

**IC POTASH CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**March 31, 2011**

**(Unaudited)**

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

(Unaudited – Expressed in Canadian Dollars)

	March 31, 2011	December 31, 2010 (note 3)	January 1, 2010 (note 3)
<b>ASSETS</b>			
<b>Current</b>			
Cash and equivalents	\$ 36,161,335	\$ 14,040,043	\$ 7,358,172
Receivables (note 15)	78,276	19,305	46,672
Prepaid expenses	65,168	37,101	63,238
	<u>36,304,779</u>	<u>14,096,449</u>	<u>7,468,082</u>
<b>Property, plant, and equipment</b> (note 4)	130,430	64,429	149,686
<b>Pre-feasibility study advance</b> (note 5)	291,000	300,000	-
<b>Deposits</b> (note 5)	77,092	86,980	52,697
<b>Exploration and evaluation assets</b> (note 5)	<u>8,077,952</u>	<u>5,518,005</u>	<u>2,131,988</u>
	<u>\$ 44,881,253</u>	<u>\$ 20,065,863</u>	<u>\$ 9,802,453</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY****Current**

Accounts payable and accrued liabilities (note 16)	\$ 1,883,639	\$ 859,334	\$ 1,324,260
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**Shareholders' equity**

Share capital (note 6)	51,917,681	26,662,667	12,305,072
Reserves	4,174,803	2,374,363	683,838
Deficit	<u>(13,094,870)</u>	<u>(9,830,501)</u>	<u>(4,510,717)</u>
	<u>42,997,614</u>	<u>19,206,529</u>	<u>8,478,193</u>
	<u>\$ 44,881,253</u>	<u>\$ 20,065,863</u>	<u>\$ 9,802,453</u>

**Nature of operations and going concern** (note 1)**Basis of presentation** (note 2)**Commitments** (note 10)**Subsequent events** (note 17)**On behalf of the Board:**Signed "George Poling"

Director

Signed "Sidney Himmel"

Director

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

**IC POTASH CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited – Expressed in Canadian Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
		<b>(note 3)</b>
<b>EXPENSES</b>		
Administration	\$ 142,766	\$ 72,942
Depreciation	5,475	10,716
Business and market development	88,633	24,680
Consulting fees	111,047	203,643
Exploration costs	-	14,607
Foreign exchange loss	336,188	97,457
Investor relations	65,656	111,829
Professional fees	179,078	104,138
Rent and storage	17,821	16,861
Regulatory fees	29,713	18,028
Stock-based compensation (note 7)	2,030,668	-
Travel	31,209	67,353
Wages and benefits	241,211	277,073
<b>Loss before other items</b>	<b>3,279,465</b>	<b>1,019,327</b>
<b>OTHER ITEMS</b>		
Interest income	19,446	1,204
Loss on disposal of equipment (note 4)	(4,350)	-
	<b>15,096</b>	<b>1,204</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (3,264,369)</b>	<b>\$ (1,018,123)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>105,729,603</b>	<b>59,397,490</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 Canadian Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (3,264,369)	\$ (1,018,123)
Items not affecting cash:		
Depreciation	5,475	10,716
Loss on disposal of equipment	4,350	-
Stock-based compensation	2,030,668	-
Unrealized foreign exchange loss	347,410	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(58,971)	31,736
(Increase) decrease in prepaid expenses	(28,067)	13,367
Increase in accounts payable and accrued liabilities	18,656	51,573
Net cash used in operating activities	<u>(944,848)</u>	<u>(910,731)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(42,655)	(985)
Deposits	7,594	(16,399)
Expenditures on exploration and evaluation assets	(1,830,388)	(1,076,004)
Net cash used in investing activities	<u>(1,865,449)</u>	<u>(1,093,388)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	26,729,637	-
Share issuance costs	(1,461,860)	(165,652)
Net cash provided by (used in) financing activities	<u>25,267,777</u>	<u>(165,652)</u>
<b>Increase (decrease) in cash and equivalents for the period</b>	<b>22,457,480</b>	<b>(2,169,771)</b>
<b>Effect of foreign exchange rate changes on cash and equivalents</b>	<b>(336,188)</b>	<b>-</b>
<b>Cash and equivalents, beginning of period</b>	<b>14,040,043</b>	<b>7,358,172</b>
<b>Cash and equivalents, end of period</b>	<b>\$ 36,161,335</b>	<b>\$ 5,188,401</b>

**Supplemental disclosure with respect to cash flows (note 9)**

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

**IC POTASH CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

(Unaudited – Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Reserves	Accumulated Deficit	Total
	\$	\$	\$	\$	\$
Balances as at January 1, 2010	59,397,490	12,305,072	683,838	(4,510,717)	8,478,193
Net loss and comprehensive loss	-	-	-	(1,018,123)	(1,018,123)
Balances as at March 31, 2010	59,397,490	12,305,072	683,838	(5,528,840)	7,460,070
Balances as at December 31, 2010	97,454,765	26,662,667	2,374,363	(9,830,501)	19,206,529
Shares issued for cash	12,500,000	20,000,000	-	-	20,000,000
Share issue costs	-	(1,704,851)	-	-	(1,704,851)
Grant of stock options	-	-	2,030,668	-	2,030,668
Exercise of warrants and stock options	10,691,749	6,959,865	(230,228)	-	6,729,637
Net loss and comprehensive loss	-	-	-	(3,264,369)	(3,264,369)
Balances as at March 31, 2011	120,646,514	51,917,681	4,174,803	(13,094,870)	42,997,614

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 (UNAUDITED)**

**MARCH 31, 2011**

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#### **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. IC Potash's primary business is the acquisition and exploration of exploration and evaluation assets and it is considered to be in the exploration stage. The Company's registered head office is First Canadian Place, Suite 3700, 100 King Street West, Toronto, ON M5X 1C9. The condensed consolidated interim financial statements ("Interim Financial Statements") are comprised of the Company and its subsidiaries (Note 2). To date, the Company has not earned operating revenue.

On November 30, 2009, the Company acquired 100% percent of the outstanding common shares of Intercontinental Potash Corp. ("ICP"), a company involved in exploration for potash and potash-related minerals that can be processed and converted into Sulphate of Potash ("SOP"). The acquisition constituted a Reverse Take-over ("RTO") and, although IC Potash is the legal parent of ICP, ICP was deemed to have acquired IC Potash for accounting purposes.

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising mineral properties and deferred exploration costs are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

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 the normal course of business and at amounts different from those reflected in these Interim Financial Statements.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Statement of compliance:**

These Interim Financial Statements are unaudited and 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").

These are the Company's first IFRS Interim Financial Statements for part of the period covered by the Company's first IFRS consolidated annual financial statements for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("Pre-changeover GAAP").

The Interim Financial Statements were authorized by the audit committee and board of directors of the Company on May 30, 2011.

##### **b) Basis of presentation:**

The Interim Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 2. 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 full annual financial statements.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****b) Basis of presentation (cont'd...):**

The preparation of these Interim Financial Statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Pre-changeover GAAP. The accounting policies set out below have been applied consistently to all periods presented in these Interim Financial Statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). The impact of the transition from Pre-changeover GAAP to IFRS is explained in Note 3.

**c) Basis of consolidation:**

The consolidated 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%
Intercontinental Potash Corp. (USA)	USA	100%

The Company consolidates the subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

**d) Property, plant, and equipment:**

Property, plant, and equipment ("PPE") is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded over the estimated useful lives of the assets on the declining balance basis at the following annual rates:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Exploration equipment	20% declining balance
Vehicles	30% declining balance

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of PPE is composed of major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

**IC POTASH CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**e) Exploration and evaluation assets:**

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the profit and loss statement.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**f) Decommissioning, restoration and similar liabilities (“Asset retirement obligation”):**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional asset retirement costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit and loss statement. The Company had no asset retirement obligations as at March 31, 2011, December 31, 2010, or January 1, 2010.

**g) Foreign currency transactions:**

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit and loss for the period. The Company’s reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

**h) Related party transactions:**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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

The preparation of these Interim Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include the fair value of financial instruments, receivables, deferred income taxes, evaluating the fair value of exploration and evaluation assets, useful lives of equipment, and stock-based compensation.

**j) Stock-based compensation:**

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a stock-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

**k) Income taxes:**

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**IC POTASH CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**l) Loss per share:**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or

the weighted average number of common shares outstanding when the effect is anti-dilutive.

**m) Financial assets:**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash and equivalents and deposits are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2011, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**n) Financial liabilities:**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At March 31, 2011, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****o) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

**p) Impairment:**

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Where an indicator of impairment exists, the Company makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any provision for impairment is charged to profit or loss in the period concerned. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairments of goodwill are not reversed. Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortization, had no impairments been recognized.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****q) Cash and equivalents:**

Cash and equivalents comprise cash at banks and short-term, highly liquid deposits with an original maturity of three months or less. Cash and equivalents are readily convertible to known amounts of cash and are subject to insignificant changes in value.

**r) Share capital:**

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

**s) New standards, amendments and interpretations not yet effective:**

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2011 and have not been applied in preparing these Interim Financial Statements. None of these are expected to have a material effect on the financial statements of the Company.

*Financial instruments disclosure*

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

*Income taxes*

In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

*Joint ventures*

The IASB issued Exposure Draft 9 – Joint Arrangements (“ED-9”) in September 2007. ED-9 proposed to eliminate the Company’s choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now 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 IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

*Consolidation*

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB’s project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

**IC POTASH CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**s) New standards, amendments and interpretations not yet effective (cont'd):**

*Financial instruments*

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011**

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**3. TRANSITION TO IFRS**

As stated in Note 2, these Interim Financial Statements are for the period covered by the Company's first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied in preparing the Interim Financial Statements for the periods ended March 31, 2011 and 2010, and the opening IFRS statement of financial position on January 1, 2010, the "Transition Date" and December 31, 2010.

In preparing the Interim Financial Statements, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with Pre-changeover GAAP. An explanation of how the transition from Pre-changeover GAAP to IFRS has affected the Company's financial position is set out in the following tables for the opening statement of financial position at the Transition Date, the statement of financial position as at December 31, 2010, and the statement of comprehensive loss for the three month period ended March 31, 2010.

The adjustments noted in the statements of financial position and statements of comprehensive loss will have an impact on the statement of cash flows for all periods presented. Loss for the period is adjusted as noted in each of the statements of comprehensive loss however this does not affect cash flows from operating, investing, or financing activities. As the effects of the adjustments for the adoption of IFRS are minimal for the statements of cash flows, they are not presented as reconciliations.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- a) to apply the requirements of IFRS 2, Share-based Payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.
- b) to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the Transition Date including those foreign currency differences which arise on adoption of IFRS.
- c) to apply the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as at the Transition Date. The Company re-measured all provisions, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose. This was done using best estimates of the historical risk-adjusted discount rates, and recalculated the accumulated depreciation, depletion, and amortization under IFRS up to the Transition Date.
- d) to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date.
- e) to apply the less onerous transitional provision of IFRIC 4 instead of full retrospective application of IFRIC 4, Leases.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

**3. TRANSITION TO IFRS (cont'd...)**

The reconciliation between the Pre-changeover GAAP and IFRS consolidated statement of financial position as at January 1, 2010 is provided below:

	January 1, 2010			
	Note	GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>				
<b>Current</b>				
Cash and equivalents		\$ 7,358,172	\$ -	\$ 7,358,172
Receivables		46,672	-	46,672
Prepaid expenses		<u>63,238</u>	<u>-</u>	<u>63,238</u>
		7,468,082	-	7,468,082
<b>Property, plant, and equipment</b>		149,686	-	149,686
<b>Deposits</b>		52,697	-	52,697
<b>Exploration and evaluation assets</b>	(a)	<u>3,175,862</u>	<u>(1,043,874)</u>	<u>2,131,988</u>
		\$ 10,846,327	\$ (1,043,874)	\$ 9,802,453
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current</b>				
Accounts payable and accrued liabilities		<u>\$ 1,324,260</u>	<u>\$ -</u>	<u>\$ 1,324,260</u>
<b>Shareholders' equity</b>				
Share capital		12,305,072	-	12,305,072
Reserves		683,838	-	683,838
Deficit	(a)	<u>(3,466,843)</u>	<u>(1,043,874)</u>	<u>(4,510,717)</u>
		<u>9,522,067</u>	<u>(1,043,874)</u>	<u>8,478,193</u>
		\$ 10,846,327	\$ (1,043,874)	\$ 9,802,453

**Adjustments:****a) Exploration and evaluation costs**

Under Pre-changeover GAAP the Company capitalized exploration and evaluation costs when there was an expectation that the legal right to explore the properties would be obtained. However IFRS 6: Exploration For and Evaluation of Mineral Resources prohibits the capitalization of exploration costs prior to obtaining the legal right to explore. As a result, the Company has reclassified \$1,043,874 of exploration and evaluation assets to deficit upon the adoption of IFRS.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

**3. TRANSITION TO IFRS (cont'd...)**

The reconciliation between Pre-changeover GAAP and IFRS consolidated statement of financial position as at March 31, 2010 is provided below:

	March 31, 2010			
	Note	GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>				
<b>Current</b>				
Cash and equivalents		\$ 5,188,401	\$ -	\$ 5,188,401
Receivables		14,936	-	14,936
Prepaid expenses		<u>49,871</u>	<u>-</u>	<u>49,871</u>
		5,253,208	-	5,253,208
<b>Property, plant, and equipment</b>		139,955	-	139,955
<b>Deposits</b>		69,096	-	69,096
<b>Exploration and evaluation assets</b>	(a)	<u>3,297,953</u>	<u>(760,861)</u>	<u>2,537,092</u>
		\$ 8,760,212	\$ (760,861)	\$ 7,999,351
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current</b>				
Accounts payable and accrued liabilities		\$ 539,281	\$ -	\$ 539,281
<b>Shareholders' equity</b>				
Share capital		12,305,072	-	12,305,072
Reserves		683,838	-	683,838
Deficit	(a)	<u>(4,767,979)</u>	<u>(760,861)</u>	<u>(5,528,840)</u>
		<u>8,220,931</u>	<u>(760,861)</u>	<u>7,460,070</u>
		\$ 8,760,212	\$ (760,861)	\$ 7,999,351

**Adjustments:****a) Exploration and evaluation costs**

Under Pre-changeover GAAP the Company capitalized exploration and evaluation costs when there was an expectation that the legal right to explore the properties would be obtained. However IFRS 6: Exploration For and Evaluation of Mineral Resources prohibits the capitalization of exploration costs prior to obtaining the legal right to explore. As a result, the Company has reclassified \$760,861 of exploration and evaluation assets to deficit upon the adoption of IFRS. This was the amount of exploration and evaluation asset recorded for the Ochoa property prior to the acquisition of the legal right to explore.

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011**3. TRANSITION TO IFRS (cont'd...)**

The reconciliation between Pre-changeover GAAP and IFRS consolidated statement of financial position as at December 31, 2010 is provided below:

	December 31, 2010			
	Note	GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>				
<b>Current</b>				
Cash and equivalents		\$ 14,040,043	\$ -	\$ 14,040,043
Receivables		19,305	-	19,305
Prepaid expenses		<u>37,101</u>	<u>-</u>	<u>37,101</u>
		14,096,449	-	14,096,449
<b>Property, plant, and equipment</b>		64,429	-	64,429
<b>Pre-feasibility study advance</b>		300,000	-	300,000
<b>Deposits</b>		86,980	-	86,980
<b>Exploration and evaluation assets</b>	(a)	<u>6,278,866</u>	<u>(760,861)</u>	<u>5,518,005</u>
		\$ 20,826,724	\$ (760,861)	\$ 20,065,863
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current</b>				
Accounts payable and accrued liabilities		\$ 859,334	\$ -	\$ 859,334
<b>Shareholders' equity</b>				
Share capital		26,662,667	-	26,662,667
Reserves		2,374,363	-	2,374,363
Deficit	(a)	<u>(9,069,640)</u>	<u>(760,861)</u>	<u>(9,830,501)</u>
		<u>19,967,390</u>	<u>(760,861)</u>	<u>19,206,529</u>
		\$ 20,826,724	\$ (760,861)	\$ 20,065,863

**Adjustments:****a) Exploration and evaluation costs**

Under Pre-changeover GAAP the Company capitalized exploration and evaluation costs when there was an expectation that the legal right to explore the properties would be obtained. However IFRS 6: Exploration For and Evaluation of Mineral Resources prohibits the capitalization of exploration costs prior to obtaining the legal right to explore. As a result, the Company has reclassified \$760,861 of exploration and evaluation assets to deficit upon the adoption of IFRS. This was the amount of exploration and evaluation asset recorded for the Ochoa property prior to the acquisition of the legal right to explore.

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011**3. TRANSITION TO IFRS (cont'd...)**

The reconciliation between the Pre-changeover GAAP and IFRS consolidated statement of comprehensive loss for the three months ended March 31, 2010 is provided below:

	Note	Three Months Ended March 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS
<b>EXPENSES</b>				
Administration		\$ 72,942	\$ 72,942	
Amortization		10,716	10,716	
Business and market development		24,680	24,680	
Consulting fees		203,643	203,643	
Exploration costs	(a)	-	14,607	
Foreign exchange loss		97,457	97,457	
Investor relations		111,829	111,829	
Professional fees		104,138	104,138	
Rent and storage		16,861	16,861	
Regulatory fees		18,028	18,028	
Travel		67,353	67,353	
Wages and benefits		277,073	277,073	
<b>Loss before other items</b>		<b>1,004,720</b>	<b>14,607</b>	<b>1,019,327</b>
<b>OTHER ITEMS</b>				
Interest income		1,204	1,204	
Write-off of exploration and evaluation assets	(a)	(297,620)	297,620	-
		(296,416)	297,620	1,204
<b>Loss and comprehensive loss for the period</b>		<b>\$ (1,301,136)</b>	<b>\$ 283,013</b>	<b>\$ (1,018,123)</b>

**Adjustments:****a) Exploration and evaluation costs**

Under Pre-changeover GAAP the Company capitalized exploration and evaluation costs when there was an expectation that the legal right to explore the properties would be obtained. However IFRS 6: Exploration For and Evaluation of Mineral Resources prohibits the capitalization of exploration costs prior to obtaining the legal right to explore. As a result, the Company would have expensed rather than capitalized \$297,620 in exploration costs in fiscal 2009 which means that the costs would not have been written-off in fiscal 2010. Also, \$14,607 of exploration costs incurred in fiscal 2010 would not have been deferred and written-off during the year; instead the costs would have been recorded as an expense item upon initial recognition.

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011**3. TRANSITION TO IFRS (cont'd...)**

The reconciliation between the Pre-changeover GAAP and IFRS consolidated statement of comprehensive loss for the year ended December 31, 2010 is provided below:

	Note	Year Ended December 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS
<b>EXPENSES</b>				
Administration		\$ 314,786	\$ 314,786	
Amortization		34,888	34,888	
Business and market development		169,296	169,296	
Consulting fees		574,308	574,308	
Exploration costs	(a)	-	14,607	14,607
Foreign exchange loss		384,664	384,664	
Investor relations		218,963	218,963	
Professional fees		369,195	369,195	
Rent and storage		82,112	82,112	
Regulatory fees		42,943	42,943	
Stock-based compensation		1,724,713	1,724,713	
Travel		179,469	179,469	
Wages and benefits		1,158,487	1,158,487	
<b>Loss before other items</b>		<b>5,253,824</b>	<b>14,607</b>	<b>5,268,431</b>
<b>OTHER ITEMS</b>				
Interest income		11,426	11,426	
Loss on disposal of equipment		(62,779)	(62,779)	
Write-off of exploration and evaluation assets	(a)	(297,620)	297,620	-
		<b>(348,973)</b>	<b>297,620</b>	<b>(51,353)</b>
<b>Loss and comprehensive loss for the year</b>		<b>\$ (5,602,797)</b>	<b>\$ 283,013</b>	<b>\$ (5,319,784)</b>

**Adjustments:****a) Exploration and evaluation costs**

Under Pre-changeover GAAP the Company capitalized exploration and evaluation costs when there was an expectation that the legal right to explore the properties would be obtained. However IFRS 6: Exploration For and Evaluation of Mineral Resources prohibits the capitalization of exploration costs prior to obtaining the legal right to explore. As a result, the Company would have expensed rather than capitalized \$297,620 in exploration costs in fiscal 2009 which means that the costs would not have been written-off in fiscal 2010. Also, \$14,607 of exploration costs incurred in fiscal 2010 would not have been deferred and written-off during the year; instead the costs would have been recorded as an expense item upon initial recognition.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

**4. PROPERTY, PLANT, AND EQUIPMENT**

The property, plant, and equipment account is broken down as follows:

<b>Cost</b>	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Exploration equipment</b>	<b>Vehicles</b>	<b>Total</b>
As at January 1, 2010	\$ 22,031	\$ 50,519	\$ 59,843	\$ 22,940	\$ 155,333
Additions	1,753	10,601	-	-	12,354
Disposals	(497)	(22,582)	(53,873)	(307)	(77,259)
<b>As at December 31, 2010</b>	<b>23,287</b>	<b>38,538</b>	<b>5,970</b>	<b>22,633</b>	<b>90,428</b>
Additions	-	4,061	33,029	48,164	85,254
Disposals	(7,819)	-	-	(8,148)	(15,967)
<b>As at March 31, 2011</b>	<b>\$ 15,468</b>	<b>\$ 42,599</b>	<b>\$ 38,999</b>	<b>\$ 62,649</b>	<b>\$ 159,715</b>
<b>Depreciation</b>	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Exploration equipment</b>	<b>Vehicles</b>	<b>Total</b>
As at January 1, 2010	\$ 1,019	\$ 1,959	\$ 1,317	\$ 1,352	\$ 5,647
Additions	4,382	9,169	803	5,998	20,352
<b>As at December 31, 2010</b>	<b>5,401</b>	<b>11,128</b>	<b>2,120</b>	<b>7,350</b>	<b>25,999</b>
Additions	332	2,168	963	2,012	5,475
Disposals	(2,189)	-	-	-	(2,189)
<b>As at March 31, 2011</b>	<b>\$ 3,544</b>	<b>\$ 13,296</b>	<b>\$ 3,083</b>	<b>\$ 9,362</b>	<b>\$ 29,285</b>
<b>Net book value:</b>	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Exploration equipment</b>	<b>Vehicles</b>	<b>Total</b>
As at January 1, 2010	\$ 21,012	\$ 48,560	\$ 58,526	\$ 21,588	\$ 149,686
As at December 31, 2010	17,886	27,410	3,850	15,283	64,429
<b>As at March 31, 2011</b>	<b>\$ 11,924</b>	<b>\$ 29,303</b>	<b>\$ 35,916</b>	<b>\$ 53,287</b>	<b>\$ 130,430</b>

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011

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**5. EXPLORATION AND EVALUATION ASSETS**

<b>Three months ended March 31, 2011</b>	<b>Ochoa</b>
<b>Acquisition costs</b>	
Balance, beginning of period	\$ 477,478
Additions during the period	
Landman costs	18,228
Permit application and acquisition	91,065
<b>Total acquisition costs</b>	<b>586,771</b>
<b>Deferred exploration costs</b>	
Balance, beginning of period	5,040,527
Additions during the period	
Data acquisition	12,847
Analytical	5,534
Geology	76,002
Archaeological studies	1,415
Land surveys	1,686
Environment work	35,757
Metallurgical	4,477
Field expenses	88,741
Drilling	1,389,766
Mining engineering	1,083
Pre-Feasibility	651,863
SOP marketing	39,714
Geological reports	11,938
Office support	129,831
<b>Total deferred exploration costs</b>	<b>7,491,181</b>
<b>Write-down during the period</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 8,077,952</b>

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011

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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

<b>Year ended December 31, 2010</b>	<b>Ochoa</b>
<b>Acquisition costs</b>	
Balance, beginning of period	\$ 244,377
Additions during the period	
Landman costs	106,742
Permit application and acquisition	126,359
<b>Total acquisition costs</b>	<b>477,478</b>
<b>Deferred exploration costs</b>	
Balance, beginning of period	1,887,611
Additions during the period	
Data acquisition	5,929
Analytical	157,510
Summer interns	16,482
Geology	460,328
Archaeological studies	20,086
Land surveys	61,801
Metallurgical	120,096
Field expenses	155,953
Drilling	1,287,802
Mining engineering	73,703
Pre-Feasibility	458,367
SOP marketing	17,042
Geological reports	183,853
Office support	133,964
<b>Total deferred exploration costs</b>	<b>5,040,527</b>
<b>Write-down during the period</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 5,518,005</b>

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to the properties are in good standing.

## a) Ochoa property

During 2008, the Company acquired certain federal sub-surface potassium prospecting permits located in Lea County, New Mexico. The permits are valid for two years with the next annual rent due on December 1, 2011. During 2010, the Company acquired additional permits with the next annual rent due on March 1, 2012 and New Mexico state mining leases with the next annual rent due on May 24, 2012. The permits are renewable every two years if the Company meets performance criteria. The Company also paid US\$50,000 into a Permit Bond and US\$25,000 into a MegaBond for performance and surface or improvement damage that may be refundable if certain prospecting and reclamation requirements are satisfied, thus these amounts are recorded as deposits on the statement of financial position. The leases are good for ten years, with subsequent renewals as long as minerals are produced in paying quantities. As part of the acquisition of the Ochoa permits, the Company issued 500,000 common shares valued at \$30,000 during fiscal 2009.

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 on the state mining leases beginning in 2011. 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 leases, minimum royalty payments of \$3.00 per acre 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 leases.

The Company has made advances of \$291,000 (December 31, 2010 - \$300,000 and January 1, 2010 - \$nil) towards the pre-feasibility study.

**IC POTASH CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**6. SHARE CAPITAL AND RESERVES**

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

Issued and outstanding: 120,646,514 (December 31, 2010 – 97,454,765 and January 1, 2010 - 59,397,490) common shares

Please refer to the Consolidated Interim Statement of Changes in Equity for a summary of changes in share capital and reserves for the three months ended March 31, 2011. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

The Company issued, pursuant to a Short Form Prospectus Offering bought deal, 12,500,000 common shares of the Company at \$1.60 per Common Share for aggregate gross proceeds of \$20,000,000. The Company granted the underwriters an over-allotment option to purchase up to an additional 1,875,000 Common Shares on the same terms and conditions, exercisable for a period of 30 days following the closing of the offering, which expired unexercised. The Company paid the underwriters a commission of \$1,200,000.

**Escrow**

Included in the shares outstanding at March 31, 2011, are 3,494,998 (December 31, 2010 – 3,494,998 and January 1, 2010 – 4,784,685) common shares held in escrow. The escrowed shares may not be transferred, assigned or otherwise dealt without the consent of the regulators.

As part of the Short Form Prospectus Offering that closed on March 17, 2011, the directors and officers of the Company entered into lock-up agreements under which they agreed not to offer, sell, contract to sell, lend, swap, hypothecate, pledge, transfer, assign or grant any option to purchase or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of an aggregate of 4,043,747 common shares for 90 days following the Closing Date. 2,744,998 of these shares are also included in the 3,494,998 common shares subject to escrow.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

**7. 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 five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

As at March 31, 2011, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price	Expiry Date
125,000	\$ 1.34	November 6, 2011
43,750	4.20	January 9, 2012
150,000	1.16	August 28, 2013
2,970,000	0.40	June 14, 2014
650,000	0.45	April 22, 2015
1,102,245	0.40	August 4, 2015
272,255	0.40	September 19, 2015
950,000	0.50	September 19, 2015
700,000	0.58	November 8, 2015
200,000	0.80	November 22, 2015
700,000	1.42	January 13, 2016
1,100,000	1.40	March 17, 2016
<u>8,963,250</u>		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2009	4,175,000	\$ 0.55
Cancelled/expired	(106,250)	2.55
Granted	<u>3,974,500</u>	<u>0.48</u>
Outstanding at December 31, 2010	8,043,250	\$ 0.49
Exercised	(880,000)	0.40
Granted	<u>1,800,000</u>	<u>1.41</u>
Outstanding at March 31, 2011	<u>8,963,250</u>	<u>\$ 0.68</u>
Number of options exercisable at March 31, 2011	<u>8,963,250</u>	<u>\$ 0.68</u>

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

**7. STOCK OPTIONS AND WARRANTS (cont'd...)****Stock-based compensation**

During the period ended March 31, 2011 and year ended December 31, 2010, the Company granted 1,800,000 and 3,974,500 options respectively to consultants, officers, and directors of the Company. All options vested at the grant date. The fair value of the options granted in the three months ended March 31, 2011 and 2010, as determined by the Black-Scholes option pricing model, was \$2,030,668 and \$nil respectively or \$1.13 and \$nil per option.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended March 31, 2011 and the year ended December 31, 2010:

	Three months ended March 31, 2011	Year ended December 31, 2010
Risk-free interest rate	2.54%	2.39%
Expected life of options	4.54 years	4.95 years
Annualized volatility	117.6%	111%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

**Warrants**

As at March 31, 2011, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Expiry Date
17,496,701	\$ 0.65	September 15, 2013

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2009	8,920,950	\$	0.65
Exercised	(362,500)		0.65
Granted	<u>18,750,000</u>		0.65
Outstanding at December 31, 2010	27,308,450	\$	0.65
Exercised	<u>(9,811,749)</u>		0.65
Outstanding as at March 31, 2011	17,496,701	\$	0.65

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011**7. STOCK OPTIONS AND WARRANTS (cont'd...)****Agents' unit options**

As at March 31, 2011, the Company had no agents' unit options outstanding.

Agents' unit option transactions are summarized as follows:

	Number of Unit Options	Weighted Average Exercise Price
Outstanding at December 31, 2009	398,300	\$ 0.40
Exercised	(194,775)	0.40
Expired	<u>(203,525)</u>	0.40
Outstanding at December 31, 2010 and March 31, 2011	<u>-</u>	\$ -

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

During the three months ended March 31, 2011, the Company entered into the following transactions with related parties:

- a) Paid or accrued directors' fees, included in administrative costs, of \$45,000 (2010 - \$26,500) to directors of the Company.
- b) Paid or accrued consulting fees of \$nil (2010 - \$38,500) to directors of the Company.

The liabilities of the Company include the following amounts due to related parties:

	<u>At March 31, 2011</u>	<u>At December 31, 2010</u>	<u>At January 1, 2010</u>
Accounts payable and accrued liabilities	\$ 15,633	\$ 35,535	\$ 36,049

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

	<u>Three months ended</u>	
	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Short-term benefits	\$162,000	\$114,800
Share-based payments	\$571,000	-
<b>Total remuneration</b>	<u>\$733,000</u>	<u>\$114,800</u>

**IC POTASH CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011**9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Cash and equivalents are comprised of:

	March 31, 2011	December 31, 2010	January 1, 2010
Cash	\$ 4,395,219	\$ 3,040,043	\$ 3,257,172
Banker Acceptance	-	1,000,000	-
Guaranteed Investment			
Certificates	-	-	4,101,000
CAD\$ Term Deposits	24,005,096	-	-
US\$ Term Deposits	7,761,020	10,000,000	-
	\$ 36,161,335	\$ 14,040,043	\$ 7,358,172

The CAD\$ Term Deposits have an interest yield of 1.15% at March 31, 2011.

The US\$ Term Deposits have an average interest yield of 0.15% at March 31, 2011.

<b>Supplemental disclosure with respect to cash flows</b>	Quarter ending March 31, 2011	Quarter ending March 31, 2010
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Accrued exploration and evaluation assets	\$ 1,291,046	\$ 75,821
Accrued equipment	\$ 35,167	\$ -
Accrued share issue costs	\$ 276,161	\$ -
Reserves transferred on exercise of agents' unit options and stock options	\$ 230,228	\$ -

**10. COMMITMENTS**

The Company has entered into four operating lease agreements for premises, with annual lease commitments as follows:

2011	\$ 47,132	USD	\$ 9,801	CAD
2012	41,629		-	
2013	8,429		-	
	\$ 97,190	USD	\$ 9,801	CAD

The Company entered into a consulting agreement dated September 20, 2010 that terminates on May 31, 2012. Twenty monthly payments of \$15,000 were required until the termination date for a total remaining commitment of \$210,000.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
MARCH 31, 2011****11. SEGMENTED INFORMATION**

The Company has one reportable business segment being the acquisition and exploration of exploration and evaluation assets. Geographical information is as follows:

	March 31, 2011			December 31, 2010		
	Canada	USA	Total	Canada	USA	Total
Equipment	\$ 8,716	\$ 121,714	\$ 130,430	\$ 12,972	\$ 51,457	\$ 64,429
Exploration and Evaluation Assets	-	8,077,952	8,077,952	-	5,518,005	5,518,005
	<u>\$ 8,716</u>	<u>\$ 8,199,666</u>	<u>\$ 8,208,382</u>	<u>\$ 12,972</u>	<u>\$ 5,569,462</u>	<u>\$ 5,582,434</u>

	January 1, 2010		
	Canada	USA	Total
Equipment	\$ 75,028	\$ 74,658	\$ 149,686
Exploration and Evaluation Assets	-	2,131,988	2,131,988
	<u>\$ 75,028</u>	<u>\$ 2,206,646</u>	<u>\$ 2,281,674</u>

**12. 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 sourcing, exploration, and development of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject to. The capital of the Company consists of share capital, warrants and options. The Company had no bank indebtedness at year-end. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

As at March 31, 2011, the Company had capital resources consisting of cash and equivalents and receivables. 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 or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash and equivalents in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating year. There were no significant changes in the Company's approach to capital management during the quarter ended March 31, 2011.

**IC POTASH CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 2011

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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.

*Financial instruments*

The Company has designated its cash and equivalents and deposits as held-for-trading, 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.

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 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 and equivalents by placing its cash and equivalents with high quality financial institutions and for receivables by standard credit checks. The Company's credit risk has not changed significantly from the prior period.

*Liquidity risk*

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had a cash and equivalents balance of \$36,161,335 to settle current liabilities of \$1,883,639.

*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 \$42,500 impact on interest income.

**IC POTASH CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)****MARCH 31, 2011**

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)***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 \$93,000 impact on foreign exchange gain or loss.

*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, 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.

**14. LOSS PER SHARE**

The loss per share for the three months ended March 31, 2011 was \$0.03 (2010 – \$0.02).

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of \$3,264,369 (2010 – \$1,018,123) and the weighted average number of common shares outstanding of 105,729,603 (2010 – 59,397,490). The diluted loss per share did not include the effect of share purchase options as they are anti-dilutive.

**15. RECEIVABLES**

Trade and other receivables are comprised of the following:

	March 31, 2011	December 31, 2010	January 1, 2010
HST receivable	\$68,125	\$16,062	\$30,561
Other receivables	<u>\$10,151</u>	<u>\$ 3,243</u>	<u>\$16,111</u>
Total	\$78,276	\$19,305	\$46,672

**16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2011	December 31, 2010	January 1, 2010
Trade payables	\$1,800,628	\$628,507	\$ 990,218
Accrued liabilities	\$ 44,548	\$197,257	\$ 311,847
Other	<u>\$ 38,463</u>	<u>\$ 33,570</u>	<u>\$ 22,195</u>
Total	\$1,883,639	\$859,334	\$1,324,260

The average credit period of purchases is 1 month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**IC POTASH CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

**MARCH 31, 2011**

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**17. SUBSEQUENT EVENTS**

Subsequent to March 31, 2011, the Company:

- a) entered into a cost reimbursement agreement with the Bureau of Land Management (“BLM”) through which the Company agreed to reimburse the BLM for costs incurred in managing, participating in, and reviewing a third party environmental impact statement and mine plan. These costs are estimated to be US\$572,896 and an initial deposit of \$100,000 was paid to the BLM; and
- b) granted 425,000 stock options to consultants with an exercise price of \$1.06 and an expiry date of May 9, 2016.