186,236,053	186,096,820
- basic and diluted			

See accompanying notes to the consolidated financial statements.

Western Resources Corp.  
Consolidated Statements of Shareholders' Equity  
(Expressed in Canadian Dollars)

	Note	Share capital		Reserves	Treasury shares	Deficit	Total	Non-controlling interest	Total
		Number of shares	Amount (\$)						
Balance as at October 1, 2019		186,874,220	231,106,466	21,317,514	(762,520)	(91,079,665)	160,581,795	2,514,000	163,095,795
Shareholders' contributions, net of tax	14	-	-	7,185,757	-	-	7,185,757	-	7,185,757
Share-based payments	17	-	-	482,269	-	-	482,269	-	482,269
Contribution by non-controlling interest	8	-	-	-	-	-	-	75,000	75,000
Net loss for the year		-	-	-	-	(1,665,475)	(1,665,475)	-	(1,665,475)
<b>Balance at September 30, 2020</b>		<b>186,874,220</b>	<b>231,106,466</b>	<b>28,985,540</b>	<b>(762,520)</b>	<b>(92,745,140)</b>	<b>166,584,346</b>	<b>2,589,000</b>	<b>169,173,346</b>
Exercise of stock options		300,000	36,000	-	-	-	36,000	-	36,000
Share-based payments	17	-	-	(156,359)	-	-	(156,359)	-	(156,359)
Distribution to non-controlling interest		-	-	-	-	-	-	(93,000)	(93,000)
Disposition of non-controlling interest	8	-	-	-	-	-	-	(2,496,000)	(2,496,000)
Net loss for the year		-	-	-	-	(5,623,485)	(5,623,485)	-	(5,623,485)
<b>Balance at September 30, 2021</b>		<b>187,174,220</b>	<b>231,142,466</b>	<b>28,829,181</b>	<b>(762,520)</b>	<b>(98,368,625)</b>	<b>160,840,502</b>	<b>-</b>	<b>160,840,502</b>

See accompanying notes to the consolidated financial statements.

Western Resources Corp.  
Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)

	Notes	For the years ended	
		September 30, 2021 \$	September 30, 2020 \$
<b>Cash flows from (used in)</b>			
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the year		(5,623,485)	(1,665,475)
Adjustments for items not affecting cash:			
Income tax expense		27,131	(2,657,746)
Finance costs	25	3,144,418	724,870
Depreciation	6	142,893	207,096
Interest income		(84,124)	(169,027)
Other		5,874	(124,444)
Share-based payments	17	22,836	218,872
Gain on sale of real estate	7,8	(233,447)	-
Share of loss (income) from investment in associates	7	110,235	193,647
Legal settlement	15	-	1,584,684
Net changes in non-cash working capital items and other items			
Other current assets	5	431,538	1,722,459
Other assets		(646,274)	(3,681,941)
Accounts payable and accrued liabilities	6,10	(989,530)	(96,480)
Interest received		110,440	150,818
Payments on legal settlement	15	(150,000)	(469,106)
Income taxes paid		(27,131)	-
Finance costs paid		(498,184)	-
Cash flow used in operating activities		(4,256,810)	(4,061,773)
<b>INVESTING ACTIVITIES</b>			
Acquisition of mineral property, plant and equipment	6	(11,160,873)	(41,410,622)
Investments in associates	7	(362,625)	(2,498,001)
Repayment of loan receivable to associates	7	525,764	(525,764)
Real estate properties under development	8	(1,925,310)	(3,043,022)
Return of equity in investment in associate	7	3,671,536	-
Acquisition of term deposits		(743,090)	(56,923)
Proceeds from redemption of term deposits		3,114,759	1,495,240
Disposition of investment in associates including FB Seaton	7 and 8	14,703,466	4,099,150
Cash flow used in investing activities		7,823,627	(41,939,942)
<b>FINANCING ACTIVITIES</b>			
Contribution by non-controlling interest		-	75,000
Lease payments	12	(90,924)	(90,924)
Mortgage on real estate properties under development	8	2,189,364	3,510,836
Proceeds from short-term loan		-	6,600,000
Repayment of short-term loan		-	(6,600,000)
Proceeds from loan payable	14	20,000	35,040,000
Proceeds from promissory notes	11	-	4,820,000
Repayment of promissory notes	11	(4,320,000)	(500,000)
Return of capital to non-controlling interest		(93,000)	-
Proceeds from financing arrangement	16	-	7,640,379
Proceeds on exercise of options	17	36,000	-
Cash flow from financing activities		(2,258,560)	50,495,291
Increase in cash		1,308,257	4,493,576
Cash, beginning of year		6,711,404	2,217,828
Cash, end of year		8,019,661	6,711,404
Supplemental cash flow information	18		

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Western Resources Corp. ("the Company") was incorporated on January 16, 2017 under the British Columbia Business Corporations Act.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. At September 30, 2021, the Company does not have significant sources of revenues and has not generated positive cash flow from operations. On May 14, 2020, the Company's wholly owned subsidiary, Western Potash Corp. ("Western Potash") delayed the completion date of construction of the Phase I Milestone Potash Project ("Milestone Project") plant in order to seek additional funding to complete construction. Western Potash has entered into various capital expenditure commitments for the procurement and construction of the Milestone Project with a remaining committed amount of \$15,426,000 (Note 21). As at September 30, 2021, the Company has a working capital deficit of \$36,359,937 including cash of \$8,019,661. Furthermore, various vendors have 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 the Milestone project and certain vendors have also filed legal claims against Western Potash (Note 10). The Company's legal counsel is currently working directly with the vendors on a temporary solution to mitigate legal action. Based on its current cash flow forecast and its existing obligations and commitments, the Company will require further funds to pay its current liabilities, complete construction and successfully commission the Milestone Project and fund its general and administrative expenses for the 2022 fiscal year.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying values and classifications of its assets and liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

The Company continues to work with potential investors to provide additional funding, as well as pursuing alternative sources of financing including equity and debt financing, and seeking investors to participate in the Company's remaining interests in its real estate partnerships or to sell the Company's interest in these partnerships in order to complete the remaining construction activities, to commission the Milestone Project and to fund general and administrative expenses. However, there are no assurances that the Company will be successful in obtaining such equity or debt financing. In the longer term, additional financing may be required to expand the mining operation at the Milestone Project if the cash flows of the Phase I Milestone Project plant are not sufficient to fund such expansion. Furthermore, as the Company has not yet completed construction or commenced commissioning of the Phase I plant, there are no guarantees that the Phase I plant will operate as expected, or that the Company will be able to complete construction of the plant based on the revised timelines and on budget. Material cost overruns, should they occur, may also require additional financing. The ability of the Company to continue as a going concern and the recoverability of amounts shown for mineral property, plant and equipment 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 and the recoverability of investments in real estate projects.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business and results of operations. Potential impacts could include further delay in completing of construction due to inability to obtain additional financing, a temporary cessation of operations due to a localized outbreak at the Milestone Project or in Company's supply chain, the impact and potential impairments in the value of our long-lived assets, including the Company's real estate investments, or potential decreases in future revenue to the extent potash prices are impacted.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements of the Company for the year ended September 30, 2021 were approved by the Board of Directors on December 29, 2021.

### Basis of Presentation and Functional Currency

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 2. All amounts are expressed in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

### Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Significant judgements made by management relate to the Company's ability to continue as a going concern (Note 1) and the determination that certain leases related to the Milestone Project are not within the scope of IFRS 16, Leases as they grant the Company the right to explore, develop, produce or otherwise use the mineral resource contained in that land (see Note 12).

The most significant accounts that require estimates as the basis for determining the stated amounts are as follows:

- **Economic recoverability and probability of future economic benefits of mineral property, plant and equipment**

In assessing whether indicators of impairment exist, management uses judgement in assessing the impact of changes in commodity prices, discount rates and other economic factors related to the project. 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.

As at 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). Significant assumptions used in the determination of the recoverable amount are discussed in Note 6.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Judgments and Estimates (continued)

The Company estimates its mineral reserves and mineral resources based on information compiled by qualified persons as defined by National Instrument ("NI") 43-101. Mineral reserves are used in the calculation of depreciation and impairment charges, and for forecasting the timing of the payment of closure and restoration costs. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of mineral reserves and may, ultimately, result in mineral reserve estimates being revised. Such changes in mineral reserves could impact depreciation and amortization rates, the timing of asset retirement obligation costs which affect the amount of the asset retirement obligation provision and could result in impairment losses associated with mineral property, plant and equipment.

- [Valuation of investment in associates and real estate properties under development](#)

The Company is required to assess whether there are indicators of impairment associated with investments in associates and real estate properties under development at the end of each reporting period and if such indicators exist, recognize an impairment loss. The assessment of these indicators is based on an evaluation of the business underlying the investment. Judgements and estimates are required with respect to whether there will be a sufficient return from real estate sales in order to recover the Company's investment. An impairment charge would be based on discounted estimated future cash flows expected to be received from the investments. Such estimates are based on an evaluation of the financial condition and operating results of invested associates. Changes in these assumptions may result in an impairment loss.

- [Determination of asset retirement obligation](#)

The Company's provision for asset retirement obligation represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of costs, inflation, and assumptions of risks associated with the future cash outflows including the timing of such outflows, and the applicable discount rates used to determine the net present value of the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the asset retirement obligation are recorded with a corresponding change to the carrying amounts of related mineral property, plant and equipment. Adjustments to the carrying amounts of related mineral property, plant and equipment can result in a change to future depreciation expense. Assumptions with respect to the Company's asset retirement obligation provision are disclosed in Note 13.

- [Determining fair value of financial instruments](#)

Certain financial instruments, including loans payable, were recognized at their fair value on initial recognition. The fair value of these instruments is determined using a discounted cash flow model which requires an estimate of a market rate of interest for similar instruments. Determining such discount rate requires estimates with respect to the risk-free rate and the Company's credit risk. See Notes 14 and 15 for additional information regarding the fair value of loans and payable on legal settlement.

### Significant Accounting Policies

The accounting policies set out below have been applied consistently by all group entities and for all periods presented.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (continued)

- Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Western Potash, 0907414 B.C. Ltd. ("BC Ltd.") and Western Garden Properties Corp. ("Western Gardens") (companies incorporated in the province of British Columbia). All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

- Cash and cash equivalents

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

- Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally when the Company's shareholding is between 20% and 50% of the voting rights. Associates also includes joint ventures. Joint ventures are arrangements whereby there is contractually agreed sharing of control of an arrangement by the Company and other unrelated parties and the parties have rights to the net assets of the arrangement. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition. The Company's share of post-acquisition profit or loss is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income (loss) is recognized in other comprehensive income (loss) with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- Exploration and evaluation expenditures

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

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and sufficient funds have been obtained to commence development, the property is considered to be a mine under development. At such time, accumulated exploration and evaluation expenditures are tested for impairment and then reclassified to "mineral properties, plant and equipment".

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (continued)

- Mineral property, plant and equipment

#### Building and Equipment

Building and equipment is recorded at cost less accumulated amortization. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management, including estimated decommissioning and restoration costs and, where applicable, borrowing costs. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment. Amortization is calculated using the declining balance method at the following annual rates:

○ Building	4%
○ Automobiles	30%
○ Computer Hardware	50%
○ Computer Software	100%
○ Furniture and Fixtures	20%

Right of use assets are amortized over the shorter of their useful lives or the term of the lease.

- Mineral interests and mine development costs

Mineral interests and mine development costs are recorded at cost. Costs include reclassified exploration and evaluation expenditures, feasibility and other technical studies, engineering and design costs, depreciation on equipment used during the development phase, borrowing costs, if applicable, cost of asset retirement obligation, and other costs incurred to bring a mine into production. These costs are not amortized until the mine is operating as intended by management at which time the costs will be amortized using the units of production method. Mineral properties are tested for impairment whenever there are indicators that suggest that the carrying value is not recoverable. Costs not directly attributable to development activities, including general administrative overhead costs, are expensed in the period in which they occur.

- Income taxes

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

Current income tax expense is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable or receivable in respect of previous years.

Deferred tax assets and liabilities are recognized based on differences in the financial statement carrying amount for assets and liabilities and the amounts used for tax purposes. Deferred tax assets and liabilities are generally recognized for all taxable temporary differences. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent it is not probable that they will reverse in the foreseeable future. The amount of deferred income tax provided is based on the expected manner



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (continued)

of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses only to the extent that it is probable that there will be taxable profits against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

- Basic and diluted income (loss) per share

Basic income (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted income per share reflect adjustments to the weighted average number of common shares outstanding for the potential dilution of securities, including stock options, that could share in income of the Company. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

- Share-based payments

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

- Financial instruments

#### Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (continued)

- Financial instruments (continued)

#### Financial assets (continued)

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment charges. They are classified as current or non-current assets based on their maturity date. The Company's cash, term deposits (including restricted cash), loan receivable from associate and other current assets are all classified as financial assets at amortized cost. Marketable securities are classified as FVTPL.

#### Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset credit risk has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

#### Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

#### Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (continued)

- Financial instruments (continued)

#### Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that an impairment loss exists. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows that the asset or cash generating unit is expected to generate along with the expected costs to complete the project are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

- Foreign currency translation

Foreign currency transactions are translated into the Canadian dollar functional currency using the prevailing exchange rates on the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period, are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the prevailing exchange rates on the date when the fair value was determined.

- Provision for asset retirement obligation

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and the retirement of assets in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for an asset retirement obligation is recognized based on expected cash flows required to settle the obligation and is discounted at a pre-tax rate specific to the liability. The cost of such obligation is included in mineral property, plant and equipment, as applicable, and is depreciated on the same basis as the related asset. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (continued)

- Employee benefits

Short-term employee benefit obligations are recognized as personnel expenses as the corresponding service is provided. Liabilities are recognized at the amount that is expected to be paid if the Company has a present legal or constructive obligation to pay that amount based on past services rendered by the employee, and the obligation can be estimated reliably. There are no long-term employee benefits.

- Leases

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. Leases are recognized as a lease liability and a corresponding right-of use ("ROU") asset at the date on which the leased asset is available for use by the Company. Liabilities and assets arising from a lease are initially measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

Lease payments are allocated between the lease liability and finance costs. Cash outflows for repayment of the principal portion of the lease liability are classified as cash flows from financing activities. The interest portion of the lease payments is classified as cash flows from operating activities.

The ROU asset is initially measured at an amount equal to the corresponding lease liability and is subsequently depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of loss on a straight-line basis over the lease term.

- Interest income and finance costs

Interest income includes interest on cash and cash equivalents and term and other deposits. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings and unwinding of the discount on provisions and leases. Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Interest received and finance costs paid are classified in the statement of cash flows as operating activities.

### 3. NEW ACCOUNTING STANDARDS

#### Adoption of new and amended accounting standards

The following amended standard has been issued but has not yet been applied in these consolidated financial statements:

- IAS 16 – Property, Plant and Equipment

On May 14, 2020, the IASB published a narrow scope amendment to IAS 16 Property, Plant and Equipment - Proceeds Before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and related cost in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022. The amendment does not currently impact the consolidated financial statements, but the Company is assessing the effect that the narrow scope amendment may have on the accounting for the future commencement of production at the Milestone project.

### 4. TERM DEPOSITS, INCLUDING RESTRICTED CASH

Term deposits as of September 30, 2021 and September 30, 2020 include the following restricted cash items:

	September 30, 2021	September 30, 2020
	\$	\$
Collateral for construction of infrastructure	-	2,387,760
Collateral for equipment purchases	54,788	56,923
Collateral to secure banking facility for real estate	745,226	727,000
Interest receivable related to term deposits	22,684	49,000
	<u>822,698</u>	<u>3,220,683</u>

The above term deposits support letters of credit issued as security for committed expenditures and banking facilities. The collateral for infrastructure was redeemed in the year ended September 30, 2021 upon satisfaction of the related construction commitments.

### 5. OTHER CURRENT ASSETS

	September 30, 2021	September 30, 2020
	\$	\$
Goods and services tax receivable	109,360	324,334
Other receivables	11,036	-
Prepaid expenses	49,017	307,277
Marketable securities	70,847	78,576
	<u>240,260</u>	<u>710,187</u>

### 6. MINERAL PROPERTY, PLANT AND EQUIPMENT

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 is 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

## 6. MINERAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

A continuity of mineral property interests and property, plant and equipment are as follows:

	Mineral interests and mine development costs \$	Asset retirement obligation \$	Construction in progress \$	Property and office equipment \$	Right-of- use assets \$	Total \$
As at October 1, 2019	89,129,442	2,649,908	61,729,666	1,042,036	196,068	154,747,120
Additions	545,412	970,070	58,516,015	45,336	-	60,076,833
As at September 30, 2020	89,674,854	3,619,978	120,245,681	1,087,372	196,068	214,823,953
Additions	533,572	200,264	16,670,162	5,114	-	17,409,112
As at September 30, 2021	90,208,426	3,820,242	136,915,843	1,092,486	196,068	232,233,065
Accumulated Depreciation						
As at October 1, 2019	-	-	-	(497,906)	-	(497,906)
Depreciation for the year	-	-	-	(125,964)	(81,132)	(207,096)
As at September 30, 2020	-	-	-	(623,870)	(81,132)	(705,002)
Depreciation for the year	-	-	-	(61,761)	(81,132)	(142,893)
As at September 30, 2021	-	-	-	(685,631)	(162,264)	(847,895)
Net book value						
As at September 30, 2020	89,674,854	3,619,978	120,245,681	463,502	114,936	214,118,951
As at September 30, 2021	90,208,426	3,820,242	136,915,843	406,855	33,804	231,385,170

The additions for the construction in progress during the years ended September 30, 2021 and 2020 included the following:

	September 30, 2021 \$	September 30, 2020 \$
Capitalized interest on loans payable	2,007,955	2,510,853
Share-based payments	(179,195)	263,397
	1,828,760	2,774,250

The construction in progress balance at September 30, 2021 include expenditure totaling \$41,308,098 (September 2020 – \$37,088,883) incurred in asset construction but not yet paid and thus have been included in accounts payable and accrued liabilities.

Construction activities for the processing plant were stopped in May 2020 in order to secure additional financing however hot mining development activities continued until they were halted in May 2021. The data from operations to date was used to develop a revised and extend life of the Phase 1 Milestone Project mine plan. The delay in completion of construction and hot mining development was considered an indicator of impairment and management carried out an impairment test at September 30, 2021.

## 6. MINERAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company used a fair value less cost of disposal model (a Level 3 fair value measurement) based on after-tax discounted cash flows based on an updated 40-year mine life for the Phase 1 project. The cash flow model assumed production commencing in Fiscal Year 2023 and considered the Company's off-take agreement (Note 21). The Company determined that the cash flows from the 40-year Phase 1 project exceeded the carrying value and thus no impairment exists at September 30, 2021.

Significant assumptions used in the cash flow model include the future potash prices, mineral reserve estimates, discount rates and future operating and capital expenditures. The recoverable amount is most sensitive to the following assumptions:

Key Assumptions	Amount used in impairment model	Change required for Carrying Amount to Equal Recoverable Amount
Discount rate	8%	1.6% increase
Sale price of granular potash	2023 - US\$425 2024 - US\$409 Long-term - US\$405	10% decrease

## 7. INVESTMENT IN AND LOANS RECEIVABLE FROM ASSOCIATES

	FB Burrard LP	FB Robinson LP	FB Third LP	Alabaster LP	WGP LP	Total
	\$	\$	\$	\$	\$	\$
Investment in Associates						
As at September 30, 2019	1,999,363	4,119,353	2,203,909	3,696,000	-	12,018,625
Transfer of investments in associates	-	-	(2,425,909)	(4,936,000)	7,361,909	-
Disposition of interest in associate	-	-	-	-	(4,099,150)	(4,099,150)
Contributions	-	1,036,001	222,000	1,240,000	-	2,498,001
Share of loss from investment in associates	(193,647)	-	-	-	-	(193,647)
As at September 30, 2020	1,805,716	5,155,354	-	-	3,262,759	10,223,829
Disposition of investment in associates	-	(5,402,554)	-	-	-	(5,402,554)
Contributions	-	247,200	-	-	115,425	362,625
Return of equity investment	(1,501,622)	-	-	-	(2,169,914)	(3,671,536)
Share of income (loss) from investment in associates	(210,423)	-	-	-	100,188	(110,235)
As at September 30, 2021	93,671	-	-	-	1,308,458	1,402,129
Loan Receivable from Associates						
As at September 30, 2019	-	-	-	-	-	-
Loan receivable from associates	525,764	-	-	-	-	525,764
As at September 30, 2020	525,764	-	-	-	-	525,764
Repayment of loan receivable	(525,764)	-	-	-	-	(525,764)
As at September 30, 2021	-	-	-	-	-	-

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

### a) Investment in Associates

#### FB Burrard Development Limited Partnership ("FB Burrard LP")

As of September 30, 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 Boutique Investments Ltd. ("Formwerks"), a Vancouver based real estate development company. 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.

Western Potash is obligated to fund 72.31% of FB Burrard LP's development and construction costs not financed by bank financing obtained by FB Burrard LP and any cost over runs. However, the aggregate amount which the limited partners are required to contribute to the Partnership in the form of capital contributions will not exceed \$6,500,000, of which Western Potash's share is \$4,700,150. If FB Burrard LP needs further funding, the limited partners have the right but not the obligation to loan funds to FB Burrard LP.

On January 27, 2021, FB Burrard LP replaced its existing construction loan with a new loan approved for an amount up to \$6,700,000, of which \$3,884,125 was outstanding as of September 30, 2021. The Company continues to be the guarantor and the maximum liability under this guarantee is limited to \$3,350,000 plus interest and costs.

Cash flows will be distributed to the partners initially in accordance with their respective capital contribution until the initial capital contribution has been recovered; subsequent distributions to the Company are limited to 52.31% of profit as defined in the partnership agreement.

For the year ended September 30, 2021, the Company received a return of equity of \$1,501,622 and recognized its share of loss of \$210,423 (2020—\$193,647) from real estate sales.

#### FB Robinson Development Limited Partnership ("FB Robinson LP")

During the year ended September 30, 2021, the Company disposed of its interest in FB Robinson LP. Prior to such disposition the company held an 80% interest in FB Robinson LP which is in the business of developing a real estate project in Coquitlam, British Columbia.

FB Robinson LP is controlled by its general partner FB Robinson Development Limited ("FB Robinson"). FB Robinson was jointly controlled by the Company and Formwerks. Amongst other things, the shareholder agreement required unanimous consent by the Company and Formwerks for decisions related to all relevant activities of FB Robinson. Accordingly, the Company accounted for its investment in FB Robinson using the equity method.

The Company was obligated to fund 80% of FB Robinson LP's development and construction costs not financed by bank financing and any cost over runs. The aggregate amount which the limited partners were required to contribute to FB Robinson LP in the form of capital contributions was not to exceed \$8,500,000, of which the Company's share was \$6,800,000. If FB Robinson LP needed further funding, the limited partners, had the right, but not the obligation to, loan funds to FB Robinson LP.



## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

### a) Investment in Associates (Continued)

On June 10, 2019, FB Robinson LP secured a land loan of up to \$6,325,000. The Company provided a corporate guarantee limited to 50% of the loan facility. Cash flows were to be distributed to the partners initially in accordance with their respective capital contributions until the initial capital contribution has been recovered and subsequent distributions to the Company are limited to 60% of profit as defined in the partnership agreement.

During the year ended September 30, 2021, total equity contributions by the Company were \$247,200 (2020 - \$1,036,000). On July 14, 2021 the Company disposed of its interest in FB Robinson LP for proceeds of \$6,636,001 and recognized gain of \$1,233,447 in other income. The Company was also released from its corporate guarantee.

#### FB 234 Third Avenue Development Limited ("FB Third")

As of September 30, 2021, the Company had a 10.125% interest in FB Third LP, which is developing a real estate project in Vancouver, British Columbia, through its 45% ownership interest in WGP Investment Limited Partnership ("WGP LP").

On June 22, 2018, the Company entered into a shareholders' agreement with Formwerks, 1168930 B.C. Ltd. ("1168930"), CWC Group Enterprises Ltd. ("CWC"), and 1168387 B.C. Ltd. ("1168387") to invest in FB Third. The Company, Formwerks, 1168930 and CWC initially each held a 22.5% voting interest in FB Third and 1168387 holds a 10% voting interest. Amongst other things, the shareholder agreement of FB Third requires unanimous consent by all the shareholders for decisions related to all relevant activities of FB Third. Accordingly, the Company jointly controls FB Third and accounts for its investment using the equity method. FB Third is the general partner of FB 234 Third Development Limited Partnership ("FB Third LP") which is developing a real estate project in Vancouver, British Columbia.

On June 12, 2020, the Company transferred 2,517,000 units of FB Third LP representing its 22.5% interest in FB Third LP to a newly created entity WGP Investment Limited Partnership ("WGP LP") for \$1 per unit. As the Company has a 45% interest in WGP LP (see below for a further discussion of WGP LP), the transfer effectively reduced its interest in FB Third LP to 10.125%.

WGP LP and all limited partners will advance capital to FB Third LP by way of additional capital contributions to fund the costs of the acquisition of the development lands and the development cost of the project proportionate to its respective ownership interest. The aggregate amount which the limited partners are required to contribute to FB Third LP in the form of capital contributions will not exceed \$12,000,000 of which WGP LP's share is \$2,700,000, and the Company's obligation to fund WGP LP is \$1,215,000. If FB Third LP needs further funding, the limited partners, have the right, but not the obligation to, loan funds to FB Third LP. Cash flow and allocation of net income and losses from FB Third LP will be distributed to the limited partners, pro rata in accordance with their respective proportionate interest. On December 10, 2018, FB Third LP secured a land loan of \$10,000,000 and the Company provided a corporate guarantee for the loan limited to a maximum of \$2,250,000 plus interest and costs. The guarantee provided by the Company on the land loan is not affected by the transfer of the units of FB Third LP to WGP LP.

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

### a) Investment in Associates (Continued)

#### Alabaster (Spires 2) Limited Partnership ("Alabaster LP")

During the year ended September 30, 2021, the Company held a 36% interest in Alabaster LP through its ownership interest in WGP LP.

On December 4, 2018, the Company entered into an arrangement with Alabaster Holdings Corp. ("Alabaster") and Invesca Holdings Inc. ("Invesca"), together as limited partners of Alabaster LP to develop a real estate project in Richmond, British Columbia. The Company initially held an 80% interest in Alabaster LP. Alabaster (Spires 2) G.P. Ltd. ("Alabaster GP") is the general partner of Alabaster LP, in which the Company has a 50% interest, 1091970 B.C. Ltd. ("109", a related party of Alabaster) has a 25% interest and Kensington Homes Ltd. ("Kensington" which is a related party to Invesca) has a 25% interest. The Company jointly controls Alabaster GP with 109 and Kensington, and accordingly the Company accounts for its investment in Alabaster GP using the equity method.

On June 12, 2020, the Company transferred 4,936,000 units of Alabaster LP representing its 80% interest in Alabaster LP to WGP LP for \$1 per unit. As the Company has a 45% interest in WGP LP (see below for a further discussion of WGP LP), the transfer effectively reduced its interest in Alabaster LP to 36%.

WGP LP and all limited partners will advance capital to Alabaster LP by way of additional capital contributions to fund the costs of the acquisition of the development lands and the development cost of the project proportionate to their respective ownership interest. The aggregate amount which the limited partners are required to contribute to Alabaster LP in the form of capital contributions will not exceed \$8,075,000 of which WGP LP's share is \$6,460,000, and the Company's obligation to fund WGP LP is \$2,907,000. If Alabaster LP needs further funding, the limited partners have the right but not the obligation to loan funds to Alabaster LP.

During the year ended September 30, 2020, the Company and its subsidiary Western Garden provided a limited corporate guarantee of up to \$3,345,000 for a land loan by Alabaster LP to acquire land for development. The guarantees provided by the Company were not affected by the transfer of the units of Alabaster LP to WGP LP. Cash flow and allocation of net income and losses from Alabaster LP were to be distributed to WGP LP until its capital contribution has been recovered and a specified rate of return on funds invested has been achieved. Subsequent distributions to WGP LP were limited to 50% of profit as defined in the partnership agreement.

On July 29, 2021, the real estate project was sold by Alabaster LP and a return of investment to WGP LP occurred. The Company's share of this return of investment was \$2,169,914. The Company also recorded its share of net income of Alabaster LP of \$100,188. As the loan held by Alabaster LP was repaid, the Company was released from the corporate guarantee.

#### WGP Investment Limited Partnership ("WGP LP")

WGP LP was created as an investment vehicle to allow new limited partners to invest in the Company's real estate projects.

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

## Investment in Associates (Continued)

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

WGP LP is controlled by its general partner WGP Investment (GP) Limited ("WGP GP"). Although the Company owns 100% of the common shares in WGP GP, the governing documents and related agreements of WGP GP and WGP LP require unanimous consent by representatives from both the Company and 1168387 BC for substantive decisions affecting the business activities of WGP GP. As a result, the Company and 1168387 BC jointly control WGP GP and equity accounting has been applied to the Company's interest in FB Third LP and Alabaster LP. Cash flow and allocation of net income and losses from WGP LP will be distributed first to 1168387 BC with equity repatriation plus a 12% return, and then secondly to the Company to cover its equity repatriation plus a 12% return. Any remaining cash thereafter will be distributed on a pro-rated basis. In addition, the Company will receive a management bonus if 1168387 BC's return reaches 15%. The management bonus will equal 20% of the profits exceeding the 15% return.

As of September 30, 2021, WGP LP has net assets of \$3,113,609 which relates to its interest in FB Third LP.

The below table summarizes the financial information of FB Burrard LP and FB Third LP for the year ended September 30, 2021:

	FB Burrard Development Limited Partnership \$	FB 234 Third Avenue Development Limited Partnership \$
As at and for the year ended September 30, 2021		
Land and capitalized development cost	6,047,388	23,612,876
Other assets	343,248	37,596
Mortgage on properties and other long term debt	(5,480,049)	(10,036,986)
Other liabilities	(231,327)	(141,582)
Net loss	(353,027)	-

Subsequent to September 30, 2021, on December 21, 2021 Western Gardens received \$477,897 from WGP LP in form of return of equity on FB Third.

## b) Loans Receivable from Associates

On August 11, 2020, the Company advanced a loan of \$525,764 to FB Burrard LP to fund continuous marketing and interest cost on the remaining homes. The loan was interest free and had a term of 9 months. The effect of discounting on the fair value of the advance on initial recognition was not material. The loan was repaid during the year ended September 30, 2021.

## 8. REAL ESTATE PROPERTIES UNDER DEVELOPMENT

During the year ended September 30, 2021, the Company disposed of its interest in WGP Seaton Development Ltd. ("WGP Seaton") and WGP Seaton Development Limited Partnership ("Seaton LP"). Prior to such disposition the Company held an 80% interest in WGP Seaton and Seaton LP.

On August 17, 2018, the Company signed a shareholder agreement with Formwerks to set up WGP Seaton Development Ltd. ("WGP Seaton"). The Company owned an 80% voting interest in WGP Seaton and Formwerks owns a 20% voting interest. On October 1, 2018, the Company entered into an arrangement with Formwerks, as limited partners, in WGP Seaton Development Limited Partnership ("Seaton LP"), to develop this real estate project with the Company holding an 80% interest and Formwerks a 20% interest. WGP Seaton is the general partner of Seaton LP and as such is authorized to, and has the power to, carry on the business of Seaton LP. In accordance with the shareholder agreement, the Company had the right to appoint two of the three board members of WGP Seaton and the day-to-day operation of WGP Seaton were overseen and conducted by individuals designated by the Company. Accordingly, the Company concluded that it controls WGP Seaton and had consolidated WGP Seaton and Seaton LP. The Company and Formwerks were obligated to fund Seaton LP's development and construction costs not financed

by bank financing and any cost over runs in proportion to their ownership interest. Cash flow and allocation of net income and losses from Seaton LP were to be distributed to the limited partners initially in accordance with their respective capital contributions until the initial capital contributions have been recovered and a specified rate of return on funds invested has been achieved. Subsequent distributions to the Company were limited to 60% of net profit as defined in the partnership agreement.

The Company made total capital contributions of \$9,856,000 to Seaton LP as of September 30, 2019 to finance the land purchase and development costs. During the year ended September 30, 2020, the Company made additional capital contributions of \$500,000 to Seaton LP. Formwerks made net capital contributions of \$2,589,000 which was reflected as non-controlling interest on the statement of financial position. During the year ended September 30, 2021, Seaton LP refunded a total of \$465,000 as a return of equity of which the Company's share was \$372,000 and the non-controlling interest's share was \$93,000.

On August 6, 2021, the Company sold its interest in Seaton LP for total proceeds of \$8,984,000 to a third-party investor and recognized a loss of \$1,000,000 in other income.

The carrying value of the net assets and non-controlling interest disposed of were as follows:

	WGP Seaton Development Limited Partnership
	\$
Land and capitalized development cost	26,801,212
Other assets, including cash of \$916,535	997,194
Current liabilities	(118,206)
Mortgage on properties and other long-term debt	(15,200,200)
Non-Controlling interest	(2,496,000)
	9,984,000

## 8. REAL ESTATE PROPERTIES UNDER DEVELOPMENT (CONTINUED)

## Mortgage on real estate properties under development

To finance the project, Seaton LP obtained the following mortgages to finance the land purchases which were consolidated by the company:

	Footnote	September 30, 2021 \$	September 30, 2020 \$
Mortgage amount at prime rate plus 1.35% per annum payable monthly, with the principal amount payable on maturity date April 5, 2021. On April 5, 2021, the Company extended the maturity date for an additional 6-month periods to October 5, 2021.	1	-	9,500,000
Mortgage amount at prime rate plus 1.75% per annum payable monthly, with the principal amount payable on the maturity date of January 8, 2021, which was renewed on January 15, 2021 to extend the maturity date to January 22, 2022.	2	-	1,300,000
Principal up to \$4,500,000 at an interest rate of the greater of 10% per annum, or the prime rate of Royal Bank of Canada ("RBC") plus 6% per annum, payable monthly, with the principal amount payable on August 1, 2021 and the option to extend the maturity date for additional 6 months. On August 1, 2021, the loan has been extended for additional 6 months maturing on February 1, 2022.	3	-	2,210,836
		-	13,010,836

1) Mortgage was secured by a first charge on the mortgaged properties, a corporate guarantee by the Company of up to \$7,600,000, a General Security Agreement over all assets of WGP Seaton and certain of the Company's term deposits in Note 4.

2) Mortgage was secured by a first charge on the mortgaged property, a corporate guarantee by the Company, personal guarantees by the officers of Seaton LP, and a General Security Agreement over all assets of WGP Seaton specific to the mortgaged property.

3) Mortgage was secured by a charge on the mortgaged property; the Company provides a corporate guarantee of up to 80% of the loan amount. During the fiscal year ended September 30, 2021, an additional \$2,225,521 was advanced.

As a result of the disposition of the Company's interest in Seaton LP, the loans are no longer reflected in the consolidated financial statements. Subsequent to September 30, 2021, Seaton LP refinanced the mortgages and the Company was released from the guarantees provided by the Company.

## 9. OTHER ASSETS

	September 30, 2021 \$	September 30, 2020 \$
Term deposits for credit card facility	184,000	184,000
Security deposits	12,767	12,767
Deposits for storage facility	2,000,000	2,000,000
Other deposits	-	185,050
Collateral for asset retirement obligation	2,781,324	2,000,000
	4,978,091	4,381,817

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	September 30, 2021 \$	September 30, 2020 \$
Trade payables		210,860	203,909
Trade payable related to mineral property	6	41,308,098	37,088,883
Accrued liabilities		377,500	340,334
Interest payable related to loan payable	14	2,571,925	1,171,923
Interest payable related to promissory note	11	-	194,393
Other payables		211	122,478
Security deposit payable		-	3,385
		44,468,594	39,125,305

As at 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 have also filed legal claims against Western Potash in amounts totaling \$4,638,000. All of these amounts have already been recorded in trade payable related to mineral property and no additional provisions have been made. The Company's legal counsel is currently working directly with the vendors on a temporary solution to mitigate legal action.

## 11. PROMISSORY NOTES

During the year ended September 30, 2021, the Company repaid all the outstanding unsecured promissory notes to various note holders, thus releasing the pledged units of the partnership FB Robinson LP.

Term	Interest Rate per Annum	Footnote	September 30, 2021 \$	September 30, 2020 \$
On demand upon written notice by the Note Holder	8%	1	-	820,000
On demand upon written notice by the Note Holder	8%	1	-	2,700,000
Note payable on maturity date of August 30, 2021	12%	2	-	500,000
Note payable on maturity date of August 30, 2021	12%	3	-	300,000
			-	4,320,000

1) Issued to a party related to the Company's major shareholder.

2) Issued to a party related to an officer of the Company.

3) Issued to an unrelated party.

The Company also issued a \$500,000 promissory note to an unrelated third party on May 27, 2020 which was repaid on August 17, 2020.

## 12. LEASE OBLIGATIONS

As at September 30, 2021, future minimum lease payments for the Company's under finance lease are as follows:

	\$
As at October 1, 2019	200,510
Add: Finance costs	12,610
Less: Payments	(90,924)
As at September 30, 2020	122,196
Add: Interest	6,114
Less: Payments	(90,924)
As at September 30, 2021	37,386
	\$
Minimum lease payments for each fiscal year:	
2022	37,885
	37,885
Amount representing interest	(499)
Total	37,386
Current	37,386
Long-term	-

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. Payments related to such arrangements are expensed as incurred. During the year ended September 30, 2021, the Company recognized \$533,572 (2020 - \$545,412) in development cost related these arrangements.

## 13. ASSET RETIREMENT OBLIGATION

At September 30, 2021, the Company recognized an asset retirement obligation of \$3,926,576 (September 30, 2020 - \$3,679,603) for mine development activities that have occurred to date. The following assumptions were used in the calculation of the Company's asset retirement obligation:

	For the years ended	
	September 30, 2021	September 30, 2020
Undiscounted cost of asset retirement obligation	\$ 4,308,342	\$ 4,050,000
Pre-tax risk-free discount rate	1.25%	1.25%
Inflation rate	0.50%	0.50%
Year of settlement	2034	2033

## 13. ASSET RETIREMENT OBLIGATION (CONTINUED)

A continuity of the asset retirement obligation is as follows:

Asset Retirement Obligation	\$
As of September 30, 2019	2,649,908
Additions	970,070
Interest expense	59,625
As at September 30, 2020	3,679,603
Additions	200,264
Interest expense	46,709
As at September 30, 2021	3,926,576

The asset retirement obligation at the date of the statement of financial position represents management's best estimate of the present value of the future site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the asset retirement obligation and associated asset. The Company's obligation is partly secured by a \$2,781,324 cash deposit (Note 9) and the Company has a commitment to secure the remaining amount of \$1,527,018. Subsequent to September 30, 2021 the Company received an extension to providing the remaining security, with \$500,000 to be provided by January 31, 2022 and the remaining \$1,027,018 by June 30, 2022.

## 14. LOANS PAYABLE

	Related Party Loan Payable	Canada Emergency Business Account (CEBA)	Total
	\$	\$	\$
As at September 30, 2019	-	-	-
Amounts advanced during the year	35,000,000	40,000	35,040,000
Fair value discount	(9,843,503)	(17,408)	(9,860,911)
Fair value of financial liability at issuance	25,156,497	22,592	25,179,089
Accretion of interest	2,510,853	340	2,511,193
Cash interest payable transferred to accounts payable and accrued liabilities	(1,171,923)	-	(1,171,923)
As at September 30, 2020	26,495,427	22,932	26,518,359
Amounts advanced during the year	-	20,000	20,000
Fair value discount	-	(12,163)	(12,163)
Accretion of interest (capitalized)	2,007,955	3,686	2,011,641
Accretion of interest (not capitalized)	1,171,497	-	1,171,497
Cash interest payable transferred to accounts payable and accrued liabilities	(1,400,002)	-	(1,400,002)
As at September 30, 2021	28,274,877	34,455	28,309,332



#### 14. LOANS PAYABLE (CONTINUED)

##### Related Party Loan Payable

On September 12, 2019, Western Potash entered into a Credit Facility Agreement to borrow up to an aggregate amount of \$40,000,000 from the Company's majority shareholder to provide financing for construction costs associated with the Milestone Project. The loan is unsecured and matures on September 30, 2024. The initial interest rate (the "Initial Interest Rate") of the loan is 4% per annum, with interest payable at the end of each fiscal year. However, should Western Potash secure a commercial loan from any Canadian bank during the construction period of Phase I of the Milestone Potash Project, the weighted average interest rate offered by the Canadian commercial bank will be used to replace the Initial Interest Rate.

During the year ended September 30, 2020 a total of \$35,000,000 was advanced under the terms of the Credit Facility Agreement ("Advanced Amount"). The Initial Interest Rate provided in the Credit Facility Agreement is considered a below market-rate loan. For accounting purposes, the Company calculated the fair value of the Advanced Amount at the date of advance by discounting the principal and interest payments using a risk-adjusted discount rate of 12%, and the difference between the fair value of the loan payable and the proceeds received of \$7,185,757, net of deferred tax expense of \$2,657,746, was recorded in contributed surplus as a contribution from shareholders. For the year ended September 30, 2021, the Company reclassified \$1,400,002 (September 30, 2020 - \$1,171,923) from loan payable to accounts payable and accrued liabilities to reflect cash interest payable. Accumulated interest in accounts payable and accrued liabilities at September 30, 2021 is \$2,571,925.

##### Canada Emergency Business Account (CEBA)

On May 12, 2020, the Company received a \$40,000 COVID-19 relief line of credit from the Canada Small Business Financing Program as support for businesses impacted by COVID-19. The Company received a further \$20,000 during the year ended September 30, 2021. The line of credit is non-interest bearing until December 31, 2022 (the "Term Period") and 25% of the amount will be forgiven if the Company repays the amount before the Term Period.

For accounting purposes, the Company calculated the fair value of the CEBA loan and recorded a discount of \$12,163 (2020 - \$17,408) and recognized this amount as a government grant in Other Income.

#### 15. PAYABLE ON LEGAL SETTLEMENT

In May 2018, the Company received a demand letter with respect to a services agreement between Amarillo Gold Corporation ("Amarillo") and the Company's subsidiary, Western Potash dated April 28, 2008. Amarillo sought to recover \$2,136,000 in taxes and penalties related to certain 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.

On April 15, 2020, Western Potash entered into a settlement agreement (the "Amarillo Settlement") with Amarillo to resolve a dispute in respect of taxes and penalties related to certain exploration permits Amarillo became liable to pay as a result of Amarillo's Brazilian subsidiary staking potash claims in Brazil during 2008 on behalf of Western Potash. The Amarillo Settlement released all of the obligations of Western Potash up to the date of the settlement provided that the Company is not released from any of the obligations provided in the settlement.

## 15. PAYABLE ON LEGAL SETTLEMENT (CONTINUED)

Pursuant to the Amarillo Settlement, Western Potash is required to make the following payments to Amarillo (collectively "Settlement Amount"):

- \$178,238 legal fees incurred by Amarillo ("Awarded Costs"), paid in the year ended September 30, 2020;
- 25 monthly payments of approximately \$17,000 starting from April 28, 2020, to reimburse the taxes (\$426,000) paid by Amarillo ("Paid Taxes"); and
- Monthly payments of \$33,000 from March 2020 to May 2023 for the tax payment required to be paid by Amarillo ("Outstanding Taxes").

For the Outstanding Taxes, the estimated amount for the period from March 2020 to May 2023 at the date of settlement was \$1,240,532 (BRL 4,540,748). Pursuant to the Amarillo Settlement, Amarillo remits the required monthly tax amount in Brazilian Real ("BRL") to the Brazilian government. Every quarter-end, Amarillo reconciles the equivalent Canadian dollar of the quarterly tax payment made to the Brazilian government with the quarterly payment Western Potash paid to Amarillo. Any excess amount paid by Western Potash to Amarillo due to the fluctuation of the exchange rate is reimbursed by Amarillo to the Company and vice versa. Western Potash may settle the monthly Outstanding Taxes payment at any time before it comes due. In any event, if Western Potash fails to make any Settlement Amount within 15 days after the due date, Amarillo has the right to apply and obtain leave of the court to enforce the remaining Settlement Amount to be paid by Western Potash immediately.

The Company determined the fair value (\$1,584,684) of the Settlement Amount by discounting the expected payments using a risk-adjusted discount rate of 12% and recognized a payable on legal settlement as of September 30, 2020 and a corresponding loss on settlement of legal claim for the year ended September 30, 2020. 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 classified the discounted carrying value of the liability at September 30, 2021 as a current liability in the statement of financial position. To the date of these financial statements Amarillo has not sought immediate repayment. The amount outstanding as on September 30, 2021 is summarized below:

	Legal Settlement
	\$
As at September 30, 2019	-
Payable on legal settlement	1,878,532
Fair value discount	(293,848)
Fair value of payable on legal settlement	1,584,684
Payments made during the year	(469,106)
Accretion of interest	74,883
Effect of accretion of interest and changes in foreign currency exchange differences	(144,967)
As at September 30, 2020	1,045,494
Payments made during the year	(150,000)
Interest expense	30,774
Effect of changes in foreign currency exchange	10,308
As at September 30, 2021	936,576
Current portion of payable on legal settlement	936,576
Non-current portion of payable on legal settlement	-

## 16. FINANCING ARRANGEMENT

During the year ended September 30, 2020, Western Potash through its subsidiary BC Ltd 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 has 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 8.5%. Management intends to exercise the option to repurchase the land in 2023.

A continuity of the amount outstanding is as follows:

	Financing Arrangement
	\$
As at September 30, 2019	-
Sale proceeds from land disposition	8,300,000
Repurchase deposit	(300,000)
Commission and other costs	(359,621)
Net proceeds from land disposition	7,640,379
Interest expense	133,019
As at September 30, 2020	7,773,398
Interest expense	555,645
As at September 30, 2021	8,329,043

## 17. SHARE CAPITAL

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares issued without par value.

Issued share capital

As of September 30, 2021, the Company had 187,174,220 common shares issued and outstanding with a carrying value of \$231,142,466. 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.

Stock options

The changes in stock options during the year ended September 30, 2021 are as follows:

	Number outstanding	Weighted average exercise price
		\$
Balance, September 30, 2019	11,850,000	0.150
Granted	1,900,000	0.185
Forfeited	(1,300,000)	0.120
Balance, September 30, 2020	12,450,000	0.158
Granted	1,200,000	0.167
Exercised	(300,000)	0.120
Forfeited	(4,400,000)	0.160
Balance, September 30, 2021	8,950,000	0.159

## 17. SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the year ended September 30, 2021, the Company recognized \$(156,359) (September 30, 2020 - \$482,269) of share-based payments of which \$22,836 (September 30, 2020 - \$218,872) was charged to the statement of loss and \$(179,195) (September 30, 2020 - \$263,397) was capitalized to mineral property, plant and equipment.

The Company determined the fair value of its stock options using the Black-Scholes option pricing model with the following weighted average assumptions:

Assumptions	2021 Range	2020 Range
Risk-free interest rate	0.46% to 0.79%	0.39%
Expected life (years)	5	5
Forfeiture rate	0%	0%
Expected volatility	65% to 94%	81%
Dividend rate	0%	0%

The following summarizes information about stock options outstanding and exercisable at September 30, 2021:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
May 28, 2024	0.120	6,750,000	4,050,000	393,527	2.66
April 23, 2025	0.185	1,000,000	600,000	135,700	3.56
November 15, 2025	0.170	400,000	120,000	43,840	4.13
March 14, 2026	0.165	800,000	200,000	87,680	4.45
		8,950,000	4,970,000	660,747	2.99
Weighted average exercise price (\$)		0.159	0.131		

On April 24, 2020, the Company issued 1,800,000 stock options with an exercise price of \$0.185 and expiry date of April 23, 2025 to its directors and officers. These options will vest 30% each year commencing on the date of successful completion of the commissioning of the Phase I of the Milestone Project as determined by the Board of Directors. On April 24, 2020, the Company revised the exercise price of the 2,000,000 stock options issued to a senior executive on June 28, 2019 with an expiry date of June 27, 2024 from \$0.27 to \$0.185. On May 7, 2020, the Company's Board of Directors approved the vesting of 30% of the stock options granted on May 28, 2019, June 27, 2019 and April 24, 2020 (the "Vested Options") despite the successful commissioning of Phase 1 of the Milestone Project not having been completed. Upon the approval, the Vested Options became exercisable. The remaining options will vest 30% on each of May 7, 2021 and May 7, 2022 with the remainder vesting on May 7, 2023.

On August 4, 2020, the Company issued 100,000 stock options with an exercise price of \$0.185 and expiry date of August 3, 2025 to its staff. These options will vest 30% each year. A total of 1,300,000 options with exercise price ranging from \$0.12 to \$0.185 were forfeited during the year ended September 30, 2020. On November 16, 2020, an additional 400,000 stock options with an exercise price of \$0.17 and expiry date of November 15, 2025 were granted to a director which vest in annual installments of 30% in the next three years with the remainder vesting on the fourth anniversary date. On March 15, 2021, the Company issued 800,000 stock options with an exercise price of \$0.165 and expiry date of March 14, 2026 to its new directors which vest in annual installments of 30% in the next three years with the remainder vesting on the fourth anniversary date.

## 17. SHARE CAPITAL (CONTINUED)

Stock options (continued)

A total of 4,400,000 options with exercise price ranging from \$0.12 to \$0.185 were forfeited during the year ended September 30, 2021.

A total of 300,000 options were exercised at a price of \$0.12 during the year ended September 30, 2021.

Subsequent to September 30, 2021, on October 26, 2021 an additional 1,700,000 stock options with an exercise price of \$0.19 and expiry date of October 25, 2025 were granted to multiple officers of the company which vest in annual installments of 30% in the next three years with the remainder vesting on the fourth anniversary date.

## 18. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	For the years ended	
		September 30, 2021	September 30, 2020
		\$	\$
Non-cash financing and investing activities			
Cash interest payable transferred to accounts payable and accrued liabilities	10, 14	1,400,002	-1,171,923
Interest expense on loan payable capitalized as mineral property, plant and equipment	14	2,007,955	2,510,853
Share-based payments capitalized as mineral property, plant and equipment	17	(179,195)	263,397
Mineral property, plant and equipment costs included in accounts payable and accrued liabilities	6, 10	4,219,215	14,921,891
Contribution from shareholders	14	-	9,843,503
Increase in asset retirement obligation	13	200,264	970,070

## 19. RELATED PARTY TRANSACTIONS

## Payments to key management personnel

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 loss and mineral property, plant and equipment are as follows:

	For the year ended	
	September 30, 2021	September 30, 2020
	\$	\$
Charged to the statement of loss		
Consulting fees	227,116	309,080
Share-based payments	43,922	126,072
	271,038	435,152
Capitalized mineral property, plant and equipment		
Consulting fees	199,350	120,000
Salaries and wages	140,768	240,000
Bonus	20,000	36,000
Share-based payments (recovery)	(3,732)	148,647
	356,386	544,647
Total payments to key management personnel	627,424	979,799

## Other related party transactions

- On September 12, 2019, the Company entered into a Credit Facility Agreement for an aggregate amount of \$40,000,000 with the Company's majority shareholder (Note 14). During the year ended September 30, 2020, \$35,000,000 was advanced from the Credit Facility Agreement. Interest of \$1,400,002 was incurred during the year ended September 30, 2021 (September 30, 2020 - \$1,171,923). The accrued interest of \$2,571,925 is included in accounts payable and accrued liabilities.
- On November 18, 2019, the Company received an unsecured non-interest-bearing bridge loan ("Bridge Loan") of \$6,600,000 from a company which is controlled by an officer of the Company. The Bridge Loan was fully repaid by the Company in December 2019.
- During the year ended September 30, 2021, the Company repaid the promissory notes with 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 (Note 11).
- Accounts payable at September 30, 2021 includes \$117,500 in outstanding amounts payable to directors and officers (September 30, 2020 - \$88,334).

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.

## 20. 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 \$
<b>For the year ended September 30, 2021</b>			
Operating expenses	(150,715)	(2,738,993)	(2,889,708)
Interest and other income (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)
<b>For the year ended September 30, 2020</b>			
Operating expenses	(203,338)	(1,963,407)	(2,166,745)
Interest and other income (expense)	(638,040)	(1,518,436)	(2,156,476)
Deferred tax recovery	-	2,657,746	2,657,746
Net income (loss) for the year	(841,378)	(824,097)	(1,665,475)
<b>As at September 30, 2021</b>			
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)
Non-controlling interest	-	-	-
<b>As at September 30, 2020</b>			
Total assets	36,840,635	227,927,902	264,768,537
Non-current assets	35,360,152	218,240,347	253,600,499
Current assets	1,480,483	9,687,555	11,168,038
Total liabilities	(17,559,896)	(78,035,295)	(95,595,191)
Non-controlling interest	(2,589,000)	-	(2,589,000)

## 21. COMMITMENTS AND CONTRACTUAL AGREEMENTS

Western Potash entered into a water supply agreement with respect to the Milestone Project which provides Western Potash with 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 annual standby fees. A total of \$101,099 in standby fees was invoiced during the year ended September 30, 2021 (2020: \$110,726). 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 the date water usage commences and the term of the agreement which is defined in the agreement as 40 years after connection to the Regina water system is completed. Both the City of Regina and the Company have the option to terminate the agreement on or after December 3, 2025 if usage has not commenced by that date.

## 21. COMMITMENTS AND CONTRACTUAL AGREEMENTS (CONTINUED)

- 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 duration of 10 years commencing no later than May 31, 2021. The Commencement Date for product delivery was subsequently extended on January 13, 2021 to November 30, 2022. Under the new terms, if the new Commencement Date is not established by the extended date, but the 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, 2023.
- Western Potash has entered into various capital expenditure commitments for the procurement and construction of Phase I of the Milestone Project. As of September 30, 2021, total capital expenditure commitments are \$15,426,000.
- During the year ended September 30, 2020, the Company entered into non-exclusive financial advisory agreements with various third parties to assist in raising money for the purpose of completing the Milestone Project. Pursuant to these agreements, the Company is required to pay a compensation upon the completion of an equity or debt financing with an introduced investor. The compensation on these agreements will be equal to 5% of the amount raised from equity financing and 2.5% of gross proceeds on debt financing or royalty transactions with the introduced investor.
- The Company is required to increase the security for the asset retirement obligation to Ministry of Environment, Saskatchewan in two parts, by January 31, 2022 and June 30, 2022, as described in Note 13.

## 22. CONTINGENCIES

The Company is involved in various claims and other matters in the ordinary course of business. In addition to the legal claims and builders' liens against Western Potash related to the delayed payment of outstanding payables disclosed in Note 10, the Company has the following contingency:

### 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 currently payable to Lockwood. The case is on hold due to the withdrawal of Lockwood's legal counsel from the matter on March 8, 2019. The Company, in consultation with legal counsel, assesses that it is not probable at September 30, 2021 that the claim of Lockwood will be successful.



## 23. FINANCIAL INSTRUMENTS

### Fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

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

As of September 30, 2021, investments in marketable securities of other public entities are included in other current assets and were recorded at fair value on the statement of financial position with changes to fair value recognized in profit or loss. The Company's investments in marketable securities have been valued using Level 1 inputs. During the year ended September 30, 2020, the Company received a loan payable (Note 14) from a significant shareholder which was recognized on issuance using level 2 inputs.

The carrying values of the Company's cash, term deposits, receivables, deposits (current and non-current), accounts payable, payable on legal settlement, financing arrangement and loan payable approximate their fair value at September 30, 2021 due to their short terms to maturity, associated market based interest rates, or based on expected future cash flows and discount rates applicable to the instruments.

### Financial risk management

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 does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations.

- **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, other receivables and deposits, the carrying value of \$9,050,162 represents the Company's maximum exposure to credit risk.

Cash and cash equivalents, term deposits other deposits included in other assets are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal.

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

At September 30, 2021, other current assets include goods and services taxes recoverable of \$109,610 from the Government of Canada and non-current other assets includes \$2,781,324 provided to the Government of Saskatchewan as collateral for the Company's asset retirement obligation for which minimal credit risk exists.

- 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, 2021, the Company had cash of \$8,019,661 and a credit facility with an undrawn amount of \$5,000,000 (Note 14).

The Company's financial instrument liabilities and obligations mature as follows (excluding any interest payable):

	1 Year	2 Year	3 Year	4 Year
	\$	\$	\$	\$
Accounts payable and accrued liabilities	44,468,594	-	-	-
Loans payable	-	40,000	35,000,000	-
Payable on legal settlement	936,576	-	-	-
Financing arrangement	-	9,700,000	-	-
Total undiscounted value	45,405,170	9,740,000	35,000,000	-
Carry value as of September 30, 2021	45,405,170	8,363,498	28,274,877	-

The Company will need to raise additional funds to meet its obligations. The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to, available credit facilities, changes in 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 (Note 1).

- 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. The Company is subject to the following market risks:

- 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 term deposits 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, 2021. The Company's loan payable are not subject to interest rate risk as they are not subject to a variable interest rate.

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)- 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 ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's cash and accounts payable and accrued liabilities are held in CAD, United States dollars ("USD"), and Brazilian Real ("BRL"); therefore, USD and BRL accounts are subject to fluctuation against the CAD.

As at September 30, 2021, the Company had the following balances in foreign currency which were subject to foreign exchange risk:

	US\$	BRL\$
Cash	15,916	-
Term deposits, including restricted cash	43,001	-
Accounts payable and accrued liabilities	(2,965,118)	-
Payable on legal settlement	-	(2,381,612)
	(2,906,201)	(2,381,612)
Rate to convert to \$1.00 CAD	1.2741	0.2349
Equivalent to CAD	(3,702,791)	(559,441)

Based on the above net exposures as at September 30, 2021, and assuming that all other variables remain constant, a 1% change of the CAD against the USD and BRL would change profit or loss by approximately \$43,000.

## 24. CAPITAL DISCLOSURES

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets. During the year ended September 30, 2021, the Company repaid promissory notes of \$4,320,000 (Note 11) from proceeds of sale of real estate investments.

Historically, the Company has been dependent on the capital markets for its operating capital. The Company's capital resources are largely determined by the strength of the resource markets, by the status of the Company's project in relation to those markets, and by its ability to compete for investor support of its project. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the Toronto Stock Exchange in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## 25. FINANCE COSTS

	For the year ended		Increase/(Decrease) \$
	September 30, 2021 \$	September 30, 2020 \$	
Charged to finance costs			
Finder's fee	459	250,000	(249,541)
Interest expense on asset retirement obligation	46,709	59,625	(12,916)
Interest expense on financing arrangements	555,645	133,019	422,626
Interest expense on government grant	3,686	340	3,346
Interest expense on lease obligations	6,114	12,610	(6,496)
Interest expense on legal settlement	30,774	74,883	(44,109)
Interest expense on loan payables	1,171,497	-	1,171,497
Interest expense on trade payables	1,025,742	-	1,025,742
Interest expense related to promissory notes	303,792	194,393	109,399
	3,144,418	724,870	2,419,548

## 26. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended September 30, 2021 and September 30, 2020:

A reconciliation of income taxes computed at the statutory rate with the reported income taxes is as follows:

	September 30, 2021 \$	September 30, 2020 \$
Net loss before tax	(5,596,354)	(4,232,221)
Statutory tax rate	27.0%	27.0%
Expected income tax (recovery)	(1,511,016)	(1,167,270)
Non-deductible items and other	35,072	54,564
Change in estimates	181,513	-
Share Issuance cost	-	-
Change in deferred tax asset not recognized (recognized)	1,321,562	(1,545,040)
Total income tax expense (recovery)	27,131	(2,657,746)

  

	September 30, 2021 \$	September 30, 2020 \$
Current tax expense	27,131	-
Deferred tax recovery	-	(2,657,746)
Total tax expense (recovery)	27,131	(2,657,746)

## 26. INCOME TAXES (CONTINUED)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred income tax assets (liabilities) recognized at September 30, 2021 are as follows:

	September 30, 2021	September 30, 2020
	\$	\$
Non-capital losses carryforwards	1,815,783	2,657,746
Finance arrangement	2,078,713	2,073,600
Loan payable	(1,815,783)	(2,657,746)
Mineral property, plant and equipment	(2,078,713)	(2,073,600)
Net deferred tax assets (liabilities)	-	-

The unrecognized deductible temporary differences and tax losses as at September 30, 2021 and September 30, 2020 is comprised of the following:

	September 30, 2021	September 30, 2020
	\$	\$
Non-capital losses carryforwards	54,479,922	45,733,908
Capital losses carried forward	5,252,290	5,252,290
Mineral property, plant and equipment	10,919,268	15,548,566
Investment in associates	183,440	223,240
Asset retirement obligation	3,926,576	3,679,603
Finance arrangement	630,107	93,398
Legal settlement	936,576	1,045,494
Other current assets	1,400,071	1,392,342
Accounts payable and accrued liabilities	127,500	-
Other	188,901	177,270
Total unrecognized deductible temporary differences	78,044,651	73,146,111

The Company's non-capital and capital losses carried forward for Canadian income tax purposes expire in various years from 2028 to 2041. Non-capital losses may be applied against future taxable income and capital losses are deductible against future capital gains, if any. The Company has approximately \$231 million of undepreciated capital cost and exploration and development expenditures which are available for deduction against future income for tax purposes. These deductions do not expire.