

**IC POTASH CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**MARCH 31, 2017**

**(Unaudited – expressed in US dollars)**

**IC POTASH CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in US Dollars)

	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 906,973	\$ 3,114,540
Investment (note 4)	37,566	-
Receivables	22,453	14,386
Prepaid expenses	72,064	104,631
	1,039,056	3,233,557
<b>Property, plant and equipment</b> (note 5)	1,598	19,775,768
<b>Deposits</b>	-	76,170
<b>Investment in associate</b> (note 3)	1	-
	\$ 1,040,655	\$ 23,085,495
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 6,13)	\$ 85,268	\$ 854,662
Decommissioning liabilities (note 8)	-	700,000
Employment liability (note 7)	428,249	521,338
Warrant liability (note 11)	403,535	569,152
	917,052	2,645,152
<b>Non-current</b>		
Convertible preferred shares - Series A (note 9)	-	12,693,478
Convertible preferred shares - Series B (note 9)	-	5,172,951
Decommissioning liabilities (note 8)	-	54,077
Secured notes (note 10)	-	2,530,821
	917,052	23,096,479
<b>Shareholders' equity (deficiency)</b>		
Share capital (note 9)	95,909,932	95,442,483
Reserves (note 9)	9,681,353	9,434,365
Currency translation adjustment reserve	(1,610,057)	(9,273,273)
Deficit	(103,857,625)	(95,614,559)
	123,603	(10,984)
	\$ 1,040,655	\$ 23,085,495

**Nature of operations and going concern** (note 1)**Deconsolidation** (note 3)**Commitments** (note 15)**Subsequent event** (note 20)**On behalf of the Board:**“Mehdi Azodi”

Director

“John Stubbs”

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**IC POTASH CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited - Expressed in US Dollars)

	Three Month Period Ended March 31, 2017	Three Month Period Ended March 31, 2016
<b>EXPENSES</b>		
Administration (note 13)	\$ 59,785	\$ 28,323
Business and market development	215,870	4,943
Consulting fees (note 13)	102,146	103,100
Depreciation	4,739	8,217
Fundraising activities	143,746	145,151
Foreign exchange loss	(7,710)	51,694
Investor relations	97,457	7,254
Professional fees	38,615	34,876
Regulatory fees	33,989	27,898
Rent and storage	9,191	14,392
Royalties and property leases	-	239,089
Share-based compensation (note 11,13)	246,988	-
Travel	60,249	12,868
Wages and benefits (note 13)	245,663	363,989
<b>Operating loss</b>	<b>(1,250,728)</b>	<b>(1,041,794)</b>
Interest income	1,063	18
Derivative loss (note 11)	214,193	(2,850)
Finance costs (note 12)	(661,313)	(520,294)
Gain on deconsolidation of ICP(USA) (note 3)	1,116,935	-
Deconsolidation adjustment (note 3)	(7,663,216)	-
Loss on asset disposal	-	(226)
<b>Loss for the period</b>	<b>(8,243,066)</b>	<b>(1,565,146)</b>
<b>Other Comprehensive Income</b>		
Deconsolidation adjustment (note 3)	7,663,216	-
<b>Comprehensive loss for the period</b>	<b>\$ (579,850)</b>	<b>\$ (1,565,146)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.038)</b>	<b>\$ (0.009)</b>
<b>Weighted average number of common shares outstanding basic and diluted</b>	<b>215,161,323</b>	<b>172,874,654</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**IC POTASH CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in US Dollars)

	Three Month Period Ended March 31, 2017	Three Month Period Ended March 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (8,243,066)	\$ (1,565,146)
Items not affecting cash:		
Accretion	4,653	2,328
Depreciation	4,739	8,217
Derivative (gain) loss	(214,193)	2,850
Loss on asset disposal	-	226
Interest expense on convertible preferred shares	564,935	480,117
Interest expense on secured notes	91,725	37,849
Share-based compensation	246,988	-
Gain on deconsolidation of ICP(USA)	(1,116,935)	-
Deconsolidation adjustment	7,663,216	-
Unrealized foreign exchange loss	5,180	(27,795)
Changes in non-cash working capital items:		
Increase in receivables	(14,779)	(731)
Decrease in prepaid expenses	32,567	30,228
Increase in accounts payable and accrued liabilities	264,497	12,458
Decrease in employment liability	(98,269)	(52,713)
Net cash used in operating activities	<u>(808,742)</u>	<u>(1,072,112)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment expenditures	(1,045,212)	(382,889)
Investments	(37,566)	-
Cash removed on deconsolidation	(832,072)	-
Net cash used in investing activities	<u>(1,914,850)</u>	<u>(382,889)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	517,469	-
Proceeds from warrants exercise	12,165	-
Common shares issuance costs	(13,609)	-
Proceeds from issuance of secured notes	-	2,500,000
Secured notes issuance costs	-	(336,007)
Net cash provided by financing activities	<u>516,025</u>	<u>2,163,993</u>
<b>Change in cash for the period</b>	(2,207,567)	708,992
<b>Effect of foreign exchange rate changes on cash</b>	-	27,795
<b>Cash, beginning of period</b>	<u>3,114,540</u>	<u>741,338</u>
<b>Cash, end of period</b>	\$ 906,973	\$ 1,478,125

**Supplemental disclosure with respect to cash flows (note 14)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**IC POTASH CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(DEFICIENCY)**

(Unaudited - Expressed in US Dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balances as at December 31, 2015	172,874,654	\$94,044,519	\$9,099,058	\$ (9,273,273)	\$ (49,204,702)	\$44,665,602
Loss and comprehensive loss	-	-	-	-	(1,565,146)	(1,565,146)
Balances as at March 31, 2016	172,874,654	94,044,519	9,099,058	(9,273,273)	(50,769,848)	43,100,456
Balance as at December 31, 2016	212,823,545	\$95,442,483	\$9,434,365	\$ (9,273,273)	\$ (95,614,559)	\$ (10,984)
Units issued for cash	6,573,333	517,469	-	-	-	517,469
Warrant exercised	200,000	18,507	-	-	-	18,507
Warrant liability	-	(54,918)	-	-	-	(54,918)
Share issuance costs	-	(13,609)	-	-	-	(13,609)
Share-based compensation	-	-	246,988	-	-	246,988
Loss and comprehensive loss	-	-	-	7,663,216	(8,243,066)	(579,850)
Balances as at March 31, 2017	219,596,878	\$95,909,932	\$9,681,353	\$ (1,610,057)	\$(103,857,625)	\$ 123,603

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

IC Potash Corp. (“IC Potash” or the “Company”) was incorporated under the Canada Business Corporations Act on November 8, 2002. The Company’s registered office is 82 Richmond Street East, Toronto, ON M5C 1P1. The Condensed Consolidated Interim Financial Statements (“Interim Financial Statements”) are comprised of the Company and its subsidiaries. To date, the Company has not earned operating revenue.

The Company’s continuation as a going concern is dependent on cash flow from its investments, and 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 Company will be successful. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These Interim Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than in the normal course of business and at amounts different from those reflected in these Interim Financial Statements.

The Company is currently exploring alternatives to obtain financing. Such alternatives may involve debt, equity or alternative financing structures and may occur at the public company or subsidiary level.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Statement of compliance:**

These Interim Financial Statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Interim Financial Statements were authorized by the audit committee and board of directors of the Company on May 3, 2017.

**b) Basis of presentation:**

These Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Interim Financial Statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These Interim Financial Statements do not include all of the information required for annual financial statements.

The significant accounting policies for the interim period are consistent with those disclosed in the audited annual financial statements for the year-ended December 31, 2016. These Interim Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year-ended December 31, 2016.

**c) Financial Instruments**

Investments in common shares of public companies are treated as Held For Trading (“HFT”) and valued at Fair Value Through Profit and Loss (“FVTPL”) and measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****c) Financial Instruments (cont'd...)**

Common shares of private companies are treated as Available For Sale (“AFS”). The Company has investments in unlisted shares that are not traded in an active market, do not have regular operating cash flows, and whose fair value cannot be reliably measured and derivatives that are linked to such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period with losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss.

**d) 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 model. 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.

**e) Basis of consolidation:**

The Interim Financial Statements of the Company include the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership
Intercontinental Potash Corp.	Canada	100%
Trigon Exploration Utah Inc.	USA	100%
ICP Organics Corp.	Canada	100%

The Company consolidates the subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies. The Company deconsolidated the operations of ICP(USA) in quarter 1 of 2017 (note 3).

All intercompany transactions and balances are eliminated on consolidation.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****e) Significant accounting estimates and judgments:**

The preparation of these Interim Financial Statements require management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

**3. 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 assets and liabilities that are deconsolidated on loss of control of ICP(USA), based on March 16, 2017 balances, are:

Current assets	\$	838,784
Non-current assets		20,890,813
Current liabilities		(1,733,891)
Non-current liabilities		(21,112,640)
Net liabilities of former subsidiary		(1,116,934)
Investment in associate		1
Gain on deconsolidation	\$	1,116,935

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 has reclassified \$7,663,216 (Dec 31, 2016 - \$nil) from accumulated other comprehensive income and recorded a loss through profit or loss.

As at March 31, 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	\$ 539,339
Non-current assets	21,660,140
Current liabilities	(1,392,325)
Non-current liabilities	(21,184,352)
Net loss for period after deconsolidation	(216,361)
The Company's ownership percentage	93.4%
The Company's share of loss for the period	\$ Nil

As at March 31, 2017, the Company's investment in ICP(USA) was \$1, The Company's unrecognized share of the loss was \$202,081. 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 has significant influence, but not control and therefore equity accounting is appropriate. The Company's effective ownership of ICP(USA) is 64.5% due to convertible preferred shares issued by ICP(USA) (note 9).



**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**4. INVESTMENTS**

The Company has made an investment in a private company and has purchased share subscriptions of a Canadian publicly traded company that will include common shares and other equity instruments listed on Toronto Stock Exchange – Venture (TSX-V), for a total of \$37,566 (CAD\$50,000).

**5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following:

Cost	Development Project - Ochoa Property	Furniture and fixtures	Computer equipment	Other equipment	Vehicles	Total
As at December 31, 2015	\$ 56,122,518	\$ 6,841	\$ 110,871	\$ 32,190	\$ 103,394	\$ 56,375,814
Additions	4,036,729	-	1,954	-	-	4,038,683
Disposals	-	-	(7,381)	-	-	(7,381)
<b>As at December 31, 2016</b>	<b>60,159,247</b>	<b>6,841</b>	<b>105,444</b>	<b>32,190</b>	<b>103,394</b>	<b>60,407,116</b>
Additions	1,038,906	-	6,306	-	-	1,045,212
Deconsolidation (note 3)	(61,198,153)	(6,841)	(108,033)	(32,190)	(103,394)	(61,448,611)
<b>As at March 31, 2017</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,717</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,717</b>
<b>Depreciation and impairment</b>						
As at December 31, 2015	\$ -	\$ 2,808	\$ 72,621	\$ 22,169	\$ 81,151	\$ 178,749
Additions	-	1,585	19,770	2,833	9,133	33,321
Disposals	-	-	(6,969)	-	-	(6,969)
Impairment	40,426,247	-	-	-	-	40,426,247
<b>As at December 31, 2016</b>	<b>40,426,247</b>	<b>4,393</b>	<b>85,422</b>	<b>25,002</b>	<b>90,284</b>	<b>40,631,348</b>
Additions	-	264	2,670	473	1,332	4,739
Deconsolidation (note 3)	(40,426,247)	(4,657)	(85,973)	(25,475)	(91,616)	(40,633,968)
<b>As at March 31, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,119</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,119</b>
<b>Net book value:</b>						
As at December 31, 2016	\$ 19,733,000	\$ 2,448	\$ 20,022	\$ 7,188	\$ 13,110	\$ 19,775,768
<b>As at March 31, 2017</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,598</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,598</b>

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2017	December 31, 2016
Trade payables	\$ 66,728	\$ 395,366
Accrued liabilities	8,171	442,650
Other	10,369	16,646
Total	\$ 85,268	\$ 854,662

**7. EMPLOYMENT LIABILITY**

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 (\$2,100,000 CAD) was expensed during the year ended December 31, 2015 (note 13). As at March 31, 2017, the balance of employment liability is \$428,249 (2016 - \$886,593) (\$570,000 CAD; 2016 - \$1,150,000 CAD).

**8. DECOMMISSIONING LIABILITIES**

	March 31, 2017	December 31, 2016
<b>Current reclamation liability</b>		
Balance beginning of year	\$ 700,000	\$ -
Change in estimate	-	700,000
Deconsolidation (note 3)	(700,000)	-
Balance for current liability	-	700,000
<b>Long-term reclamation obligation</b>		
Balance beginning of year	54,077	186,207
Change in estimate	-	(134,705)
Accretion expense	4,653	2,575
Deconsolidation (note 3)	(58,730)	-
Balance for long-term liability	-	54,077
Balance end of the period for decommissioning liability	\$ -	\$ 754,077

**9. SHARE CAPITAL AND RESERVES****Common shares**

Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

Refer to the Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency) for a summary of changes in share capital and reserves for the period ended March 31, 2017. Reserves relate to stock options and warrants that have been issued by the Company (note 11).

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**9. SHARE CAPITAL AND RESERVES (cont'd...)**

During the period ended March 31, 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 (note 11).
- 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 whole 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.

During the period ended March 31, 2016 the Company did not issue any common shares.

**Convertible preferred shares**

Authorized: ICP(USA) is authorized to issue:

- 500,000 Series A Preferred Shares for \$10,000,000
- 250,000 Series B Preferred Shares for \$5,000,000
- 1,750,000 Series C Preferred Shares for \$35,000,000

In 2016, ICP(USA) issued 250,000 convertible Series B Preferred Shares for gross proceed of \$5,000,000 to Cartesian Capital Group, LLC ("Cartesian"). Under the terms of the Securities Purchase Agreement signed on February 29, 2016, Cartesian is entitled to appoint two members (non majority) to the board of directors of ICP(USA). 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).

On November 25, 2014, ICP(USA) issued 500,000 convertible Series A Preferred Shares at a purchase price of \$10,000,000 to 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.

Since the Preferred Shares contain a contractual obligation whereby ICP(USA) can be required to repay the Preferred Share proceeds, they are considered a financial liability. In addition, the conversion features are considered embedded derivatives.

The Series A Preferred Shares are accounted for using the effective interest rate method. The effective interest rate of the Series A Preferred Share debt is 19% (2016 - 19%).

The Series B Preferred Shares are accounted for using the effective interest rate method. The effective interest rate of the Series B Preferred Share debt is 12% (2016 - 12%).

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**9. SHARE CAPITAL AND RESERVES (cont'd...)****Convertible preferred shares (cont'd...)**

Upon initial recognition, the fair value of the embedded derivatives were determined to be immaterial using the Black-Scholes pricing model. The embedded derivatives are revalued at each reporting period. Due to the deconsolidation of ICP(USA) (note 3) the Company no longer has embedded derivatives associated with preferred shares. At December 31, 2016, the embedded derivatives were determined to be immaterial using the following Black-Scholes pricing model weighted average assumptions:

	December 31, 2016
Share price	\$0.06
Exercise price	\$0.33
Risk-free interest rate	0.85%
Expected life	1.16 years
Expected volatility	105.48%

The embedded derivatives were a level three financial liability.

	Series A	Series B	Total
Balance as at December 31, 2015	\$ 10,718,590	\$ 5,000,000	\$ 15,718,590
Amortization of issuance costs	321,795	-	321,795
Accrued dividends payable	1,653,093	172,951	1,826,044
Balance as at December 31, 2016	12,693,478	5,172,951	17,866,429
Amortization of issuance costs	51,774	-	51,774
Accrued dividends payable	389,873	123,288	513,161
Deconsolidation (note 3)	( 13,135,125)	( 5,296,239)	( 18,431,364)
Balance as at March 31, 2017	\$ -	\$ -	\$ -

**10. SECURED NOTES**

Pursuant to the terms of the Securities Purchase Agreement signed on February 29, 2016 (the "SPA") between ICP(USA), Cartesian, and 2 entities controlled by Cartesian, Cartesian agreed to make an aggregate investment of up to \$45 million in ICP(USA). In 2016, Cartesian financed \$5 million in new convertible Series B Preferred Shares of ICP(USA) (note 9) and \$2.5 million in senior Secured Notes issued by ICP(USA). The SPA expired during 2016.

Under the terms of the SPA, ICP(USA) completed a draw of \$2.5 million in 2016 through the issuance of Secured Notes. The Secured Notes bear interest at 11% per annum and have an effective interest rate of 19%.

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).

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**10. SECURED NOTES (cont'd...)**

The outstanding principal balance of the Secured Notes, together with any accrued and unpaid interest and all other unpaid obligations, is due on February 28, 2018. All or any part of the outstanding balance of the Secured Notes may be prepaid at any time without penalty with prior written notice. Upon the occurrence of certain standard events of “default”, all amounts then remaining unpaid on the Secured Notes may be declared to be immediately due and payable.

Balance as at December 31, 2015	\$	-
Secured notes		2,500,000
Issuance costs		(342,786)
Amortization of issuance costs		143,689
Accrued interest		229,918
Balance as at December 31, 2016		2,530,821
Amortization of issuance costs		35,218
Accrued interest		56,507
Deconsolidation (note 3)		(2,622,546)
Balance as at March 31, 2017	\$	-

**11. STOCK OPTIONS AND WARRANTS****Stock options**

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue less any discount allowed by the stock exchange upon which the common shares are listed. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of grant with each stock option having a maximum term of ten years. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

As at March 31, 2017, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price (CAD)	Average Contractual Life Remaining (years)	Expiry Date
30,000	\$ 0.71	0.68	December 5, 2017 (*)
100,000	0.08	0.79	January 12, 2018
500,000	0.08	2.28	July 12, 2019
250,000	0.12	2.62	November 14, 2019
500,000	0.10	2.65	November 24, 2019
2,150,000	0.10	2.88	February 14, 2020
200,000	0.10	2.92	March 1, 2020
9,650,000	0.08	4.19	June 6, 2021
300,000	0.08	4.28	July 12, 2021
200,000	0.09	4.43	September 2, 2021
3,900,000	0.10	4.88	February 14, 2022
<b>17,780,000</b>			

(\*) Cancelled subsequent to March 31, 2017.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**11. STOCK OPTIONS AND WARRANTS (cont'd...)****Stock options (cont'd...)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price (CAD)
Outstanding at December 31, 2015	7,389,245	\$ 0.63
Cancelled/expired	(7,359,245)	0.63
Granted	<u>11,750,000</u>	0.08
Outstanding December 31, 2016	11,780,000	0.08
Cancelled/expired	(250,000)	0.09
Granted	<u>6,250,000</u>	0.10
<u>Outstanding March 31, 2017</u>	<u>17,780,000</u>	<u>\$ 0.09</u>
<u>Number of options exercisable at March 31, 2017</u>	<u>17,780,000</u>	<u>\$ 0.09</u>

During the period ended March 31, 2017 the Company granted 6,250,000 (2016 – nil) stock options to consultants, officers, employees and directors of the Company. All options vested at the grant date.

The fair value of the options granted, as determined by the Black-Scholes option pricing model, was \$246,988 (2016 - \$nil) or \$0.04 per option (2016 - \$nil).

Share-based compensation recognized during the period was \$246,988 (2016 - \$nil)

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended March 31, 2017:

	Period ended March 31, 2017	Year ended December 31, 2016
Risk-free interest rate	1.07%	0.67%
Expected life of options	3.57 years	4.13 years
Annualized volatility	66.92%	62.52%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

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**11. STOCK OPTIONS AND WARRANTS (cont'd...)****Warrants**

As at March 31, 2017, the Company had 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
13,798,891	\$ 0.08	0.14 years	May 20, 2017
9,760,000	0.11	0.22 years	June 18, 2017
16,950,000	0.11	0.71 years	December 14, 2017
3,286,666	0.16	0.92 years	March 1, 2018
<u>43,795,557</u>			

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding as at December 31, 2015	10,000,000	\$ 0.35
Issued on May 20, 2016	18,498,891	0.08
Issued on December 14, 2016	16,950,000	0.11
Exercised	(4,500,000)	0.08
Expired	(240,000)	0.35
Amended exercise price (old price)	(9,760,000)	0.35
Amended exercise price (new price)	<u>9,760,000</u>	0.11
Outstanding as at December 31, 2016	40,708,891	0.10
Issued on March 1, 2017 (note 9)	3,286,666	0.16
Exercised	<u>(200,000)</u>	0.08
Outstanding March 31, 2017	<u>43,795,557</u>	\$ 0.10
Number of warrants exercisable as at March 31, 2017	<u>43,795,557</u>	\$ 0.10

3,286,666 warrants were issued as part of a private placement completed in March 2017, valued at \$0.01 per warrant based on the residual value method.

The warrants are considered a derivative liability since the obligation to issue shares is not fixed in the Company's functional currency. The derivative warrant liability is measured at fair value at issue with subsequent changes recognized in the statement of loss and comprehensive loss. The estimated fair value is determined using the Black-Scholes model based on significant assumptions including volatility, dividend yield, risk-free interest rate and expected term.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited - Expressed in US Dollars)

**11. STOCK OPTIONS AND WARRANTS (cont'd...)****Warrants (cont'd...)**

	Number of warrants	Warrant liability (USD)
Balance, January 1, 2016	10,000,000	\$ 4,088
Warrants issued on May 20, 2016	18,498,891	246,198
Warrants issued on December 14, 2016	16,950,000	320,016
Exercised	(4,500,000)	(188,865)
Expired	(240,000)	-
Change in fair value	-	187,715
Balance, December 31, 2016	40,708,891	569,152
Warrants issued on March 1, 2017	3,286,666	54,918
Exercised	(200,000)	(6,342)
Change in fair value	-	(214,193)
Balance, March 31, 2017	43,795,557	\$ 403,535

The following weighted average assumptions were used for the Black-Scholes valuation of the derivative warrant liabilities for the period ended March 31:

	March 31 2017	March 31 2016
Risk free rate	0.75%	0.54%
Expected term of liability	0.43 years	0.72 years
Annualized volatility	66.25%	102.24%
Dividend rate	0.00%	0.00%

**Broker warrants**

During period ended March 31, 2017, the Company issued nil broker warrants.

During period ended March 31, 2016, the Company issued nil broker warrants.

As at March 31, 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
855,478	\$ 0.065	0.14 years	May 20, 2017
1,071,000	\$ 0.11	0.71 years	December 14, 2017
1,926,478		0.45 years	



**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**11. STOCK OPTIONS AND WARRANTS (cont'd...)****Broker warrants (cont'd...)**

Broker warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding as at December 31, 2015	-	\$ -
Issued May 20, 2016	855,478	0.065
Issued December 14, 2016	1,071,000	0.11
Outstanding as at December 31, 2016 and March 31, 2017	1,926,478	\$ 0.09

**12. FINANCE COSTS**

During the period ended March 31, 2017, the Company incurred the following finance expenses:

	March 16, 2017	March 31, 2016
Amortization of issuance costs - preferred shares Series A (note 9) (*)	\$ 51,774	\$ 131,954
Accrued dividends payable on preferred shares Series A (note 9) (*)	389,873	348,163
Amortization of issuance costs - secured notes (note 10) (*)	35,218	14,557
Accrued interests on the secured notes (note 10) (*)	56,507	23,292
Accrued dividends payable on preferred shares Series B (note 9) (*)	123,288	-
Accretion on decommissioning liabilities (note 8) (*)	4,653	2,328
	<u>\$ 661,313</u>	<u>\$ 520,294</u>

(\*) Expensed until date of deconsolidation (note 3)

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**13. RELATED PARTY TRANSACTIONS AND BALANCES**

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	March 31, 2017	March 31, 2016
Key management personnel	\$ 2,497	\$ 185
	<u>\$ 2,497</u>	<u>\$ 185</u>

The prepaid account of the Company include the following amounts due from related parties:

	March 31, 2017	March 31, 2016
Key management personnel	\$ 46,061	\$ nil
	<u>\$ 46,061</u>	<u>\$ nil</u>

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

	Three months ended	
	March 31, 2017	March 31, 2016
Short-term benefits *	\$ 141,364	\$ 259,687
Consulting fees	87,500	-
Directors' fees **	27,852	-
Share-based compensation	171,626	-
Total remuneration	<u>\$ 428,342</u>	<u>\$ 259,687</u>

\* 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.

In July 2015, the Company signed a Termination Settlement Agreement, subsequently amended, with the former President and CEO of the Company, as described in Note 7.

**14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Supplemental disclosure with respect to cash flows	Three months ended	
	March 31, 2017	March 31, 2016
Deferred financing costs in account payable	\$ -	\$ 2,083
Development project costs included in accounts payable	\$ -	\$ 367,777
Warrant liability	\$ 54,918	\$ -
Reversal of warrant liability upon exercise	\$ 6,342	\$ -

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**15. COMMITMENTS**

The commitments of ICP(USA) are no longer reflected in the notes to these Financial Statements (note 3).

**16. SEGMENTED INFORMATION**

The property, plant and equipment of ICP(USA) is no longer recorded in the balance sheet of the Company (note 3). The Company had one reportable business segment being the development of mineral property assets. Geographical information is as follows:

Property, plant, and equipment	Canada	USA	Total
December 31, 2016	\$ 1,794	\$ 19,773,974	\$ 19,775,768
March 31, 2017	\$ 1,598	\$ -	\$ 1,598

**17. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property assets and to invest to earn a risk-appropriate return for shareholders. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of items in shareholders' equity (deficiency). The Company had no bank indebtedness at March 31, 2017. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in available funds, economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, borrow money, or dispose of assets to adjust the amount of cash.

The Company's investment policy is to invest its excess cash in demand investment instruments in high credit quality financial institutions to provide liquidity over the expected time of expenditures from continuing operations.

**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

IFRS 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.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2017

(Unaudited - Expressed in US Dollars)

**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)***Financial instruments*

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.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*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 March 31, 2017, the Company had a cash balance of \$906,973 to settle current liabilities of \$917,052. The Company is subject to significant liquidity risk.

*Interest rate risk*

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest some of 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 dollar; 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 \$30,000 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.

**19. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the period ended March 31, 2017, was based on the loss attributable to common shareholders of \$579,851 (2016 – \$1,565,146) and the weighted average number of common shares outstanding of 215,161,323 (2016 – 172,874,654). The diluted loss per share did not include the effect of share purchase options or warrants as they are anti-dilutive.

**IC POTASH CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**(Unaudited - Expressed in US Dollars)**

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**20. SUBSEQUENT EVENT**

On April 28, 2017, ICP(USA) issued 1,010,764 common shares to Cartesian for \$512,500. This decreased the Company's common share ownership of ICP(USA) to 85.3% and effective ownership, due to convertible preferred shares held by Cartesian (note 9), to 56.4%.

Subsequent to March 31, 2017, 816,589 broker warrants were exercised for 816,589 common shares, for gross proceeds of CAD\$53,078, or CAD\$0.065 per share.