MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED

SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

(Expressed in Canadian Dollars)

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The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Western Resources Corp. ("the Company" or "WRX") for the year ended September 30, 2021. It has been prepared as of December 29, 2021 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended September 30, 2021 ("Fiscal 2021"). All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"). For additional information, readers should also refer to Company information filed on www.sedar.com.

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

FORWARD-LOOKING STATEMENTS

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

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

DESCRIPTION OF BUSINESS

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

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

The Company in the past also invested in real estate development projects in the Greater Vancouver area, which are in the process of being liquidated, with the remaining two such investments expected to be liquidated in 2022.

OVERVIEW

The major use of potash is in the fertilizer industry where is it usually blended with nitrogen and phosphorous and used as a crop and plant nutrient. Globally, potash prices have fluctuated since 2000, which is the direct result of changes in potash supply and demand, as well as of the global economic situation and unstable market trends in agriculture, oil and other commodities. Potash prices have made significant gains during the first half of 2021 and are at 5-year highs. Strong demand, and high agricultural prices are expected for the remainder of 2021 and 2022. Management remains positive with respect to the potash industry, as well as in the medium to long-term potash fundamentals. While new projects are anticipated, the increase in production is likely to be absorbed by the marketplace without a disruption to prices. The global potash market is expected to increase due to continued population growth and increased demand for more intensive farming in several industries including the organic food sector.

In terms of Phase I, management believes that it has favorable project development conditions when compared to other competitors. Western Potash has signed a binding off-take agreement with Archer Daniels Midland ("ADM") to sell all of the Phase I potash product for the first ten years (renewable further at mutually agreed terms) in the North American market. From an overall cost perspective, the Phase I capital expenditure ("CAPEX") projection is below that of other recent new potash mines. The Selective Solution Mining technology being developed at the Phase I project uses less energy, water and processing requirements than conventional solution mining and therefore the operational costs, even at a small scale, are competitive on a cost per tonne of production basis.

Saskatchewan is one of the best regions in the world for mining, with large high-quality resources, a stable government, good infrastructure and a highly skilled and available workforce. The Company therefore continues to believe that even in this competitive market there is an opportunity for an innovative potash producer, provided that the operating costs are comparatively lower and the right marketing strategy is adopted. Western Potash's strategy to optimize development of the World Class Phase I deposit is to adjust its plan to market, with a staged approach to the Phase I (146,000 tonnes of potash per year) to prove the innovative solution mining technology, followed by Phases II and III when market conditions are right. Western Potash's caverns are the first intentionally developed horizontal solution mining potash caverns in Saskatchewan. The Phase I Project signifies a new and improved method of extracting potash in the province.

On May 14, 2020 the Company delayed planned completion of construction for the balance of the Milestone Project's Phase I plant due to delays in completing the final tranche of funding as previously planned. The Company continues to work with potential investors to complete the final tranche of funding, as well as pursuing alternative sources of financing for completion of the remaining construction. Once financing is secured, Phase I construction will resume immediately and is expected to be completed within approximately eight months from a fully mobilized construction restart.

Overall, the project is 78% complete (based on total incurred cost of engineering, procurement, infrastructure and construction of the updated NI 43-101 costs) with only building erection, mechanical, electrical and instrument installation, compaction and storage areas, construction of all the load-out facilities and final site grading remaining to be completed.

Western Potash successfully constructed and operated the hot mining system for a period of 18 months between October, 2019 and May, 2021. Hot mining recirculates brine through the caverns and preferentially extracts the potassium chloride (“KCl”) leaving the sodium chloride in place underground. During hot mining operations, potash is being built up in the crystallization pond. When the processing plant is complete, potash will be extracted from the pond with a dredge, processed and transported off site. All other site infrastructure projects (gas, power, water, roads, and telecommunication) are complete. Western Potash’s operation team has accumulated extensive experience and collected valuable mining data relevant to the application of its innovative solution mining technology.

After extensive analysis of the operating data, and with the help of a number of leading solution mining experts, Western Potash is developing an optimized solution mining plan. The new plan will focus on increasing the solution mining efficiency and life span of the mining caverns. Western Potash has engaged a third-party engineering firm, March Consulting Associated Inc., to review the operation plans and to update its National Instrument 43-101 technical report (the “NI 43-101 report”), which was released on December 29, 2021.

The actual CAPEX allocated to the Phase I Project to date is $116.24 million (M) and a further $33.21M is needed to complete the Project and bring the plant into production, resulting in a total Phase I Project CAPEX of $149.45M (including a 10.7% contingency on the remaining CAPEX). Total annual OPEX for the Phase I Project, based on operational data from the pilot phase, is estimated at $13.2M per year (excluding G&A, logistics and royalties) or $90.60/t MOP for 146,000 tpa. Sustaining CAPEX consists mainly of expanding the mine field (drilling, piping and infrastructure) and planned equipment maintenance. Sustaining CAPEX is expected to be approximately $36M every six years to expand the wellfield for ongoing production.

Assuming a discount rate of 8%, and a 40-year mine life, the economic analysis yields an after-tax Phase 1 Project Net Present Value (NPV) of $197.7M, with an Internal Rate of Return (IRR) of 20.4%, based on an assumed 100% equity investment and net realized potash price of US$415/t (CAD$527/t) FOR mine gate. This price is based on the Argus report from November 2021 for granular MOP to the USA Corn Belt and forecasted freight costs from the mine. Costs are given in Canadian dollars (CAD$) and prices are given in United States dollars (US$), with an assumed exchange rate of US$ 1 = CAD$ 1.27. Inflation has not been applied to the potash price or future costs with the noted potash price assumed to apply from 2025 to the end of project life.

The Company has received all required administrative and construction permits from the Saskatchewan Ministry of Environment (“SMoE”) as well as the Regional Municipality (“RM”) of Lajord for hot mining operation. Additional regulatory approvals and permits will be processed as required. An Environmental Management Plan, Conceptual Decommissioning and Reclamation plan in support of reclamation bonds, and an Annual Environmental Report for 2020 were also submitted to the Ministry of Environment.

The Company is encouraged by the continued broad support for the project and continues to actively engage the local community, the Saskatchewan government, the Rural Municipality of Lajord, local businesses, and local landowners. Although these community engagement activities have been reduced for the 2020 and 2021 fiscal years due to COVID-19, the Company expects to resume them when permitted by provincial policy.

(Expressed in Canadian Dollars)

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. 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 discussed above. The cash flow model assumed production commencing in Fiscal Year 2023 and considered the Company's off-take agreement. 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 for impairment assessment purposes 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	10% decrease
	2024 - US$409	
	Long-term - US$405	

In the past, the Company invested some of its cash in real estate projects to earn a higher return than bank deposits. The Company has partnered with Formwerks Boutique Investments Ltd. ("Formwerks"), and Alabaster Holdings Corp. ("Alabaster"), both real estate developers in the Greater Vancouver area, to develop real estate projects. The Company has had over this period interests in five limited partnerships with Formwerks and a limited partnership with Alabaster. However, the Company is in the process of selling its interests in these partnerships to fund the Milestone Project and to fund general and administrative expenses.

During the year ended September 30, 2021, Western Garden Properties ("WGP") signed sale agreements for its investments in FB Robinson Development Limited Partnership ("FB Robinson LP"), Alabaster (Spires 2) Limited Partnership (Alabaster LP) and WGP Seaton Development Limited Partnership ("Seaton LP").

During the year ended September 30, 2021, the Company made total equity contributions of $247,200 to the FB Robinson LP. On July 14, 2021 the Company disposed of its interest in the 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.

During the year ended September 30, 2021, a return of investment to WGP Investment Limited Partnership ("WGP LP") occurred from the sale of the project in respect of the Alabaster LP. The Company's share of this return of investment was $2,169,914. As the loan held by Alabaster LP was repaid, the Company was released from the corporate guarantee.

During the year ended September 30, 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. As a result of the disposition of the Company's interest in Seaton LP, the accounts are no longer reflected in the consolidated financial statements. Subsequent to September 30, 2021, Seaton LP refinanced its mortgages and the Company was released from the corporate guarantee previously provided.

During the year ended September 30, 2021, for FB Burrard Development Limited Partnership ("FB Burrard LP") 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. The Company also received repayment of a loan of $525,764 that it provided to FB Burrard LP in 2020.

(Expressed in Canadian Dollars)

Subsequent to September 30, 2021, on December 21, 2021 WGP received $477,897 from WGP LP in form of return of equity on FB 234 Third Avenue Development Limited Partnership ("FB Third").

It is expected that the remaining two projects, FB Burrard LP and FB Third, will be sold in 2022.

COVID-19

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 completion of construction due to inability to obtain additional financing, a temporary cessation of construction due to a localized outbreak at the Milestone Project or in the Company's supply chain, impact to and potential impairments in the value of the Company's long-lived assets, including our real estate investments, or potential decreases in future revenue to the extent potash prices are impacted.

SELECTED ANNUAL INFORMATION

	For the years ended			
	September 30, 2021	**September 30, 2020**		**September 30, 2019**
	$	**$**		**$**
Operating expenses	(2,889,708)	(2,166,745)		(2,244,430)
Other income (expenses)	(2,706,646)	(2,156,476)		1,322,267
Net loss before income taxes	(5,596,354)	(4,323,221)		(922,163)
Income tax recovery (expense)	(27,131)	2,657,746		-
Net loss and comprehensive loss	(5,623,485)	(1,665,475)		(922,163)
Loss per share - basic and diluted	(0.03)	(0.01)	-	(0.01)
Total assets	246,848,009	264,768,537		197,933,723
Current liabilities	45,442,556	57,081,910		22,683,578
Non-current liabilities	40,564,951	38,513,281		12,149,908

The Company's operating expense for the year ended September 30, 2021 increased by $722,963 in comparison to year ended September 30, 2020 as certain expenses from June 2021 were not capitalized due to stoppage of operations as a revised mining plan was being developed. Net loss increased for the year ended September 30, 2021 as interest expenses on borrowings were not capitalized from June 2021 onwards and there was no deferred income tax recovery as in the year ended September 2020. The Company's total assets and liabilities decreased marginally as a result of divestitures in the real estate business and use of those funds in further development of the Milestone Project and the settlement of certain liabilities.

(Expressed in Canadian Dollars)

SUMMARY OF ANNUAL RESULTS

	For the year ended		
	September 30, 2021 $	September 30, 2020 $	Increase/(Decrease) $
EXPENSES			
Consulting fees	361,735	512,109	(150,374)
Depreciation	142,893	207,096	(64,203)
Office and miscellaneous expenses	1,178,700	514,257	664,443
Professional fees	524,272	438,966	85,306
Salaries, wages and benefits	659,272	275,445	383,827
Share-based payments	22,836	218,872	(196,036)
	2,889,708	2,166,745	722,963

Operating expenses

Consulting fees decreased for the year ended September 30, 2021 due to fewer external consultants being retained and was partly offset by the increase in Milestone expenditures expensed due to the project being on care and maintenance in comparison to prior year period.

Professional fees increased due to legal charges related to a planned rights offering which we ultimately did not proceed with.

Share-based payments decreased in the year ended September 30, 2021 as the cost of options granted was partly reduced by the forfeiture of option entitlements.

Office and miscellaneous expenses as well as salaries increased for the year ended September 30, 2021, as the expenses from June 2021 were not capitalized because the current operations were stopped and a revised mining plan was being developed. Major changes to the office and miscellaneous expenses for the years ended September 30, 2021 and 2020 include:

	For the year ended		
	September 30, 2021 $	September 30, 2020 $	Increase/(Decrease) $
Charged to office & miscellaneous expenses			
Bank charges and interest	20,941	5,316	15,625
Filing and regulatory fees	54,943	63,076	(8,133)
Investor relations	7,650	34,462	(26,812)
Office and miscellaneous	932,233	169,871	762,362
Rent	105,914	105,909	5
Telephone	31,015	25,870	5,145
Travel	26,004	109,753	(83,749)
	1,178,700	514,257	664,443

The office expenses increased for the year ended September 2021 as expenses from June 2021 were not capitalized because the current operations were stopped and a revised mining plan was being developed.

(Expressed in Canadian Dollars)

There is little change in other expenses for the year ended September 2021 in comparison to the period ended September 2020 given the focus on developing the Milestone Project caverns for the majority of the fiscal year.

Other income and expenses

	For the year ended		
	September 30, 2021 $	September 30, 2020 $	Change $
Other income (expenses)			
Interest income	84,124	169,027	(84,903)
Other income (expenses)	463,883	177,698	286,185
Loss on legal settlement	-	(1,584,684)	1,584,684
Finance costs	(3,144,418)	(724,870)	(2,419,548)
Share of loss from investment in associates	(110,235)	(193,647)	83,412
	(2,706,646)	(2,156,476)	(550,170)

Interest income decreased for the year ended September 30, 2021 mainly due to lower interest rates on term deposits at the time of renewal.

Other income increased for the year ended September 30, 2021 mainly due to net gains of $233,447 on the sale of certain real estate investments.

There are no further Loss from legal settlement for the year ended September 30, 2021, as compared to legal settlement with Amarillo Gold Corporation ("Amarillo") in the year ended September 2020.
Finance costs increased significantly for the year ended September 30, 2021 as the interest expenses from June 2021 were not capitalized because current operations were stopped and a revised mining plan was being developed.

SUMMARY OF QUARTERLY RESULTS

Quarterly net income (loss) fluctuates primarily as a result of changes in other income (expense). During the quarters in the year ended September 30, 2020 ("Fiscal 2020"), the Company incurred finance expenses from borrowings and a loss on legal settlement during the quarter ended March 31, 2020. During Fiscal 2021, the first three quarters were steady; however, there was a significant jump in expenses for the three months ended September 2021 as certain expenses were not capitalized because current operations were stopped and a revised mining plan was being developed.

The deferred tax recovery recorded during Fiscal 2020 related to temporary differences which arose as a result of the accounting treatment for a below interest loan received from the Company's majority shareholder.

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

	Three months ended			
	September 30, 2021 $	June 30, 2021 $	March 31, 2021 $	December 31, 2020 $
Operating expenses	1,709,217	356,568	401,551	422,372
Other income (expense)	(2,217,938)	(362,275)	(50,773)	(75,660)
Income tax expense	-	(475)	(26,656)	-
Net loss and comprehensive loss	(3,927,155)	(719,318)	(478,980)	(498,032)
Loss per share - basic and diluted	(0.02)	(0.00)	(0.00)	(0.00)

(Expressed in Canadian Dollars)

	Three months ended			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	$	$	$	$
Operating expenses	716,889	389,340	523,681	536,835
Other income (expense)	(608,791)	(35,005)	(1,689,002)	176,322
Deferred tax recovery	-	-	373,836	2,283,910
Net income (loss) and comprehensive income (loss)	(1,325,680)	(424,345)	(1,838,847)	1,923,397
Income (Loss) per share - basic and diluted	(0.01)	(0.00)	(0.01)	0.01

REVIEW OF QUARTERLY FINANCIAL RESULTS

	For the three months ended		
	September 30, 2021	September 30, 2020	Increase/(Decrease)
	$	$	$
EXPENSES			
Consulting fees	80,164	165,463	(85,299)
Depreciation	35,847	55,353	(19,506)
Office and miscellaneous expenses	861,670	318,254	543,416
Professional fees	264,424	31,868	232,556
Salaries, wages and benefits	468,236	62,491	405,745
Share-based payments (recovery)	(1,124)	83,460	(84,584)
Loss before other (income) expenses	1,709,217	716,889	992,328

Operating expenses

Consulting fees decreased for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 primarily due to fewer consultants being retained.

Professional fees, including accounting and legal fees, increased for the three months ended September 30, 2021 as legal expenses pertaining to a planned rights offering which did not occur were expensed as compared to September 30, 2020.

Share-based payments decreased for the three months ended September 30, 2021 partially due to forfeiture of stock options granted to the Company's employees.

Office and miscellaneous expenses increased for the three months ended September 30, 2021 as the expenses from June 2021 were not capitalized because current operations were stopped and a revised mining plan was being developed, as compared to September 30, 2020. Major changes to the office and miscellaneous expenses for the three months ended September 30, 2021 and 2020 include:

	For the three months ended		
	September 30, 2021	September 30, 2020	Increase/(Decrease)

(Expressed in Canadian Dollars)

	$	$	$
Charged to office & miscellaneous expenses			
Bank charges and interest	(32,693)	921	(33,614)
Filing and regulatory fees	10,604	8,581	2,023
Insurance	(15,353)	(12,753)	(2,600)
Investor relations	1,794	13,743	(11,949)
Office and miscellaneous	848,057	109,848	738,209
Rent	28,000	92,140	(64,140)
Telephone	9,564	21,002	(11,438)
Travel	10,478	84,772	(74,294)
	860,451	318,254	542,197

Bank charges decreased during the three months ended September 30, 2021 due to recovery of letter of credit renewal charges from Saskpower.

Other expense categories within office and miscellaneous showed an overall decline for the three months ended September 2021 as there were reduced ongoing activities during the fourth quarter of Fiscal 2021 as compared to Fiscal 2020.

Other income and expenses

	For the three months ended		
	September 30, 2021 **$**	**September 30, 2020** **$**	**Change** **$**
Other income (expenses)			
Interest income	10,463	(65,948)	76,411
Other income (expenses)	358,038	169,723	188,315
Loss on legal settlement	-	39,530	(39,530)
Finance costs	(2,328,624)	(316,249)	(2,012,375)
Share of loss from investment in associates	(257,815)	(435,847)	178,032
	(2,217,938)	(608,791)	(1,609,147)

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Other income increased for the three months ended September 30, 2021 mainly due to profit from the sale of real estate investments during the three months ended September 30, 2021.

Legal settlement decreased to $nil for the three months ended September 30, 2021 as there were no legal settlement losses in the current period.

Finance costs increased significantly during the three months ended September 30, 2021 as the expenses from June 2021 were not capitalized because current operations were stopped and a revised mining plan was being developed. There were additional finance costs in the fourth quarter as a result of some commitments made to existing lien holders to accept a second charge on the lien.

Share of loss from investment in associates for the three months ended September 30, 2021 relates to the Company's share of net loss of the FB Burrard LP. There was no equity pickup during the three months ended

(Expressed in Canadian Dollars)

September 30, 2020 as the FB Burrard LP was in the construction phase of its real estate project and all costs were capitalized.

LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2021 $	September 30, 2020 $
Current assets	9,082,619	11,168,038
Current liabilities	45,442,556	57,081,910
Working capital deficit	(36,359,937)	(45,913,872)
Total assets	246,848,009	264,768,537
Total liabilities	86,007,507	95,595,191
Net assets	160,840,502	169,173,346

Cash resources and liquidity

The Company's audited consolidated financial statements for the year ended September 30, 2021 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 delayed the completion date of construction of the Phase I 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. As at September 30, 2021, the Company had 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. Certain vendors have also filed legal claims against Western Potash. 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 commission successfully 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 Company's 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 working with potential investors to provide additional funding, as well as pursuing alternative sources of financing including equity and debt financing and selling the Company's remaining interests in its real estate partnerships in order to complete 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 additional 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 its construction under 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, future profitable production from the Milestone Project, and the recoverability of the Company's investments in real estate projects.

(Expressed in Canadian Dollars)

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have 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 completion 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.

Financing activities

On September 12, 2019, the Company entered into a credit facility agreement (the "Credit Facility Agreement") with the Company's majority shareholder for credit facility of up to a maximum of $40,000,000, of which $35,000,000 was drawn during the year ended September 30, 2020 and remains outstanding at September 30, 2021.

During the year ended September 30, 2021, the Company repaid the following unsecured promissory notes to various note holders:

Term	**Interest Rate per Annum**	**September 30, 2021** **$**	**September 30, 2020** **$**	**Change**
On demand upon written notice by the Note Holder	8%	-	820,000	(820,000)
On demand upon written notice by the Note Holder	8%	-	2,700,000	(2,700,000)
Note payable on maturity date of August 30, 2021	12%	-	500,000	(500,000)
Note payable on maturity date of August 30, 2021	12%	-	300,000	(300,000)
		-	4,320,000	
Accrued interest expense		**-**	**194,393**	**(194,393)**

During the year ended September 30, 2021 the Company commenced the liquidation of its investments in real estate to fund the operations. It has successfully exited the FB Robinson LP and the Seaton LP during the current year. As a result, the Company is no longer a guarantor of the Seaton LP's mortgage of $13 million and no longer holds a non-controlling interest of $2.6 million.

During the year ended September 30, 2021, vested options were exercised for a cash amount of $36,000.

Investment activities

The Company through its subsidiary, Western Potash, has entered into various capital expenditure commitments for the procurement and construction of Phase I Milestone Project with a remaining committed amount of approximately $15,426,000.

The carrying value of mineral property, plant and equipment totaled $231,385,170 as at September 30, 2021 compared to $214,118,951 as at September 30, 2020. The increase reflects the Company's development and construction activities at its Milestone Project in Saskatchewan where $16,670,162 in construction in progress costs were incurred. In addition, increases to property, plant and equipment included $533,572 in mineral interest costs, $200,264 related to increases in the associated asset retirement obligation, and $5,114 in property and office equipment costs were incurred during the year ended September 30, 2021.

<u>During the year ended September 30, 2021</u>

- The Company made capital contributions of $247,000 to FB Robinson LP and received cash from total disposition of the investment of $6,636,001.
- The Company received a return on investment of $2,169,914 as a result of the disposition by WGP LP of Alabaster LP.
- The Company received $1,501,622 as return of investment and $525,764 in settlement of a receivable from FB Burrard LP.
- 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 Company utilized partial proceeds from its real estate investment sales to repay $4,320,000 in promissory notes that were outstanding.

Based on its current cash flow forecast, its existing obligations and commitments and the availability of Credit Facility Agreement, the Company will require additional funds in Fiscal 2022 in order to complete construction and successfully commission Phase I and to fund general and administrative expenses. Management is currently exploring other financing arrangements, including equity and debt financing, in order to complete construction activities, commission Phase I and fund general and administrative expenses. However, there are no assurances that the Company will be successful in obtaining such equity or debt financing.

MILESTONE PROJECT

The Company is focused on building what it believes will be Canada's most efficient potash solution mine at its 100% owned Milestone property located 35 kilometers southeast of Regina, Saskatchewan, a region with some of the largest producing potash solution mines in the world. The Company has initiated the construction of Phase I of the Milestone Project in an ecologically sustainable, economically efficient, and socially responsible manner. This is expected to be the first potash mine in the world that will leave no salt tailings on the surface, which would significantly reduce water consumption and long-term environmental liabilities.

Land and Minerals

The Milestone Project includes 84,557 acres of Crown held Mineral Leases, and 65,305 acres of acquired Freehold Leases. The renewable, 21-year Crown lease was granted by the Government of Saskatchewan under a Ministerial

(Expressed in Canadian Dollars)

Order and provides the Company with full and exclusive power and right to mine Crown owned subsurface minerals, including potash, subject to the provisions outlined by the Saskatchewan Subsurface Mineral Regulations (1960) and the Subsurface Mineral Tenure Regulations (2015). The Company completed the drilling of eleven potash exploration wells on the property, acquired several hundred-line kilometers of 2D seismic study, and conducted a 3D seismic study during the exploration program. The leases are adjacent to potash permits held by other multinational mining companies.

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

Updated NI-43-101

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

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

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

Measured and Indicated Resources

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

**MMT: Million Metric Tonnes*

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

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

Proven and Probable Reserves for Phase I Project

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

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

The actual CAPEX allocated to the Phase I Project to date is $116.24 million and a further $33.21million is needed to complete the Project and bring the plant into production, resulting in a total Phase I Project CAPEX of $149.45million (including a 10.7% contingency on the remaining CAPEX). The total annual OPEX for the Phase I Project, based on operational data from the pilot phase, is estimated at $13.25million per year (excluding G&A, logistics and royalties) or $90.60/t MOP for 146,000 tpa. Sustaining CAPEX consists mainly of expanding the mine field (drilling, piping and infrastructure) and planned equipment maintenance. Sustaining CAPEX includes approximately $36 million every six years to expand the wellfield for ongoing production.

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

Permits

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

Western Potash has received numerous permits and approvals for the Phase I development and operation of hot mining. Additional permits will be received as the project continues to progress.

Process Overview

The Phase I pilot plant uses selective solution mining of the Milestone Project deposit, starting with a smaller, low capital cost pilot project. Phase I project is designed to produce 146,000 tonnes per year of potash (or "KCl") over a project life of 40 years. To achieve this production a total of six caverns are planned. Three caverns have been developed, and a further three caverns will be drilled and will be in operation for 6 years followed by an additional 6 caverns every 6 years during production. Each of the caverns are injected with sodium chloride (“NaCl”) saturated brine through one well to selectively dissolve KCl leaving the NaCl underground. The KCl rich brine is then brought to surface through a production well and sent to a pond where the cool ambient temperature allows precipitation and settlement of the KCl. The KCl from the pond will be harvested with a dredge and the resulting KCl rich slurry will be pumped to the process plant. The process plan removed the brine from the slurry to form a KCl cake that is dried, compacted and then sent for storage and load-out.

Operations

Western Potash successfully started and operated the selective solution mining for approximately 18 months from October 2019 to May 2021. This involved heating the brine via a submerged combustion and glycol heating units, then pumping the brine into the caverns and preferentially extracting the KCl (leaving the NaCl in place underground). Potash is being accumulated in the crystallization pond.

Using the experience and data obtained from the operations, and in conjunction with a number of leading solution mining experts, an optimized solution mining plan has been developed.

Construction

Construction at the Phase I site was suspended in May 2020. Approximately 78% of the total project has been completed based on incurred costs for all activities (including engineering, procurement, infrastructure and construction in accordance with the updated NI 43-101 technical report). The project construction is expected to resume immediately after financing is secured and is expected to take approximately 8 months to complete once fully re-mobilized.

All of the bulk material has been purchased and is on-site, as well as over 85% of the major equipment. All other site infrastructure projects (gas, power, water, roads, telecommunication) are complete, as well all the hot mining systems (crystallization pond, brine heating and injection pumphouse). The process and compaction areas have structural steel and rough set equipment and require building erection as well as mechanical, electrical and instrument installation; the storage building has foundations only and final site grading remains to be completed.

Community

The Company is committed to maintaining good relationships with the community, government and business, through open and transparent communication, feedback and ongoing engagement with all parties (to the extent capable under continuing COVID-19 conditions) with a view to benefiting the local community. Regular virtual meetings with all levels of government have continued to confirm strong support for the project.

COMMITMENTS AND CONTRACTUAL AGREEMENTS

- Western Potash entered into a water supply agreement with respect to the Milestone Project dated November 15, 2012 with the City of Regina with a term of 44 years and which would have required fixed payment for water usage at a rate of $0.25/cubic meter (increasing by 1% annually) multiplied by a fixed annual volume as prescribed in the agreement. On December 21, 2017, the agreements were amended to stipulate that the City of Regina will provide 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. 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 standby fee 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 contract on or after December 3, 2025 if usage has not commenced by that date.

(Expressed in Canadian Dollars)

- 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 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 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 the Saskatchewan Ministry of Environment by $1,527,018. Such security is to be provided in two parts, $500,000 by January 31, 2022 and $1,027,018 by June 30, 2022.

PAYABLE ON LEGAL SETTLEMENT

Amarillo Gold Corporation

On April 15, 2020, Western Potash entered into a legal settlement agreement with Amarillo Gold Corporation ("Amarillo") to resolve the disputes in respect of certain taxes and penalties related to exploration permits Amarillo has become liable to pay as a result of Amarillo's Brazilian subsidiary taking potash claims in Brazil during 2008 on behalf of Western Potash.

The payable on legal settlement and a corresponding loss on settlement of legal claim was recognized as of September 30, 2021:

	$
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)

(Expressed in Canadian Dollars)

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 period	(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	-

CONTINGENCIES

The Company is involved in various claims and other matters in the ordinary course of business.

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. Notice of civil claim has been filed by Lockwood seeking 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, 2020, that the claim of Lockwood will be successful.

Builders' Liens

During the year ended September 30, 2021, 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 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.

OUTSTANDING SHARE DATA

Common shares

As of December 29, 2021, the Company had 187,174,220 common shares issued and outstanding. 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

As of December 29, 2021, the Company had the following stock options outstanding:

(Expressed in Canadian Dollars)

	Number outstanding	Weighted average exercise price ($)
September 30, 2021	**8,950,000**	**0.159**
Granted	1,700,000	0.190
Forfeited	(400,000)	0.120
Balance, Date of MD&A	**10,250,000**	**0.166**

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.

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 income (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 from the Company's majority shareholder (Note 14 of the Company's Financial Statements). During the year ended September 30, 2020, $35,000,000 was advanced under the Credit Facility Agreement. Interest of $1,400,002 was incurred during the year ended September 30, 2021 (September 30, 2020: $1,171,923). 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") from a company which is controlled by an officer of the Company of $6,600,000. The Bridge Loan was fully repaid by the Company in December 2019.

(Expressed in Canadian Dollars)

- 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.

- 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.

SEGMENTED INFORMATION

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

	Real estate $	Mineral properties $	Total $
For the year ended September 30, 2021			
Operating expenses	(150,715)	(2,738,993)	(2,889,708)
Interest and other income (expense)	(180,581)	(2,526,065)	(2,706,646)
Income tax expense	-	(27,131)	(27,131)
Net loss for the period	(331,296)	(5,292,189)	(5,623,485)
For the year ended September 30, 2020			
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 period	(841,378)	(824,097)	(1,665,475)
As at September 30, 2021			
Total assets	5,504,686	241,343,323	246,848,009
Non-current assets	1,402,129	236,363,261	237,765,390
Current assets	4,102,557	4,980,062	9,082,619
Total liabilities	-	(86,007,507)	(86,007,507)
Non-controlling interest	-	-	-
As at September 30, 2020			
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)

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the

Company's exposure to these risks are provided in various tables in the Risks and Uncertainties section of this MD&A and Note 23 of the audited consolidated financial statements for the year ended September 30, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 2 of the audited consolidated financial statements for the year ended September 30, 2021.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Significant judgements made by management relate to the Company's ability to continue as a going concern (see Note 1 to the audited consolidated financial statements) 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.

Areas of critical estimate include the economic recoverability and probability of future economic benefit of mineral, property, plant and equipment; valuation of investments in associates and real estate properties under development, the determination of asset retirement obligations, and the determination of the fair value of financial instruments. For more details, refer to Note 2 of the audited consolidated financial statements for the year ended September 30, 2021 for a more detailed discussion of the critical accounting estimates and judgments.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

Accounting Standards Issued but Not Yet Effective

- **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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements in place.

RISKS AND UNCERTAINTIES

Risk Factors Relating to The Company's Business

The Company's ability to finance and develop the Milestone Project to production, generate revenues and profits from its natural resource properties, or any other resource property that it may acquire, currently or in the future, is dependent upon a number of factors. For a detailed discussion of these factors faced by the Company, please refer to the Company's most recent Annual Information Form dated December 29, 2021.

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

Going concern risk

The core business of the Company is to develop its Milestone Project 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, delayed the completion date of construction of the 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. 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. 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.

Environmental Risks and Hazards

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

Commodity price risk

The Company is exposed to commodity price risk. Commodity price risk is defined as the potential impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of potash, the Company's equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's future profitability and viability of development depends upon the world market price of potash. Potash prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of potash are produced in the future, a profitable market will exist for them. A decline in the market price of potash may also result in the Company reducing its mineral resources, which could have a material and adverse effect on the Company's value. The Company is not a potash producer as of September 30, 2021. Therefore, commodity price risk may affect the completion of future equity and/or debt transactions such as equity offerings, financings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Project risks

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

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

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

Weather conditions (including snow and flooding) may affect both the construction schedule and operations (in particular road restrictions may reduce the ability to ship product off-site). The Company has developed contingency plans to minimize the risk associated with weather events, including flexibility in construction schedules, contingencies, appropriate productivity factors, and product shipping plans. These include on-site storage and conducting an annual plant maintenance shutdown during the period of spring road bans. The COVID-19 pandemic could cause further disruptions to operations, construction and supplies. Management has taken measures including pre-screening, limiting to key personnel, cleaning and disinfection, and social distancing to minimize on-site impact.

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

(Expressed in Canadian Dollars)

Risks of Financial Instruments

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in Note 23 of the audited consolidated financial statements for the year ended September 30, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 23 of the audited consolidated financial statements for the year ended September 30, 2021.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, term deposits, accounts and other receivables, and deposits the carrying value of which represents the Company's maximum exposure to credit risk. Cash and cash equivalents and term deposits are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. At September 30, 2021 the Company's principal credit risk relating to its accounts and other receivables, which is primarily comprised of goods and services taxes recoverable from the Government of Canada for which minimal credit risk exists. Details regarding the accounts receivable are included in Note 23 of the audited consolidated financial statements for the year ended September 30, 2021.

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. The Company's major liabilities and obligations mature as follows:

	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.

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 loans payable are not subject to interest rate risk as they are not subject to a variable interest rate.

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CA$"). 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 CA$, United States dollars ("US$"), and Brazilian Real ("BRL"); therefore, USD and BRL accounts are subject to fluctuation against the CA$.

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.

Risk of global outbreaks and contagious diseases

The risk of global outbreaks, including COVID-19, have the potential to significantly and adversely impact the Company's operations and business. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. The Company is continuously evaluating the uncertainty and impact of the outbreak on the Company and its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, disruption in the Company's supply chains, information technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illness, and the restrictive measures implemented to slow the spread of the virus will not materially impact the Company's operations or personnel in the coming weeks and months. 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, results of operations or ability to raise funds at this time.

DISCLOSURES, CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of ICFR as at September 30, 2021. In conducting this evaluation, the Company used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on its evaluation, the Company's Chief Executive Officer and Chief Financial Officer as at September 30, 2021 concluded that the Company's ICFR and DC&P were not effective because of a material weakness identified in the design of review control related to the cash flow forecasts prepared by the Company's experts and the accounting for complex transactions. The Company does not currently have sufficient technical resources to appropriately verify and review the cash flow information prepared by the Company's experts. Further the Company does not currently have sufficient technical resources to appropriately research and account for complex transactions and their related disclosures.

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

The Company is responding to the material weaknesses identified by seeking to strengthen the finance department by hiring new personnel.

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