Form 51-102F1 – For the Period Ended September 30, 2012

Management Discussion and Analysis

IC Potash Corp.

(Hereafter called "IC Potash", the "Company", or the "Corporation")

(Containing information up to and including October 31, 2012)

Description of Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Corporation for the nine months ended September 30, 2012 and the audited consolidated financial statements for the year ended December 31, 2011. 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 Canadian dollars unless otherwise stated. All references to a year refer to the year-ended on December 31st of that year, and all references to a quarter refer to the quarter ended on September 30 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. The Corporation's common shares trade on the TSX under the symbol "ICP" and on the OTCQX under the symbol "ICPTF".

Unless otherwise noted, financial results are now being 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, 2012.

Additional information related to the Corporation is available on SEDAR at www.sedar.com and on the Corporation's website at www.icpotash.com.

Company Overview

IC Potash is a Canadian-based resource exploration company in the business of acquiring, exploring, and developing exploration and evaluation assets. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the ability of the Corporation to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production. It is the intention of the Corporation to obtain financing through access to public equity markets, debt and partnerships or joint ventures.

IC Potash owns 100% of Intercontinental Potash Corp. ("ICP"), a company involved in exploration for potash and potash-related minerals. 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.

Forward Looking Statements

This MD&A includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Corporation expects, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration and evaluation successes, continued availability of capital and financing, and general economic, market or business conditions. 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.

Description of Properties

Ochoa Project

The Company is focused on the exploration for and development of potassium fertilizer minerals in the southwest United States with particular emphasis on Sulphate of Potash ("SOP") and Sulphate of Potash Magnesia ("SOPM"). The Company intends to develop a polyhalite mine at its Ochoa property in Lea County, New Mexico (the "Ochoa Project").

Polyhalite is an evaporite mineral containing potassium, magnesium, sulphate and calcium, all important plant nutrients. The Company is focused on becoming a bottom quartile cost producer of SOP in the world. The Company's initial analysis is that polyhalite can be used as a feedstock to produce SOP and SOPM on a cost effective basis. The Company estimates that SOP has an established market size of approximately six million tonnes per year, of which approximately four million tonnes are outside China. SOP is a widely used fertilizer in the fruit, vegetable, tobacco and horticultural industries in saline and dry soils. Demand is strong in countries where there is a significant amount of agriculture with a wide variety of crops such as in China, India, the Mediterranean and the United States. SOPM is a highly desirable potash product for soils with magnesium deficiency, including those found in Europe and Southeast Asia and has a total global market size of over one million tonnes. SOPM is the natural mineral langbeinite that is sold as a potash fertilizer under the brand names of K-MAG and TRIO.

The Company intends to develop the Ochoa Project into a world-class production and distribution facility. The Company's core corporate objectives include:

1. Producing and distributing SOPM as well as premium-priced SOP that typically sells for a substantial premium over traditional potash, i.e., Muriate of Potash ("MOP");

2. Producing SOP at a bottom quartile cost globally and leveraging this advantage to enter into existing and new markets;

3. Developing a processing facility that can be increased in scale with a low incremental capital cost; and

4. Developing strong relationships with project stakeholders and delivering net benefits to the community at large.

Through its indirect wholly-owned subsidiary, Intercontinental Potash Corp. (USA) ("ICP(USA)"), the Company holds a 100% interest in the Ochoa Project. The Ochoa Project is comprised of 34 Bureau of Land Management ("BLM") federal potassium prospecting permits ("Prospecting Permits") covering approximately 76,000 acres and 17 New Mexico State Land Office mining leases ("NMSLO Leases") covering approximately 26,000 acres.

Each BLM Prospecting Permit has a term of two years, renewable for an additional two years, and is convertible to a Preference Right Lease ("PRL") upon demonstration to the satisfaction of BLM that a valuable deposit has been discovered and that the land is more valuable for the development of its potassium content than for any non-mineral land use. Currently, all of the Prospecting Permits are for mineral exploration purposes. No further annual rent payments are required on sixteen of the Prospecting Permits that expire on December 1, 2012 (ten of which are part of the PRL application). The next annual rent of approximately $6,000 in the aggregate is due on March 1, 2013 for five Prospecting Permits and approximately $14,000 in the aggregate is due on April 1, 2013 for the remaining 13 Prospecting Permits. The payments that were due on March 1, 2012 and April 1, 2012 have been made. The Company issued 500,000 common shares ("Common Shares") during 2009 as part of the acquisition of the BLM permits.

The Company also paid US$50,000 into a Permit Bond that may be refundable if certain prospecting permit and reclamation requirements are satisfied.

The Company has applied to convert 26 Prospecting Permits, on any portion of which we have demonstrated measured or indicated resources, to PRLs, which do not expire, but are subject to readjustment by the BLM every 20 years. The BLM has accepted ICP's application to convert these 26 Prospecting Permits to PRLs. The following Prospecting Permits are in transition to PRLs: ten permits with annual payments due on December 1, five permits with annual payments due on March 1, and eleven permits with annual payments due on April 1. By accepting ICP's application to convert these Prospecting Permits to PRLs, these Prospecting Permits will not lapse during the period required to obtain permits for development, which is estimated to take approximately one-and-a-half to two years. These PRLs will be issued when the Environmental Impact Statement ("EIS") is complete and the BLM issues the Record of Decision. The Company's mineral rights are maintained until the BLM makes the decision whether or not to issue the PRLs. Of the 8 Prospecting Permits that were not part of the application for PRLs, most are still believed to have measured or indicated resources and ICP plans to drill to demonstrate measured or indicated resources on those Prospecting Permits and apply for related PRLs before they lapse. Any remaining Prospecting Permits that have no indication of mineralization will be relinquished.

The NMSLO Leases have a term of ten years with subsequent ten year renewals if, over three consecutive years during the term, the average annual production is not below the amount necessary to generate the minimum royalty required. The Company has posted a US$25,000 MegaBond that may be refundable if certain prospecting and reclamation requirements are satisfied for performance and surface or improvement damage in respect of the NMSLO leases. The annual rent that was due on or before May 24, 2012 was paid and the next annual rent of approximately $26,000 in the aggregate is due on May 24, 2013 for the 17 NMSLO leases. The Company has completed exploratory drilling on these NMSLO leases and has entered the period of "Operations After Discovery" as acknowledged in a letter from the New Mexico State Lands Office on February 7, 2012.

Pursuant to private agreements, a 3% net profits royalty (the "NPR") is payable on the Ochoa Project for a term of 25 years commencing from the initiation of production of which 1% of the royalty is payable to a director of the Company. The Company may acquire, at its option, up to one-half of the NPR at a price of $3,000,000 per 0.5% royalty interest. The NPR is not payable until all capital required to build the project is repaid. An additional royalty of US$1.00 per ton of polyhalite mined for the first 1,000,000 tons and US$0.50 per ton thereafter is also payable on the Ochoa Project pursuant to an agreement with an arm's length third party.

A minimum advance royalty payment of $8 per acre is payable to the State of New Mexico Commissioner of Public Lands on the 17 state mining leases that commenced in 2010 along with an annual rental charge of $1 per acre. The minimum advance royalty payment that was due on or before May 24, 2012 was made and the next minimum advance royalty payment is due on or before May 24, 2013. Once the Ochoa Project comes into production, minimum royalties of $8 per acre or 2.5% of the gross value of production after processing, whichever is greater, will be owed on the state mining leases. In addition, once the Ochoa Project comes into production, and no later than six years from obtaining federal BLM Preference Right Leases, minimum royalty payments of $3 per acre, due in advance before January 1 of each year, or 2% of the gross value at the point of shipment to market, whichever is greater, are expected to be imposed on the federal BLM PRLs.

The Corporation has applied for five additional BLM Prospecting Permits covering approximately 9,000 acres and three additional NMSLO leases covering approximately 2,000 acres in New Mexico. These new BLM permits and NMSLO leases will be subject to the royalties pursuant to the private agreements as well as state regulations and federal and state royalties determined by future negotiation with BLM and NMSLO, each as described above, once the Ochoa Project comes into production. The Company believes that these mineral estates may be prospective for polyhalite and other potash minerals and, if obtained, will form part of the Ochoa Project, increasing the Ochoa Project's total mineral estate to approximately 113,000 acres.

A technical report prepared by Gustavson Associates, LLC ("Gustavson") was filed on SEDAR (www.sedar.com) in November 2011. The Company drilled 20 holes across three programs to delineate these mineral resources, including six widely distributed drill holes completed between December 2009 and February 2010 (Phase 1); seven in-fill drill holes completed between April and September, 2010 (Phase 2); and seven in-fill drill holes completed between October 2010 and June 2011 (Phase 2B). In addition to the Company's core holes, geophysical data from oil and gas wells were used to correlate and verify geologic interpretations and polyhalite thickness. Gustavson also used conditional simulation and an ordinary Kriging algorithm to estimate polyhalite thickness and grade into a grid model. The total measured plus indicated resources for the Ochoa project now stand at nearly 840 million tons of polyhalite mineralization. The resources span an area approximately 80 square miles at a minimum five foot thickness, 80% or greater polyhalite grade, and more than 22% K2SO4 content. This translates into more than 190 million tons of SOP contained within the ore.

A NI 43-101 compliant Pre-Feasibility Study ("PFS") was filed on SEDAR in December 2011. The PFS projects the following base case information:

- Construction is planned to begin upon the completion of the EIS, which the PFS projected to be completed in early 2014.
- 139 million tons of recoverable potash reserves in the proven and probable ore category within the 40-year mine plan, and an additional 205 million tons of recoverable potash reserves in the mine plan area not included in the 40-year economic model.
- A mine life term of 40 years (note that the Proven and Probable Ore Reserves in the overall mine plan are sufficient for over 90 years of production and Additional Measured and Indicated mineral resources outside the mine plan are available to potentially extend the mine life to more than 150 years).
- Annual production at full capacity of 843,000 tons composed of 568,000 tons of SOP and 275,000 tons of SOPM. Full production is to be achieved approximately 18 months after plant start up. With production commencing Q4, 2015, production of 80% capacity will be reached Q4, 2016 and full capacity will be reached by Q2, 2017.
- The after-tax net present value is $1.286 billion, using an after tax discount rate of 10% and no debt ($1.815 billion, using an after-tax discount rate of 8% and no debt).
- The operating production cost is estimated to be $147 per ton of SOP and SOPM.
- The projected full capacity capital cost of the project is $706 million.

After filing the PFS on SEDAR, the Company immediately began work on its independent bankable Feasibility Study ("Feasibility Study"). On July 11, 2012, the Company announced that it had assembled the Feasibility Study team of consultants and industry experts, consisting of:

- SNC-Lavalin Inc., an international engineering and construction group with expertise in potash production and processing, providing all primary engineering services in respect of the process plant and design;
- Agapito Associates, a leading mining engineering consulting firm with expertise in mine development, including all aspects of underground mine design, ventilation, and mine shaft planning, providing ICP with all aspects of mine development engineering and related logistics;
- Feeco International, a leading designer and commissioner of processing plants, with expertise in mechanical, electrical, structural, and chemical engineering, providing ICP with kiln design and granulation services;
- Hazen Research, an internationally recognized firm of engineers, metallurgists and chemists, with strong experience in process development for the mining industry, providing ICP with confirmation testing of all processing of polyhalite into Sulphate of Potash;

- NOVOPRO Projects Inc., specializing in the project management and engineering of mining and mineral processing projects and acting as ICP's owner engineers;

- Swenson Technology, a global leader in the design and supply of chemical process equipment for chemical separation and crystallization, providing ICP with the design of the product crystallization equipment; and

- INTERA Incorporated, experienced in environmental permitting and water resource management related to water supply, quality, rights, transfers, and management, providing ICP with all required environmental and hydrology work.

The Company is on track to complete the Feasibility Study on schedule.

The Corporation has initiated the environmental permit process. The Corporation announced on September 20, 2011 the signing of a Memorandum of Understanding and Cost Reimbursement Agreement (the "MOU") with the Bureau of Land Management (BLM) for the purpose of commencing the formal portion of environmental approvals for the Corporation's new SOP operation. As part of reviewing the Corporation's Mine Plan of Operations ("MPO"), the BLM requires that an Environmental Impact Statement (EIS) be prepared. The EIS will be consistent with the requirements of the National Environmental Policy Act ("NEPA") and the Council on Environmental Quality ("CEQ"). The MOU defines the respective responsibilities, conditions, and procedures to be followed by the Corporation and the BLM during the preparation of the EIS. The EIS will assess the environmental socioeconomic impacts of the proposed mine facilities described in the MPO. The BLM will use the EIS to make a decision regarding the awarding of permits to construct and run the operations.

The Corporation announced on October 25, 2011 the filing of its MPO with the BLM. The MPO provides an in-depth description of the land usage, water sources, tailings ponds, construction, mining, processing, and reclamation operations for the Ochoa project. The MPO serves as the primary document for mine permitting and will provide the basis for the EIS. The BLM, as the lead federal agency overseeing the permitting of the Ochoa project and the review and processing of the Corporation's MPO, is required to comply with the NEPA before the MPO can be approved and construction authorized. The lead independent consultant responsible for the preparation of the EIS has been selected by the BLM and that consultant started working on the EIS in late 2011. Other environmental work is underway. The Company is on schedule to complete the EIS process in accordance with the MOU signed with the BLM.

Permitting activities completed for mine development in Q3 2012 included the following work:

- Submission of federal permitting applications for new exploration bore holes.
- Development of a draft environmental assessment for a geotechnical sampling program that will be completed to support the engineering design of proposed surface facilities.
- Development of portions of a preliminary draft EIS by the BLM contractor.

Planned Q4 2012 permitting activities include the following:

- Delivery of a completed draft preliminary EIS to the BLM for agency review
- Preliminary agency meetings in advance of a groundwater discharge permit application for the plant and load-out facilities
- Preparation and submission of permit applications for geotechnical boreholes

The Corporation has commenced a program to establish the characteristics of the groundwater supply for the Ochoa Project. Using conventional drilling techniques, ICP intends to use a brackish and non-potable water supply from two wells, which the Company has drilled to approximately 5,400 feet deep. The target water-producing zone is the Permian-age Capitan Reef ("Captain Reef"), a confined aquifer that is recognized by the New Mexico Office of the State Engineer and U.S. Geological Survey as a significant brackish water resource with a history of industrial use. The Capitan Reef is hydraulically separated from shallow, fresh-water aquifers in the vicinity of the Ochoa Project. By supplying the Ochoa Project with deep and salty water that is not in use for domestic, municipal, agricultural, or other uses, ICP will secure water resources without competing with the surrounding communities' needs for water.

The New Mexico Office of the State Engineer and the New Mexico State Land Office granted ICP permits to drill two water wells. Both wells were constructed to production capacity. Drilling on the first well was completed in February 2012 and drilling on the second well was completed in June 2012. Following well construction, ICP performed pumping tests to characterize the hydraulic properties of the aquifer and to demonstrate to the New Mexico Office of the State Engineer and to the BLM that the hydraulic properties of the water being drawn from the Capitan Reef satisfy regulatory requirements.

On September 11, 2012, the Company announced the completion of an aquifer test using the two water wells drilled by the Company earlier in the year. The test successfully demonstrated the desired pumping capacity of these two wells and provided data used to develop and calibrate a numeric groundwater flow model. The groundwater model is being used by the BLM and New Mexico Office of the State Engineer to simulate potential impacts from proposed pumping on water resources for final permitting purposes.

The Company has started a Phase 3 drill program of between 10 and 27 core holes for the purposes of infill drilling to further define the resource, providing bulk samples for process testing, establishing measured or indicated reserves so that additional BLM Permits can be converted to PRLs, and providing geotechnical information along the planned slope and shaft for mine development planning. The drilling began in Q3 2012 and is expected to continue until the first half of fiscal 2013.

All scientific and technical disclosure has been prepared under the supervision of Terre Lane, an employee of ICP, who is a Qualified Person within the meaning of National Instrument 43-101.

Summary of Quarterly Results

Selected quarterly financial information of the Corporation for the quarters ended September 30, 2012 is as follows:

Table of Results for the Quarters to September 30, 2012

	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011
Total assets	$ 76,317,441	$ 77,602,686	$ 41,091,260	$ 42,573,188
Exploration and evaluation assets	$ 29,369,391	$ 23,711,298	$ 19,467,738	$ 15,702,568
Working capital	$ 42,617,587	$ 50,710,526	$ 19,091,121	$ 24,628,317
Shareholders' equity	$ 72,399,345	$ 74,705,526	$ 39,124,597	$ 40,686,758
Interest income	$ 81,707	$ 95,742	$ 22,782	$ 64,391
Net loss	$ (2,306,182)	$ (3,323,468)	$ (1,887,529)	$ (1,961,741)
Basic loss per share	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)
Fully diluted loss per share	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)

Table of Results for the Quarters to September 30, 2011

Selected quarterly financial information of the Corporation for the quarters ended September 30, 2011 is as follows:

		Sep 30 2011		Jun 30 2011		Mar 31 2011		Dec 31 2010
Total assets	$	42,582,677	$	42,879,742	$	44,881,253	$	20,065,863
Exploration and evaluation assets	$	12,644,935	$	10,573,060	$	8,077,952	$	5,518,005
Working capital	$	28,326,418	$	30,741,672	$	34,421,140	$	13,237,115
Shareholders' equity	$	41,610,086	$	41,935,410	$	42,997,614	$	19,206,529
Interest income	$	76,982	$	76,698	$	19,446	$	8,649
Net loss	$	(1,076,364)	$	(1,490,858)	$	(3,264,369)	$	(1,772,987)
Basic loss per share	$	(0.01)	$	(0.01)	$	(0.03)	$	(0.02)
Fully diluted loss per share	$	(0.01)	$	(0.01)	$	(0.03)	$	(0.02)

Results of Operations for the Quarter ended September 30, 2012

The Corporation did not generate operating revenue during the quarter ended September 30, 2012, as all of the operating activities of the Corporation were directed towards acquisition and exploration. Exploration activity was carried out on the Ochoa Project during the quarter.

Ochoa property

Total costs incurred on the project during the quarter amounted to $5,658,093 of which $528,069 was for acquisition costs and $5,130,024 was for exploration costs. Included in exploration costs was $1,442,735 for work related to a feasibility study. At September 30, 2012, the Corporation had expended $29,369,391 in respect of the Ochoa Project.

Office and Administration Expenses

Depreciation during the quarter amounted to $21,531 (2011 - $7,373). This relates to depreciation in respect of furniture and fixtures, computer equipment, exploration equipment, and vehicles. More furniture and computer equipment was purchased in the quarter. Consulting fees in the quarter were $148,134 (2011 – $65,049); this was mostly in respect of financial consulting, accounting process consulting, and human resources consulting. Investor Relations cost in the quarter was $113,319 (2011 – 153,318). Regulatory fees including transfer agent and filing fees and TSX fees were $21,139 (2011 - $207,915). Business development and market development spending for potash related products was $166,865 (2011 - $116,530). Business development costs included activities related to the search for joint venture partners and product distributors as well as political contributions and public/community relations.

Administration and related costs amounted to $184,789 (2011 – $122,860) for the quarter. This included meeting costs, director fees, telephone, postage and courier, dues and subscriptions, stationery, repairs and maintenance, office security, utilities and related costs. This amount increased due to the increased size and operations of the Corporation. Share-based compensation for the quarter was $nil (2011 - $426,040) because there were no stock options granted in the quarter. Travel and related costs for the quarter amounted to $142,010 (2011 – $19,801) and were composed of such costs not specifically related to exploration projects, business development, or investor relations. Professional fees of $240,015 (2011 – $120,052) for the quarter were incurred mostly in respect of auditing costs, other accounting costs, and legal costs. $11,828 (2011- $17,570) was paid for rent and storage. Wages and benefits for the quarter amounted to $708,159 (2011 – $282,424). This amount included the salaries, bonuses, and employment related costs of the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Controllers, Executive Vice President, Senior Vice Presidents, and management and administrative staff in Canada and in USA in IC Potash and ICP and their subsidiaries. Several new employees were hired since Q3 of 2011. $272,403 (2011 - $181,326) of wages were capitalized to the Ochoa Project in the quarter. This capitalized wages increased because more employees have been hired to work on the project. Interest income for the quarter was $81,707 (2011 - $76,982) earned from cash invested in Term Deposits.

Financings

On March 1, 2012, the Corporation issued 30,000 shares at $0.40 pursuant to the exercise of stock options for gross proceeds of $12,000.

On April 12, 2012, the Corporation issued 30,129,870 common shares at a price of $1.32 per common share to a wholly owned subsidiary of Yara International ASA for aggregate gross proceeds of $39,771,428. The financing costs associated with this share issuance were $2,721,976.

Liquidity and Capital Resources at September 30, 2012

At September 30, 2012, the Corporation's working capital was $42,617,587 (2011 - $28,306,018). The main sources of cash in the quarter included cash from interest earned on term deposits as well as the financing completed in April 2012 as described above and previous equity financings.

At the date of this MD&A, the management of the Corporation believes that it has sufficient funds to complete its planned project expenditures as well as carry out its day-to-day operations for the next 12 months. As at September 30, 2012, the Corporation had a cash and equivalents balance of $46,347,887 (2011 - $29,087,738) to settle current liabilities of $3,874,877 (2011 - $972,591). The Corporation's ability to remain liquid over the long term depends on its ability to obtain additional financing. At this time, the Corporation has enough cash to pay all of its current liabilities. There can be no assurance that the Corporation will be able to obtain sufficient capital in the case of operating cash deficits. The Corporation has no long term debt. The Corporation has recognized a liability of $43,219 for future water well reclamation obligations (long-term liability) and will incur rental expense of US$80,671 and CAD$12,570 from October 2012 to December 2013.

The Corporation has sufficient working capital to advance the project through the feasibility study and permitting process.

Transactions with Related Parties

During the three month period ended September 30, 2012, the Company entered into the following transactions with related parties:

a) Paid or accrued short-term employee benefits of $347,717 (2011 - $155,000), of which $102,500 (2011 - $62,500) was paid to Sidney Himmel, $47,500 (2011 - $42,500) was paid to Kevin Strong, $74,610 (2011 - $50,000) was paid to Randy Foote, $74,610 (2011 – $nil) was paid to Terre Lane, and $48,497 was paid to Tom Cope. Terre Lane and Tom Cope were not related parties in fiscal 2011.
b) Paid or accrued directors' fees, included in administrative costs, of $62,500 (2011 - $62,917), of which $nil (2011 - $7,500) was paid to Sidney Himmel, $12,500 (2011 - $7,500) was paid to George Poling, $12,500 (2011 - $7,500) was paid to Pierre Pettigrew, $12,500 (2011 - $7,500) was paid to Anthony Grey, $12,500 (2011 - $7,500) was paid to Ernest Angelo, $12,500 (2011 - $7,500) was paid to Knute Lee, $nil (2011 – $7,500) was paid to Randy Foote, and $nil (2011 - $10,417) was paid to Duane Parnham.
c) Paid share-based compensation in the form of the grant of stock options valued at $nil (2011 – $426,040).

Included in accounts payable as at September 30, 2012 is $48,648 (December 31, 2011 - $24,442) due to directors and corporations controlled by directors.
Key management personnel compensation (including senior officers and directors of the Company):

	Three months ended	
	September 30, 2012	September 30, 2011
Short-term employee benefits	$347,717	$155,000
Directors' fees	62,500	62,917
Share-based compensation	-	426,040
Total remuneration	$410,217	$643,957

During the nine month period ended September 30, 2012, the Company entered into the following transactions with related parties:

a) Paid or accrued short-term employee benefits of $1,214,271 (2011 - $552,000), of which $455,397 (2011 - $312,500) was paid to Sidney Himmel, $142,500 (2011 - $139,500) was paid to Kevin Strong, $262,603 (2011 - $100,000) was paid to Randy Foote, $213,543 was paid to Terre Lane, and $140,229 was paid to Tom Cope. Terre Lane and Tom Cope were not related parties in fiscal 2011.
b) Paid or accrued directors' fees, included in administrative costs, of $262,500 (2011 - $158,334), of which $16,667 (2011 - $22,500) was paid to Sidney Himmel, $37,500 (2011 - $22,500) was paid to George Poling, $37,500 (2011 - $22,500) was paid to Pierre Pettigrew, $37,500 (2011 - $22,500) was paid to Anthony Grey, $37,500 (2011 - $22,500) was paid to Ernest Angelo, $37,500 (2011 - $22,500) was paid to Knute Lee, and $16,667 (2011 – $12,917) was paid to Randy Foote. Two former directors were paid a combined total of $41,666 (2011 - $10,417) during the nine month period ended September 30, 2012.
c) Paid share-based compensation in the form of the grant of stock options valued at $1,956,516 (2011 – $997,040) of which $692,243 (2011 – $569,817) was paid to Sidney Himmel, $138,449 (2011 - $nil) was paid to George Poling, $138,449 (2011 - $nil) was paid to Pierre Pettigrew, $138,449 (2011 - $nil) was paid to Anthony Grey, $138,449 (2011 - $nil) was paid to Ernest Angelo, $138,449 (2011 - $nil) was paid to Knute Lee, $138,449 (2011 – $223,764) was paid to Randy Foote, $138,449 (2011 – $nil) was paid to Duane Parnham, $138,449 (2011 – $nil) was paid to Mark Frewin, $78,342 (2011 - $nil) was paid to Kevin Strong, and $78,342 (2011 - $nil) was paid to Terre Lane.

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

	Nine months ended	
	September 30, 2012	September 30, 2011
Short-term employee benefits	$1,214,271	$552,000
Directors' fees	262,500	158,334
Share-based compensation	1,956,516	997,040
Total remuneration	$3,433,287	$1,707,374

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 and equivalents, receivables, deposits, and accounts payable and accrued liabilities.

Cash and equivalents and deposits are measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables and payables and accrued liabilities approximate fair value because of the short-term nature of these instruments.

Other

Outstanding Share data as at October 31, 2012:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No Par Value	Unlimited	151,406,384

Number of shares held in escrow is 1,559,999 (December 31, 2011 – 2,262,186).

(b) Summary of Options outstanding:

Number of Options	Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
150,000	1.16	1.16	August 28, 2013
2,940,000	0.40	1.96	June 14, 2014
250,000	1.00	1.99	June 28, 2014
250,000	0.58	2.75	March 31, 2015
650,000	0.45	2.81	April 22, 2015
1,102,245	0.40	3.10	August 4, 2015
272,255	0.40	3.22	September 19, 2015
950,000	0.50	3.22	September 19, 2015
450,000	0.58	3.36	November 8, 2015
100,000	0.80	3.40	November 22, 2015
500,000	1.42	3.54	January 13, 2016
1,000,000	1.40	3.72	March 17, 2016
335,000	1.06	3.86	May 9, 2016
500,000	1.13	4.04	July 14, 2016
1,263,750	1.07	4.30	October 17, 2016
400,000	1.03	4.65	February 23, 2017
2,600,000	0.90	4.82	April 26, 2017
13,713,250			

(c) Summary of Warrants outstanding:

Number of Warrants	Exercise Price	Expiry Date
16,996,701	$ 0.65	September 15, 2013

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.

Please see note 2 of the financial statements for further details.

New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2012 and have not been applied in preparing these Financial Statements. None of these are expected to have a material effect on the Financial Statements of the Company.

Joint ventures
The IASB issued IFRS 11 – Joint Arrangements on May 12, 2011. IFRS 11 eliminates the Company's choice to proportionately consolidate jointly controlled entities and requires such entities to be accounted for using the equity method and proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The Company is currently evaluating the impact IFRS 11 is expected to have on its Consolidated Financial Statements.

Consolidation
The IASB issued IFRS 10 - Consolidated Financial Statements in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and replaces current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. IFRS 10 has an effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its Financial Statements.

Financial instruments
IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning April 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

Fair-value measurement
IFRS 13 - Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning April 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

Risks and Uncertainties

Credit risk
The Company's credit risk is primarily attributable to cash and equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash and equivalents consists of chequing accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada and up to $100,000 in the United States. Financial instruments included in receivables consist of amounts due from government agencies, and receivables from related and unrelated companies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for receivables by standard credit checks.

Liquidity risk
The Company’s ability to remain liquid over the long term depends on its ability to obtain additional financing through the issuance of additional securities, the entering into credit facilities or the entering into joint ventures, partnerships or other similar arrangements. As at September 30, 2012, the Company had a cash and equivalents balance of $46,347,887 to settle current liabilities of $3,874,877.

Interest rate risk
The Company has cash and equivalents balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade 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 investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates. A 1% change in the interest rate would have had a $64,000 impact on interest income.

Foreign currency risk
The Company's functional currency is the Canadian dollar, however there are transactions in US 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 1% change in the foreign exchange rate would have had a $241,000 impact on foreign exchange gain or loss for the quarter.

Price risk
The Company is exposed to price risk with respect to commodity prices, specifically potash and other fertilizer products. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future mining operations will be significantly affected by changes in the market prices for potash and other fertilizer products. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, economic growth in developed and developing countries, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities, and stability of exchange rates can all cause significant fluctuations in commodity prices.

Other risks
Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The exploration and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not be successful in overcoming. Few exploration and evaluation assets which are explored ultimately develop into producing mines. There has been no commercial production of minerals on properties held by the Corporation to date and there is a high degree of risk that commercial production of minerals will not be achieved. There is no certainty that the expenditures made towards the search and evaluation of mineral resources will result in discoveries of commercial quantities of any minerals. The Corporation has a limited history of operations and no material earnings to date and there can be no assurance that the business of the Corporation will be successful or profitable. No dividends have been paid to date.

There are many risks associated with the Ochoa Project that were identified in the Technical Report, including: (i) process plant may be more expensive than anticipated as this would be the first large scale plant to convert polyhalite into SOP and SOPM; (ii) product quality must be consistent over long periods of time; (iii) capital costs may increase due to heavy demand in mining equipment; (iv) major suppliers may undercut prices to prevent additional competition; (v) the SOP and SOPM markets may be more difficult to develop than anticipated; (vi) permitting, bonding, and permit requirements may increase the capital requirements, and increase the time necessary to develop the project or make it impractical or impossible to operate; and (vii) water for mining and processing may become more difficult or expensive to obtain.

Additional studies are recommended to determine the optimal methods by which polyhalite may be converted to SOP and SOPM. There can be no assurances that such optimal conversion methods will be identified. The Corporation is considering several business models with different mining methods, metallurgical processing methods, and logistics methods. Changes to disclosed or planned mining methods, metallurgical processing methods, or logistics and transportation methods could affect projected capital and operating costs.

The area is an active production area for oil and gas companies and there are numerous active and plugged oil and gas wells within the mine plan. These hydrocarbon operations need to be considered as mining is planned and as mining proceeds. If commercially reasonable co-production strategies and agreements cannot be finalized with any individual oil & gas producer, the Company may be required to mine at a reduced extraction rate or to mine in a different area of the mine.

Locating commercially valuable mineral deposits and developing a mine depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time. There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.

The operations of the Corporation are subject to all of the risks normally associated with the operation and development of exploration and evaluation assets and the development of a mine, including encountering unexpected formations or pressures, caving, flooding, fires and other hazards, all of which could result in personal injuries, loss of life and damage to property of the Corporation and others. In accordance with customary industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Interference in the maintenance or provision of adequate infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

The operations of the Corporation's properties will be subject to various laws and regulations relating to the environment, prospecting, development, production, waste disposal and other matters. Amendments to current laws and regulations governing activities related to the Corporation's exploration and evaluation assets may have material adverse impact on operations. The Corporation has paid all site reclamation costs or posted site reclamation bonds with the appropriate government agencies. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Corporation. There can be no assurance that the Corporation will not incur substantial financial obligations in connection with environmental compliance. There is no assurance that the necessary environmental and operating permits will be obtained. Failure to comply with applicable environmental and other laws, regulations and permitting requirements may result in enforcement actions.

The Corporation will need additional funding to complete its short and long term objectives. The ability of the Corporation to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Corporation. Current global financial conditions have been subject to increased volatility as a result of which access to public financing has been negatively impacted. There can be no assurances that the Corporation will be successful in its efforts to raise additional financing on terms satisfactory to the Corporation. The market price of the Corporation's shares at any given point in time may not accurately reflect the long-term value. If adequate funds are not available or not available on acceptable terms, the Corporation may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

To the extent of the holdings of IC Potash through its subsidiaries (including ICP), the Corporation will be dependent on the cash flows of these subsidiaries to meet its obligations, which cash flows may be constrained by applicable taxation and other restrictions.

The Corporation is dependent upon the services of key executives, including the Chief Executive Officer.

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Other risks can be found in the Corporation's Annual Information Form dated February 23, 2012 and Short Form Prospectus dated March 11, 2011, which are available at www.sedar.com.

<u>Management's Report on Internal Controls</u>

Disclosure controls and procedures ("DC&P") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of DC&P. There have been no changes in the Company's DC&P during the nine months ended September 30, 2012.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with applicable IFRS. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud. Also, projections of any evaluation of effectiveness in 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. There have been no changes in the Company's internal control over financial reporting during the three month period ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Corporation's controls are based on the COSO framework. The Corporation's Chief Executive Officer and the Chief Financial Officer have evaluated the design and effectiveness of the Corporation's DC&P and ICFR as of September 30, 2012 and have concluded that, for the nature and size of the Corporation's business, these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation, including its subsidiaries, is made known to them by others within the Corporation. The Corporation's Chief Executive Officer and Chief Financial Officer have also evaluated the design and effectiveness of the Corporation's ICFR as of September 30, 2012 and concluded that, for the nature and size of the Corporation's business, these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

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.

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 period. Actual results could differ from those estimates.

Other Information

The Corporation's web site address is www.icpotash.com. Other information relating to the Corporation may be found on SEDAR at www.sedar.com.