



IC POTASH CORP

Q3

## Management's Discussion and Analysis

for the nine months ended September 30, 2017



Form 51-102F1 – For the Period Ended September 30, 2017

## **Management’s Discussion and Analysis**

**IC Potash Corp. (Hereafter called “IC Potash”, the “Company”, or the “Corporation”)**

**(Containing information up to and including November 2, 2017)**

### **Description of Management’s Discussion and Analysis**

This Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed consolidated financial statements of the Corporation for the period ended September 30, 2017 and the audited consolidated financial statements of the year ended December 31, 2016. This MD&A was prepared as at November 2, 2017. This MD&A contains forward-looking information and statements, which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

All financial information is presented in United States dollars unless otherwise stated. All references to a year refer to the year-ended on December 31<sup>st</sup> of that year, and all references to a quarter refer to the quarter ended on September 30<sup>th</sup> of that year. The Corporation is a reporting issuer in Alberta, British Columbia, Ontario, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and the Northwest Territories.

Unless otherwise noted, financial results are reported in accordance with International Financial Reporting Standards (“IFRS”). Further details are included in Note 2 of the condensed consolidated interim financial statements for the nine months ended September 30, 2017.

Additional information related to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation’s website at [www.icpotash.com](http://www.icpotash.com).

### **Company Overview**

IC Potash is a Canadian-based company in the business of investing in the organic fertilizer and cannabis industries as well as mineral exploration and development companies and other companies. IC Potash is a corporation governed by the Canada Business Corporation’s Act. The shares of the Company are listed on the Toronto Stock Exchange and the OTC Market under the symbols ICP and ICPTF respectively. The Company’s registered office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The Company plans to conduct research and development on the effectiveness of organic fertilizers in the medical cannabis cultivation space. It is the intention of the Company to obtain financing through access to public and private equity markets, debt and partnerships or joint ventures.

IC Potash owns 100% of Intercontinental Potash Corp. (“ICP”), a Canadian company involved in resource exploration and mine development. On November 30, 2009, the Corporation completed a reverse-takeover (“RTO”) with ICP. Legally, IC Potash is the parent of ICP, but for financial reporting purposes, IC Potash is considered to be a continuation of ICP. IC Potash was consolidated commencing on December 1, 2009.

The Company, indirectly through ICP, previously owned the majority of the outstanding common shares of Intercontinental Potash Corp. (USA) (“ICP(USA)”). In Q1 of 2017, the Company determined that it no longer controlled ICP(USA) and, accordingly, deconsolidated the financial reporting. On October 16, 2017, ICP sold all of its shares of ICP(USA), and correspondingly all of its interest in the Ochoa Project, back to ICP(USA) as part of a Settlement and Release Agreement dated September 11, 2017 between IC Potash; ICP; ICP (USA); and two companies



related to Cartesian Capital LLC (Pangaea Two Acquisition Holdings XI, LLC and Pangaea Two Acquisition Holdings XIB, LLC) (the “Settlement”).

IC Potash directly owns 100% of ICP Organics, a Canadian company that plans to engage in research and development on organic fertilizers and invest capital in the cannabis industry.

### **Forward-Looking Statements**

This MD&A includes certain statements that may be deemed “forward-looking statements” as defined under applicable securities law. Other than statements of historical facts, statements in this discussion including, but not limited to, statements that address future research and investment plans and expected or anticipated events or developments are forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, market prices, demand for fertilizer products, exploration and evaluation successes or delays, continued availability of capital and financing, general economic, market or business conditions, the risk factors identified herein as well as those risk factors identified in the Corporation’s Annual Information Form (AIF) dated March 28, 2017. Although the Corporation believes the expectations expressed in any forward-looking statement are based on reasonable assumptions, investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements.

### **Management's Responsibility for Financial Statements**

The Company's management is responsible for the presentation and preparation of interim financial statements and the MD&A. The consolidated financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. This MD&A has not been reviewed by the Company’s auditors.

### **Description of Properties**

#### **Ochoa Project**

The Company no longer has any resource properties on its statement of financial position.

Through its indirect investment in ICP(USA), the Company held a majority interest in the Ochoa Project. Subsequent to September 30, 2017, on October 16, 2017, the Company sold its shares of ICP(USA) and as a result sold its interest in the Ochoa Project, which is described in the Preliminary Economic Assessment and the related National Instrument 43-101 compliant Technical Report (effective date October 28, 2016) filed on SEDAR on November 30, 2016.

### **Summary of Quarterly Results**

Selected quarterly financial information of the Corporation for the quarters ended September 30, 2017 is as follows:



**Table of Results for the Quarters to September 30, 2017**

	<b>Sept 30 2017</b>	<b>June 30 2017</b>	<b>Mar 31 2017</b>	<b>Dec 31 2016</b>
Total assets	\$ 512,838	\$ 1,117,564	\$ 1,040,655	\$ 23,085,495
Property, plant and equipment	\$ 1,197	\$ 1,403	\$ 1,598	\$ 19,775,768
Working capital	\$ (30,551)	\$ 412,652	\$ 122,004	\$ 588,405
Shareholders' equity (deficiency)	\$ (20,308)	\$ 423,101	\$ 123,603	\$ (10,984)
Interest income	\$ 747	\$ 1,102	\$ 1,063	\$ 878
Net loss	\$ (442,202)	\$ (224,812)	\$ (8,243,066)	\$ (41,699,800)
Basic loss per share	\$ (0.002)	\$ (0.001)	\$ (0.04)	\$ (0.20)
Fully diluted loss per share	\$ (0.002)	\$ (0.001)	\$ (0.04)	\$ (0.20)

Selected quarterly financial information of the Corporation for the quarters ended September 30, 2016 is as follows:

**Table of Results for the Quarters to September 30, 2016**

	<b>Sep 30 2016</b>	<b>Jun 30 2016</b>	<b>Mar 31 2016</b>	<b>Dec 31 2015</b>
Total assets	\$ 60,068,282	\$ 58,119,309	\$ 58,064,268	\$ 57,203,000
Property, plant and equipment	\$ 58,013,565	\$ 56,997,381	\$ 56,484,381	\$ 56,197,065
Working capital	\$ 523,535	\$ (288,534)	\$ 125,021	\$ (836,213)
Shareholders' equity	\$ 40,561,338	\$ 42,356,662	\$ 43,100,456	\$ 44,665,602
Interest income	\$ 553	\$ 15	\$ 18	\$ 96
Net loss	\$ (1,828,485)	\$ (1,332,806)	\$ (1,565,146)	\$ (1,349,910)
Basic loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Fully diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

**Results of Operations for the Quarter ended September 30, 2017**

The Corporation did not generate operating revenue during the quarter ended September 30, 2017, as all of the operating activities of the Corporation were directed towards investment management activities during the quarter.

**Investment in Associate**

On March 16, 2017, the Company determined it no longer has the power to govern the financial and operating policies of its subsidiary ICP(USA). As a result, the Company ceased to consolidate the assets, liabilities and results of operations of ICP(USA) on that date and began recognizing its investment retained in ICP(USA) as an investment in an associated company accounted for under the equity method. The net liabilities that is deconsolidated on loss of control of ICP(USA), based on March 16, 2017 balances, are:

Current assets	\$ 842,462
Non-current assets	20,890,813
Current liabilities	(1,733,891)
Non-current liabilities	(21,112,639)
Net liabilities of former subsidiary	(1,113,255)
Investment in associate	1
Gain on deconsolidation	\$ 1,113,256



In addition to the above gain on deconsolidation, the Company is required, under IFRS 10, to account for amounts recognized in accumulated other comprehensive loss in relation to the subsidiary. The Company reclassified \$7,663,216 (Dec 31, 2016 - \$nil) from accumulated other comprehensive income and recorded a loss through profit or loss.

As at September 30, 2017, the associated company's aggregate assets, aggregate liabilities and net losses from the period of loss of control are as follow:

	<u>ICP(USA)</u>
Current assets	357,379
Non-current assets	22,341,995
Current liabilities	(1,146,134)
Non-current liabilities	(23,536,776)
Net loss for period after deconsolidation	(2,632,699)
The Company's ownership percentage	81.4%
<u>The Company's share of loss for the period</u>	<u>\$ Nil</u>

As at September 30, 2017, the Company's investment in ICP(USA) was \$1. The Company's equity loss of \$1,401,149 included an unrecognized share of the losses of ICP(USA) since deconsolidation totaling \$2,186,109 less dilution gain of \$784,966. The Company has a minority position on the board of its associated company ICP(USA) and does not control operation decisions. The Company's judgment is that it had significant influence, but not control at September 30, 2017 and therefore equity accounting was appropriate.

On October 16, 2017, the Company sold its shares of ICP(USA).

### **Office and Administration Expenses**

In general, the Company has reduced its spending to conserve cash.

Administration and related costs amounted to \$22,381 (2016 – \$59,527) for the quarter. This included telephone, postage and courier, dues and subscriptions, stationery, repairs and maintenance, utilities and related costs. The decrease is because directors elected to stop getting paid director fees in the quarter, and the Company deconsolidated with ICP(USA) and therefore, did not include expenses of ICP(USA).

Business development and market development spending for the quarter was \$58,445 (2016 - \$79,945). Business development costs included activities related to the search for joint venture partners as well as exploring new investment strategies and partnering opportunities to advance the project or sell its interest in the Ochoa project.

Consulting fees in the quarter were \$25,143 (2016 – \$121,150); this was mostly in respect of technical consulting and management consulting. This has decreased because the company's activity level and involvement in the Ochoa project was reduced in the quarter.

Depreciation during the quarter amounted to \$207 (2016 - \$8,221). This relates to depreciation of computer equipment. Depreciation on assets owned by ICP(USA) was not consolidated during the quarter.

Fundraising activities for the quarter was \$109,355 (2016 – \$17,183). This amount is for expenses related to identifying and meeting with potential investors. The increase is due to the need for working capital and for capital to sustain the Ochoa project and maintain the Company's interest in the Ochoa project.



Investor relations cost in the quarter was \$22,548 (2016 – \$64,589). The Company reduced its investor relations activity in the quarter as it focused on other activities and conserved cash.

Professional fees of \$143,905 (2016 – \$51,416) for the quarter were incurred mostly in respect of auditing costs, other accounting costs, and legal costs. The increase is due to an increased accrual for auditing costs and additional legal costs associated with the lawsuits against and by Cartesian in the quarter.

Regulatory fees including transfer agent and filing fees and TSX fees were \$8,944 (2016 - \$9,674).

Rent and storage in the quarter were \$20,413 (2016 - \$14,469). The increase is due short-term temporary office rent in the quarter.

Royalties and property leases for the quarter amounted to \$nil (2016 - \$3,000). There was no payment of royalties and property leases because the results of ICP(USA) are no longer consolidated with the Company.

Share-based compensation for the quarter was \$nil (2016 – \$33,161) due to no stock options being granted in the quarter.

Travel, including related costs, for the quarter amounted to \$23,220 (2016 – \$21,848) and were composed of such costs not specifically related to investor relations and business development.

Wages and benefits for the quarter amounted to \$135,451 (2016 – \$224,467). This amount included the salaries and employment related costs of the President and Chief Executive Officer, Chief Financial Officer, Controller, Vice President, management and administrative staff. The salaries of ICP(USA) are no longer consolidated with the Company's salaries.

Derivative expense adjustment for the quarter of \$126,855 (2016 – (\$498,272)) relate to warrants being issued in a currency other than the functional currency of the Company.

Finance costs for the quarter were \$nil (2016 - \$621,178). Finance costs are no longer accrued since the deconsolidation of ICP(USA).

### **Financings**

During the nine month period ended September 30, 2017, the Company issued the following common shares:

- On January 24, 2017, the Company issued 200,000 shares at CAD\$0.08 for gross proceeds of CAD\$16,000 pursuant to the exercise of warrants.
- On March 1, 2017, the Company issued 6,573,333 units pursuant to a non-brokered offering at CAD\$0.105 per unit for gross proceeds of CAD\$690,200. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for CAD\$0.16 per share until March 1, 2018, provided that if, at any time after the date which is four months and one day following the closing date, the volume weighted average price of the common shares is equal to or exceeds CAD\$0.21 for 18 consecutive trading days, the Company may accelerate the expiry date of the warrants, in which event the warrants will expire upon the date (the "Accelerated Expiry Date") which is 30 days following of a press release by the Company announcing the Accelerated Expiry Date. The Company paid finder's fees to certain qualified eligible persons assisting the Company in the offering in the aggregate amount of CAD\$504.
- On April 5, 2017, the Company issued 31,500 shares at CAD\$0.065 for gross proceeds of CAD\$2,048 pursuant to the exercise of broker warrants.

- On May 3, 2017, the Company issued 785,089 shares at CAD\$0.065 for gross proceeds of CAD\$51,031 pursuant to the exercise of broker warrants.
- On June 27 and June 28, 2017, the Company issued an aggregate of 16,738,808 units pursuant to a non-brokered offering at CAD\$0.05 per unit for gross proceeds of CAD\$836,940. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company for CAD\$0.08 per share until June 28, 2018, provided that if, at any time after the date which is four months and one day following the closing date, the volume weighted average price of the common shares is equal to or exceeds CAD\$0.18 for 20 consecutive trading days, the Company may accelerate the expiry date of the warrants, in which event the warrants will expire upon the date (the “Accelerated Expiry Date”) which is 30 days following of a press release by the Company announcing the Accelerated Expiry Date. The Company paid finder’s fees to certain qualified eligible persons assisting the Company in the offering in the aggregate amount of CAD\$14,000 and issued 280,000 broker warrants entitling the broker to acquire one Common Share for a period of 12 months at an exercise price equal to CAD\$0.06.

During the nine month period ended September 30, 2016 the Company issued the following common shares:

- On May 20, 2016, the Company issued 18,498,891 units pursuant to a non-brokered offering, made of 17,998,891 units at CAD\$0.045 and 500,000 units at CAD\$0.05 per unit (issued to a Director of the Company) for gross proceeds of CAD\$834,950. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for CAD\$0.08 per share until May 20, 2017. The Company paid finder’s fees to certain qualified eligible persons assisting the Company in the offering in the aggregate amount of CAD\$38,496 (equal to 7% if the gross proceeds raised by such finders). The Company also issued an aggregate of 855,478 broker warrants to qualified eligible persons (equal to 7% of the aggregate number of units sold by such finders), each such broker warrant entitling the holder to acquire one common share for a period of 12 months at an exercise price equal to CAD\$0.065.

### **Preferred Shares**

On November 25, 2014, ICP(USA) issued 500,000 convertible Series A Preferred Shares at a purchase price of \$10,000,000 to Cartesian Capital Group, LLC (“Cartesian”). The Series A Preferred Shares accrue dividends at a rate of 12% per year and were to mature on November 25, 2016, at which time they can be redeemed by the holder for the purchase price plus accrued dividends or converted into a non-diluted 7.8% interest of the common shares of ICP(USA). The terms of the Series A Preferred Shares were amended in February 2016 to extend the maturity date of the Series A Preferred Shares from November 25, 2016 to February 28, 2018 and to increase the dividend rate from 12% to 15% effective on February 29, 2016.

During the year ended December 31, 2016, ICP(USA) issued 250,000 of convertible Series B Preferred Shares. Under the terms of the Securities Purchase Agreement signed on February 29, 2016, the Series B Preferred Shares were issued by ICP(USA) for \$2,500,000 on July 13, 2016 and \$2,500,000 on November 21, 2016. The Series B Preferred Shares bear a 12% dividend rate and mature on February 28, 2018, at which point they can be redeemed by the holder for the purchase price plus accrued dividends or converted into an additional non-diluted 21.1% interest of the common shares of ICP(USA).

Due to the deconsolidation of ICP(USA), the Company no longer has preferred shares on its statement of financial position at September 30, 2017.

### **Secured Notes**

During the year ended December 31, 2016, ICP(USA) issued Secured Notes for \$2,500,000. The Secured Notes were issued on March 1, 2016 and are due on February 28, 2018, bear interest at 11% per annum.

The Secured Notes are secured by a first priority security interest in all of the assets of ICP(USA), including ICP(USA)’s interest and rights in the Ochoa Project.





Cartesian has certain protective provisions and contractual rights to, among other things, appoint 2 of the 5 directors of ICP(USA), participate in future financings on an anti-dilutive basis, and approve certain subsequent debt and equity financings and certain other activities of ICP(USA).

The Securities Purchase Agreement expired during 2016.

Due to the deconsolidation of ICP(USA) the Company no longer has secured notes on its statement of financial position at September 30, 2017.

### **Liquidity and Capital Resources at September 30, 2017**

At September 30, 2017, the Corporation's working capital was (\$30,551) (2016 – \$523,535). The sources of cash in the period included cash from issuing common shares, warrants exercised, interest earned on cash in the bank accounts.

The Corporation's continuation as a going concern is dependent on its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management's plans for the Corporation will be successful. These material uncertainties may cast significant doubt upon the Corporation's ability to continue as a going concern.

The condensed consolidated interim financial statements for the period ended September 30, 2017 have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. This MD&A does not give effect to any adjustment which would be necessary should the Corporation be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in this MD&A.

### **Transactions with Related Parties**

In July 2015, the Company signed a Termination and Settlement Agreement that included a severance payment to be paid to the former President and Chief Executive Officer:

The full amount of the severance of \$1,603,910 (CAD\$2,100,000) was expensed during the year ended December 31, 2015. As at September 30, 2017, the balance of employment liability is \$354,567 (2016 - \$648,014) (CAD\$442,500; 2016 - CAD\$850,000) and is included in current liabilities.

During the three month period ended September 30, 2017, the Company entered into the following transactions with related parties:

- a) Paid or accrued short-term employee benefits of \$71,041 (2016 - \$146,460), of which \$43,103 (2016 - \$34,480) was paid to Mehdi Azodi, \$nil (2016 - \$20,000) was paid to Randy Foote, \$nil (2016 - \$56,250) was paid to Ken Kramer, \$nil (2016 - \$21,938) was paid to Tom Cope and \$27,938 (2016 - \$13,792) was paid to Kevin Strong.
- b) Paid or accrued directors' fees, included in administrative costs, of \$nil (2016 - \$13,740), of which \$nil (2016 - \$3,435) was for Ernest Angelo, \$nil (2016 - \$3,435) was for Knute Lee, \$nil (2016- \$3,435) was for Pierre Pettigrew, and \$nil (2016 - \$3,435) was for John Stubbs.
- c) Incurred share-based compensation in the form of stock options valued at \$nil (2016 - \$6,818 to Kevin Strong).
- d) Included in accounts payable as at September 30, 2017 is \$26,014 (2016- \$20,274) due to key management personnel, which includes officers and directors and corporations controlled by officers and directors.





- e) Included in prepaid expenses as at September 30, 2017 is \$39,554 (2016- \$nil) prepaid to key management personnel, which includes officers and directors and corporations controlled by officers and directors.

Key management personnel compensation (including senior officers and directors of the Company):

	Nine months-ended	
	September 30, 2017	September 30, 2016
Short-term benefits *	\$ 274,864	\$ 527,916
Consulting fees *	87,500	-
Directors' fees **	52,585	64,938
Share-based compensation	171,626	238,529
Total remuneration	\$ 586,575	\$ 831,383

\* Amounts are included within wages and benefits on the statement of loss and comprehensive loss.

\*\* Amounts are included within administration on the statement of loss and comprehensive loss.

### **Financial Instruments**

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, investments, receivables, accounts payable and accrued liabilities, employment liability and warrant liability.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. Investments in public companies are measured at level one while investments in private companies are measured at level three. The warrant liability and embedded derivative are categorized as level three. The carrying value of receivables, accounts payable and accrued liabilities and employment liability approximate fair value because of the short-term nature of these instruments.

### **Other**

#### **Outstanding Share data as at November 2, 2017:**

- (a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No Par Value	Unlimited	237,152,275

- (b) Summary of Options outstanding as at November 2, 2017:

Number of Options	Exercise Price (CAD)	Expiry Date
100,000	\$ 0.08	January 12, 2018
250,000	0.08	July 12, 2019
250,000	0.12	November 14, 2019
500,000	0.10	November 24, 2019
2,150,000	0.10	February 14, 2020
200,000	0.10	March 1, 2020
9,650,000	0.08	June 6, 2021
300,000	0.08	July 12, 2021
200,000	0.09	September 2, 2021
3,900,000	0.10	February 14, 2022
<b>17,500,000</b>		

(c) Warrants outstanding as at November 2, 2017:

As at November 2, 2017, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price (CAD)	Expiry Date
16,950,000	\$ 0.11	December 14, 2017
3,286,666	0.16	March 1, 2018
12,360,000	0.08	June 27, 2018
4,378,808	0.08	June 28, 2018
<b>36,975,474</b>		

(d) Broker warrants outstanding as at November 2, 2017:

As at November 2, 2017, the Company had broker warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price (CAD)	Average Contractual Life Remaining	Expiry Date
1,071,000	\$ 0.11	0.21 years	December 14, 2017
280,000	\$ 0.06	0.74 years	June 27, 2018
<b>1,351,000</b>			

### **Accounting Principles**

The financial statements have been prepared in accordance with IFRS.

The policies and estimates are considered appropriate under the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process. See also Note 2 in the condensed consolidated interim financial statements for the period ended September 30, 2017 and also the consolidated financial statements for the year ended December 31, 2016 for additional detail on accounting principles.

## **Foreign currency translation**

The consolidated financial statements are presented in U.S. dollars. Prior to January 1, 2015, the functional currency of the Company and its subsidiaries was the Canadian dollar. The Company and its subsidiaries functional currency changed on a prospective basis from the Canadian dollar to the U.S. dollar as management determined that the currency of the primary economic environment in which the entities operate changed with the planned development of the Ochoa property and a recent U.S. dollar financing. The Company will continue to monitor and evaluate the economic environment in which it operates and will adjust its functional currency accordingly.

Transactions in foreign currencies are translated into the entities functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the U.S. dollar are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in the statements of loss and comprehensive loss in the year in which they occur.

## **New standards, amendments and interpretations:**

*Effective January 1, 2018*

**IFRS 9 - Financial Instruments: Classification and Measurement.** IFRS 9 is a new standard that will replace IAS 39. The IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 introduces new requirements for the classification and measurement of financial instruments as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value and a debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows in the form of principal and interest otherwise it is at fair value through profit or loss ("FVTPL"). Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

**IFRS 15 - Revenue from Contracts with Customers:** IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 15.

*Effective January 1, 2019*

**IFRS 16 – Leases:** IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting models. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2019, and has not yet considered the potential impact of the adoption of IFRS 16.

## **Risks and Uncertainties**

### **Credit risk**

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which

management believes the risk of loss to be remote. Receivables consist primarily of amounts due from government agencies.

**Liquidity risk**

As at September 30, 2017, the Company had a cash balance of \$322,928 to settle current liabilities of 533,146. The Company is subject to significant liquidity risk, however the proceeds from the Settlement will provide more working capital.

**Interest rate risk**

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates.

**Foreign currency risk**

The Company's functional currency is the US dollars; however, there are transactions in Canadian dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 10% change in the foreign exchange rate would have had an approximate \$20,000 impact on foreign exchange gain or loss.

**Equity Price risk**

The Company holds investments in private and public traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

**Contingent Consideration risk**

The Company is to receive USD\$12.2 million in contingent royalty payments as part of the Settlement. There is no guarantee that the Company will ever receive any royalty payments.

**Corporate Governance Practices**

The disclosure required pursuant to National Instrument 58-101-Disclosure of Corporate Governance Practices was made by the Corporation in its Management Information Circular which was mailed to shareholders and is accessible via the Internet for public viewing on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

**Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported year. Actual results could differ from those estimates.

### **Subsequent Event**

At the special shareholder meeting on October 12, 2017 (the “Meeting”), shareholders of the Company approved the special resolution authorizing the transfer all of its common shares of Intercontinental Potash Corp. (USA) (“ICP(USA)”) back to ICP(USA) in return for up to USD\$15 million in accordance with the terms and conditions of the Definitive Agreement as outlined in the Circular (the “Settlement”). All conditions of the Definitive Agreement were satisfied and the Settlement was completed on October 16, 2017.

The proceeds of the sale will be composed of two cash payments of USD\$1.4 million each (totaling USD\$2.8 million). The first payment of USD\$1.4 million was received by the Company on October 16, 2017. The second payment of USD\$1.4 million will be received by January 8, 2018 and is guaranteed by Cartesian Capital Group, LLC. Two contingent royalty streams with a potential value of up to USD\$12.2 million will run conjunctively. The initial royalty stream will be composed of a water royalty equal to 75 percent of proceeds from the sale of Ochoa water or water rights to a maximum value of USD\$12.2 million. The second, should a shortfall exist in the water royalty, a NSR mining royalty would commence, equal to 1 percent of production.

Company shareholders also approved resolutions to re-approve the Stock Option Plan of the Company, to ratify and approve the amendment to By-law no. 1 to permit uncertificated shares, and the special resolution approving the amendment of articles of incorporation of the Company to change the name of the Company from “IC Potash Corp.” to such other name as the Board of Directors, in its sole discretion, deems appropriate.

The Settlement represents the sale of the Company's interest in the Ochoa Project, leaving the Company with no operating business. The Company will write-off its \$1 investment in ICP(USA) and record any resulting gain or loss on the proceeds of disposition through profit or loss in Q4 2017. The Company will use its available cash to make investments in private and publicly-trade companies to achieve a risk-adjusted rate of return including furthering and expanding the business mandate of ICP Organics, its wholly-owned subsidiary. As a result of the Settlement, the Company may be delisted from the Toronto Stock Exchange and has applied to list on the Canadian Securities Exchange to provide a seamless transition should such delisting occur.

### **Other Information**

The Corporation’s website address is [www.icpotash.com](http://www.icpotash.com). Other information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com).