MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended

JUNE 30, 2018

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The following is Management’s Discussion and Analysis (“MD&A”) of the financial condition and results of operations for Western Resources Corp. (“the Company” or “WRX”, formerly “Western Potash Corp.”) for the three and nine-month periods ended June 30, 2018. It has been prepared as of August 14, 2018 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto of the Company for the three and nine-month periods ended June 30, 2018. The Company’s condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended September 30, 2017. The disclosure contained in the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and thus do not include all the requirements in International Accounting Standards (“IAS”) 1 ‘Presentation of Financial Statements’. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended September 30, 2017. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

For additional information, readers should also refer to Company information filed on www.sedar.com.

Forward Looking Statements

The following MD&A contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding mineral resource estimates, exploration results, potential mineral resources, potential mineralization and future plans and objectives of the Company are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, risks related to the exploration stage of the Company's mineral properties, uncertainties relating to the availability and costs of financing needed in the future, the possibility that future exploration results will not be consistent with the Company’s expectations, changes in equity markets, changes in commodity prices, failure to establish estimated mineral resources (the Company’s mineral resource figures are estimates and no assurances can be given that the indicated levels of potash will be produced), fluctuations in currency exchange rates, inflation, political developments, changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain required project approvals, the uncertainties involved in interpreting geological data, the other risks involved in the mineral exploration business, and uncertainties and market price fluctuation of real estate investment industry. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Description of Business

Western Resources Corp. ("the Company") was incorporated on January 16, 2017 by Western Potash Corp. ("Western Potash") under the British Columbia Business Corporations Act.

On March 31, 2017, Western Potash completed a corporate reorganization by way of a court approved plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement") with the Company, pursuant to which the Company has acquired all of the issued and outstanding common shares of Western Potash and Western Potash has become a wholly-owned subsidiary of the Company.

The Company is primarily a mineral exploration company engaged in the acquisition, evaluation, exploration and development of potash mineral properties in Western Canada. Its potash properties are located in Southern Saskatchewan. The Company's objectives are to discover, define and develop a world-class potash deposit. The Company currently has no mineral production that yields any revenues.

In the fiscal year ended September 30, 2017 and in the three and nine-months ended June 30, 2018, to increase the return on cash assets before cash assets are used to advance Phase I of the Milestone Project, the Company invested excess funds in real estate development in the Greater Vancouver area.

Overview

The global market for potash increased slightly in 2017, with prices increasing slightly in the last part of the year. Marginal increases in 2018 have continues in both price and demand. In the long-term, management remains confident that demand for potash will continue increase in-line with the global growth in population and decrease in arable land, particularly in areas such as Brazil, China, and Southeast Asia.

On the potash supply side, there are a number of brownfield expansion projects that have been completed and proposed greenfield projects. However, some of the expansions from existing suppliers replaced either high cost or near end of life assets, and the historical market discipline by many of the large producers will likely be maintained. There are also a number of potential greenfield projects, however management continues to be confident that only the low cost, long life projects will be viable in the current market. In addition, conventional potash mines have a high CAPEX and long development period of several years.

Saskatchewan is one of the best regions in the world for mining, with large high-quality resources, stable government, good infrastructure and a highly skilled and available workforce. Thus, the Company continues to believe that even in this competitive market there is an opportunity for an innovative potash producer, provided the operating costs are low and the right marketing strategy is adopted. By adjusting our plan to market, with a staged approach the Phase I Project (Pilot Plant Scale Selective Solution Mining Operation of 146,000 tonnes of MOP per year) to prove the innovative solution mining technology, and a future Phase II and III (at 1.4 million tonnes per year scale of MOP Solution Mine for each phase) when the market is right provides the most optimum strategy for the asset to be developed.

The Company is focused on building Canada's most efficient potash solution mine at its 100% owned Milestone property located 35 kilometers southeast of Regina Saskatchewan, a region with some of the largest producing potash solution mines in the world. The Company intends to develop a world-class potash deposit in an ecologically sustainable, economically efficient and socially responsible manner.

The Company continues to advance the Phase I Project while continuing to recognize important project aspects including i) finance ii) market iii) technical and iv) government and community support needed for a successful execution. The Company is working to use its strong cash position to best position the Phase I Project and has been in discussion with a local Saskatchewan logistics company and North American fertilizer distributor and has signed a non-binding MOU regarding off-taking and transporting the Company's future granular products to the North American market. The Company has also finalized a construction strategy and is actively engaging a number of equipment vendors, suppliers and constructors to best move the project forward.

On April 19, 2018, the Board of Directors approved a three-phase development plan (the "plan") for the Milestone Potash Project. Through assessment of the overall global potash market's situation and the progress the project has achieved at this stage, the Management presented to the Board a three-phase development plan for the full-scale 2.8 million tonnes per annum capacity Milestone Potash Project, of which a Feasibility Study was completed in 2012 and Environmental Approval was obtained in 2013. The Plan includes Phase I at an annual capacity of 146,000 tonnes granular products by applying "horizontal cavern development + selective solution mining + crystal pond recovery" technique, Phase II at an annual capacity of 1.4 million tonnes potash and Phase III at another 1.4 million tonnes potash per annum. Development of Phase II & Phase III will depend on the success of the mining methodology applied in Phase I. The first stage of Phase I Project to be completed in 2018 includes hauling aggregates to the site for clearing & gravelling, development of a groundwater source well for the Phase I Project, utility works, and haul road design and construction, etc. The Board has approved a budget of $13.58 million for the early works in the meeting. Since Phase I requires an addition of a compaction system to meet with the changing market requirements, the final engineering of the Phase I will be completed in early 2019, together with CAPEX and OPEX updates. Subject to the result of the groundwater source well and other early works, the Company anticipates formal sanction of the Phase I Project in the second quarter of 2019.

In April 2018 the Company purchased approximately 40,000 tonnes of aggregate and had it placed on the project site. The water source well project was initiated in early June 2018. Drilling work began in early June, and water well was completed on July 18, 2018 with all site facilities decommissioned and removed. According to the Water Supply Well Report completed by the Regina-based WaterMark Consulting Ltd., the established water source is able to fully support the required water usage of the Phase I Project over the life of the project. The next steps will be to submit to the Saskatchewan Water Security Agency Western's water usage application, and to start the engineering and design for the water pumping and pipeline facilities from the well to the Phase I project site.

The Company signed an agreement with SNC-Lavalin to complete the detailed engineering for the Phase I Project. The scope of the agreement with SNC includes detailed engineering with Issued for Construction Drawings, revised CAPEX and OPEX, procurement strategy, project schedule and execution plan, and commissioning and start-up support. SNC expects to have all engineering finalized by early 2019 in support of vendor engineering and procurement with plant construction to commence in 2019. This engineering will update the Wood Group (formerly AMEC Foster Wheeler) and AGAPITO Associates ("AGAPITO") report for a 'Phase I Project' Selective Potash Solution Mining facility, including CAPEX and OPEX that was completed in December 2016.

After an extensive review of the worldwide market and sales price of potash, the Company has decided the sales market for Phase I product will be focused on North America with the benefit of higher gross margins.

A compaction facility to produce granular potash suitable for the market will be added, which is being engineered by SNC-Lavalin.

The project has an amended "Development Agreement" signed with the Rural Municipality of Lajord ("RM of Lajord") in August 2017. This amended agreement covers the construction and operation of the Phase I Project and usage of RM of Lajord roads, and the company continues to engage the RM of Lajord on updates with the roads and other progresses of the project. The Company is very encouraged by the continued broad support for the project and continues to actively engage the community and Saskatchewan government, including officials, the RM of Lajord, local landowners along with continuous meetings, sponsorships, and community newsletters and etc.

Western Potash has a previously negotiated agreement with the City of Regina to use treated effluent for a 2.8 million-tonnes per year ("Mtpy") conventional solution mine. Although the Company has amended this agreement for the Milestone Phase II and Phase III project, the Phase I Project requires substantially less water volumes and therefore construction of a pipeline to transport treated effluent from the City of Regina to the site is not cost effective. The Company decided to secure groundwater from a local deep well for the Phase I Project, which is below any potable or agriculture ground sources, and will not affect domestic or agricultural water safety. The Company started the drilling of deep water in early June, and drilling was completed on July 18, 2018 with results indicating the established water source can fully support the required water usage of the Phase I Project over the life of the project.

Management is confident in a stable sale of the Phase I project's production and believes that a low-cost competitive advantage will be maintained. If this can be demonstrated at a Phase I Plant scale, economies of scale will position Phases II and III (expansion of 1.4 million tonnes per year for each phase) very favorably in comparison to other producers. China Blue Chemical ("CBC") is one of the four potash importers in China and a strategic shareholder in the Company. The Company has a non-exclusive off-take agreement for one-third (1/3) of the Phase II and III (2.8 million tonnes per year "Mtpy") production with CBC.

During 2017 and 2018, the Company has been actively looking to invest its excess cash funds to earn a higher return. The Company has identified several partners in the real-estate development business, in Vancouver. The Company has partnered with Formwerks Boutique Investments Ltd.(Formwerks), an award-winning firm with a portfolio of over 600 custom single-family homes and townhouses in the Greater Vancouver area. The Company has four existing limited partnerships with Formwerks. During the three months ended June 30, 2018, the Company entered into a new limited partnership with Formwerks, 1168930 B.C. Ltd. (1168930), CWC Group Enterprises Ltd. (CWC), and 1168387 B.C. Ltd. (1168387) to develop real estate projects in the Greater Vancouver area. So far, the Company has invested approximately $15.8 million in real estate projects. The Company also provided loans to the four limited partnerships and to unrelated companies to facilitate the acquisition of land lots for the development of real estate projects. So far, the Company has advanced approximately $22.8 million in real estate loans to its partnerships with Formwerks and other limited partners, as well as approximately $20.2 million in real estate loans to unrelated companies to develop real estate projects in Greater Vancouver area.

Review of Quarterly Financial Results

Net Income (Loss) and Comprehensive Income (Loss)

During the three months ended June 30, 2018 the Company earned a net income of $231,711 ($0.003 per common share) and net income of $90,947 ($0.001 per common share) for the nine months ended June 30, 2018, compared to a net loss of $423,706 ($0.005 per common share) and $732,110 ($0.008 loss per common share) for the three and nine months ended June 30, 2017.

Operating expenses

Operating expenses decreased by $158,273 to $624,572 for the three months ended June 30, 2018 compared to the three months ended June 30, 2017 primarily due to the decrease in consulting fees, legal fees and accounting fees, which were partially offset by an increase in salaries and wages. Operating expenses increased by $47,407 to $1,832,470 for the nine months ended June 30, 2018 compared to nine months ended June 30, 2017 primarily due to the increase in consulting fees, salaries and wages, rent and travel expenses; these were partially offset by a decrease in accounting fees, filing and regulatory fees, legal fees and office and miscellaneous expenses. Most other significant components of operating expenses for the three and nine months ended June 30, 2018 decreased marginally in comparison to the same period in 2017.

Consulting fees decreased by $132,836 to $174,539 from $307,375 during the three months ended June 30, 2017 due to fewer consultants employed compared to prior year. Consulting fees increased by $27,874 to $576,687 from $548,813 for the nine months ended June 30, 2018. The increase is due to less consulting fees being capitalized to the mineral properties as more time was spent on real estate investments in the nine months ended June 30, 2018.

During the three and nine months ended June 30, 2018, salaries and wages increased by $41,544 and $98,983 to $66,975 and $178,759 respectively from $25,431 and $79,776 during the three and nine months ended June 30, 2017 due to new hires.

During the three and nine months ended June 30, 2018, legal fees decreased by $66,332 and $47,916 to $69,908 and $112,055 respectively, from $136,240 and $159,971 during the three and nine months ended June 30, 2017 due to cost associated with the implementation of the Company's plan of arrangement in fiscal 2017. There was no such cost in the current period.

During the three and nine months ended June 30, 2018, rent expenses increased by $9,750 and $29,976 to $187,841 and $563,993 respectively, from $178,091 and $534,017 during the three and nine months ended June 30, 2017 due to an annual increase in monthly office rent per lease agreement for the Vancouver office.

During the three and nine months ended June 30, 2018, travel expenses increased by $5,095 and $41,517 to $30,439 and $73,659 respectively, from $25,344 and $32,142 during the three and nine months ended June 30, 2017 due to increase in travel expenses related to potential investors visiting the Company's Phase I project site and the advancement of the Phase I project.

During the three and nine months ended June 30, 2018, accounting fees decreased by $14,000 and $37,050 to $3,270 and $71,940 respectively, from $17,270 and $108,990 during the three and nine months ended June 30, 2017. This is because the Company incurred costs associated with the Company's plan of arrangement in fiscal 2017, but the Company did not incur such costs during the three and nine months ended June 30, 2018.

During the three and nine months ended June 30, 2018, filing and regulatory fees decreased by $250 and $38,455 to $17,318 and $60,184 respectively, from $17,568 and $98,639 during the three and nine months ended June 30, 2017. The decrease was due to costs related to the Company's plan of arrangement in the three and nine months ended June 30, 2017, whereas there were no such costs during the three and nine months ended June 30, 2018.

During the three and nine months ended June 30, 2018, office and miscellaneous decreased by $605 and $17,227 to $30,834 and $97,327 respectively, from $31,439 and $114,554 during the three and nine months ended June 30, 2017. This is due to management's efforts to reduce general and administrative costs.

All other components of operating expenses were consistent with the comparative period.

Other Income and Loss

During the three and nine months ended June 30, 2018, interest income increased by $461,041 and $675,284 to $740,681 and $1,560,286 respectively, from $279,640 and $885,002 during the three and nine months ended June 30, 2017. The increase is mainly due to increase in interest income from real estate loans issued to associates and third parties.

During the three and nine months ended June 30, 2018, rental income increased by $16,603 and $91,133 to $96,102 and $290,151 respectively, from $79,499 and $199,018 during the three and nine months ended June 30, 2017 due to more vacant office space and thus more sublease rent recoveries.

During the nine months ended June 30, 2018, other income increased by $62,116 due to a one-time fee received for the access to some of the Company's exploration data related to disposed mineral properties in Manitoba. No such other income was earned in the comparative periods.

Summary of Quarterly Results

The following table reports selected financial information for the 8 most recent quarters.

	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017
Other Income (Expenses)	$ 856,283	$ 655,400	$ 411,734	$ 271,851
Operating Expenses	624,572	571,778	636,120	738,306
Net Income (Loss) & Comprehensive Income (Loss)	231,711	83,622	(224,386)	(466,455)
Income (Loss) Per Share - Basic and Diluted	0.003	0.001	(0.002)	(0.005)

	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016
Other Income (Expenses)	$ 359,139	$ 364,913	$ 328,901	$ (107,197)
Operating Expenses	782,845	542,804	459,414	1,704,985
Net Income (Loss) & Comprehensive Income (Loss)	(423,706)	(177,891)	(130,513)	(1,812,182)
Income (Loss) Per Share - Basic and Diluted	(0.005)	(0.002)	(0.001)	(0.019)

The Company's net income (loss) and comprehensive income (loss) for the third quarter of fiscal 2018 increased to income of $231,711 from a net income and comprehensive income of $83,622 for the second quarter of fiscal 2018. Operating expenses increased to $624,572 during the third quarter of fiscal 2018 from $571,778 for the second quarter of fiscal 2018. The increase in operating expenses is primarily due to increases in investor relations, legal fees, salaries and wages, and office and miscellaneous expenses in the third quarter, which was partially offset by decreases in consulting fees and filing and regulatory fees. Other income increased to $856,283 in the third quarter of 2018 from $655,400 in the second quarter of 2018. Increase in other income is primarily due to increase in interest income of $175,092 from interest revenue on loans from the Company’s efforts to increase return on excess cash by investing in real estate activities and an increase of $26,729 in unrealized gain on changes in fair value of financial investments.

Liquidity and Capital Resources

Cash Resources and Liquidity

As at June 30, 2018, the Company had cash and cash equivalents of $2,279,566, term deposits of $272,770 and working capital of $41,382,862 compared to cash and cash equivalents of $1,606,813, term deposits of $54,724,469 and working capital of $60,408,708 as at September 30, 2017. The Company has no debt or other long-term obligations outstanding impacting liquidity or future cash flows as of June 30, 2018. The Company is in the development stage of a potash mine as at June 30, 2018.

Future cash requirements depend primarily on the stage and the extent of development the Company is planning to implement and the short and long-term investment opportunities in real estate industry as well. Subsequent development programs will depend on the cost and duration of work planned and on the results from previous programs. As of the date of this report, the Company is sufficiently funded to develop and maintain its current properties and fund its operating expenses for the next year.

The ability of the Company to continue as a going concern and the recoverability of amounts shown for mineral property and development costs is dependent upon the ability of the Company to obtain necessary financing to complete the development and upon future profitable production from the Milestone Project and the recoverability of investments in, and loans to, real estate projects. At June 30, 2018, the Company earns interest, has incurred operating losses since inception and expects to incur further losses during the development and construction of the Milestone Project. However, the Company has a working capital surplus of $41,382,862 as at June 30, 2018 including cash and cash equivalents of $2,279,566 and term deposits of $272,770. Subsequently in July 2018, the Company received $2,139,024 from return of investment in associates, $3,992,084 from repayment of loans receivable from associates as disclosed in the financial statements in Note 7 (a) and (b), and $3,905,000 from repayment of loans receivable as disclosed in Note 8 (b). Although the Company believes that its current cash position is sufficient to fund mine development costs and general and administrative expenses for the next year, the Company may require additional equity or debt financing beyond one year to fund the completion of the construction of a Phase I plant at the Milestone Project and general and administrative expenses and other obligations until commissioning of the plant. In the longer term, additional financing may be required to expand the mining operation at the Milestone Project if the cash flows of the Phase I Plant are not sufficient to fund such expansion. Furthermore, as the Company has not yet commenced construction or commissioning of the Phase I plant, there are no guarantees that the Phase I plant will operate as expected, if at all, or that the Company will be able to complete construction of the plant on time and on budget. Material cost overruns may also require additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Financing Activities

The Company has raised approximately $220 million since its inception, net of issuance costs, through non-brokered private placements of common shares, exercise of warrants, exercise of compensation options and its Initial Public Offering.

The Company has held discussions with a Chinese bank for a possible construction loan for the Phase I project. On November 17, 2017, the Chinese bank issued a Letter of Intent to the Company indicating that the Chinese bank will consider providing financing for the Milestone Phase I project under certain conditions. There is no guarantee that the Chinese bank will finance the Phase I Project.

There were no other financing activities during the three and nine months ended June 30, 2018.

Investment Activities

Cumulative mineral properties and mine development costs totaled $85,620,224 as at June 30, 2018, compared to $81,387,736 as at September 30, 2017. The increase reflects the Company's development activities at its Milestone property in Saskatchewan, where $4,232,488 in development costs were incurred during the nine months ended June 30, 2018.

During the nine months ended June 30, 2018, to increase return on its excess cash and cash equivalents and term deposits, the Company entered into a number of arrangements with Formwerks Boutique Investments Ltd. ("Formwerks"), a Vancouver based real estate development company, to develop real estate projects.

The Company's wholly owned subsidiary Western Garden Properties Corp. ("Western Garden"), signed a shareholder agreement with Formwerks to set up FB Burrard Development Ltd. ("FB Burrard"). Western Garden and Formwerks each own a 50% voting interest in FB Burrard. Amongst other things, the shareholder agreement requires unanimous consent by Western Garden and Formwerks for decisions related to all relevant activities of FB Burrard. Accordingly, the Company has concluded that it jointly controls FB Burrard with Formwerks. FB Burrard is the general partner of FB Burrard Development Limited Partnership ("FB Burrard LP"). The Company's wholly owned subsidiary Western Potash and Formwerks are the limited partners of FB Burrard LP with Western Potash initially contributing 80% of the equity contributions to FB Burrard LP. FB Burrard LP is in the business of developing a real estate project on 16th Avenue in Vancouver, British Columbia. Pursuant to the limited partnership agreement between FB Burrard, Western Potash and Formwerks, FB Burrard controls decisions related to all relevant activities of FB Burrard LP. Cash flow from FB Burrard LP will be distributed to the Partners initially according to their respective capital contributions until the initial capital contribution has been recovered and a specified rate of return on funds invested has been achieved. Subsequent distributions to Western Potash are limited to 60% of the profit, as defined in the agreement. As of June 30, 2018, Western Potash has made capital contributions of $5,200,000 and its investment was offset by the sale of 500,000 Class A units of FB Burrard LP for total cash proceeds of $500,000 to WGEP Investment Management LLP ("WGEP"), a partnership related by common directors and officers of the Company. The units sold had a fair value of $1 per unit and there was no gain or loss on sale. WGEP will pay the Company a management fee equal to 10% of its aggregated profits after project completion. Western Potash and Formwerks are obligated to fund 80% and 20%, respectively, of FB Burrard LP's development and construction costs not financed by bank financing obtained by FB Burrard LP's and any cost over runs. However, the aggregate amount which the limited partners are required to contribute to the Partnership in the form of capital contributions will not exceed $6,500,000. If FB Burrard LP needs further funding, the limited partners, have the right but not the obligation to loan funds to FB Burrard LP. As of July 26, 2018, FB Burrard LP returned total of $2,139,024 of equity to Western Potash after a construction loan was secured. The Company is a guarantor for this construction loan and the liability under this guarantee is limited to $6,250,000 plus interest and costs.

Western Garden and Western Potash entered into a similar arrangement with Formwerks to develop a real estate project in New Westminster, British Columbia. Western Garden and Formwerks jointly control FB Eighth Development Limited ("FB Eighth"), the general partner of FB Eighth Development Limited Partnership ("FB Eighth LP") in which Western Potash and Formwerks have an 80% and 20% interest, respectively. FB Eighth controls decisions related to all relevant activities of FB Eighth LP. Cash flows from FB Eighth LP will be allocated similar to that of FB Burrard LP as described above. Western Potash and Formwerks are obligated to fund 80% and 20%, respectively, of FB Eighth LP's development and construction costs not financed by bank financing obtained by FB Eighth LP and any cost over runs. The aggregate amount which the limited partners are required to contribute to FB Eighth LP in the form of capital contributions will not exceed $5,500,000. If FB Eighth LP needs further funding, the limited partners, have the right but not the obligation to loan funds to FB Eighth LP. Western Potash has made capital contributions of $4,728,180 to June 30, 2018. On May 22, 2018, FB Eighth LP accepted purchase offer from a purchaser to purchase the land in FB Eighth development for a total sale price of $15,350,000. The purchaser removed subjects to the transaction on June 30, 2018 and FB Eighth LP received non-refundable deposit of $1,550,000. The expected completion date of the sale is on September 28, 2018. Upon completion of the sale, the Company will receive its capital contribution and repayment of the loan to FB Eighth LP as disclosed in Note 7 (b) back in full, as well as distribution of profit from the sale.

Western Garden and Western Potash entered into a third similar arrangement with Formwerks to develop a real estate project in Coquitlam, British Columbia. The Company invested a total of $4,772,817, which was offset by a $640,000 return of equity as of June 30, 2018, for its 80% interest in FB Robinson Development Limited Partnership ("FB Robinson LP") in which FB Robinson Development Limited ("FB Robinson") is the general partner, and Western Potash and Formwerks are the limited partners. Western Gardens and Formwerk jointly control FB Robinson. Cash flows from FB Robinson LP will be allocated similar to that of FB Burrard LP as described above. The aggregate amount which the limited partners are required to contribute to FB Robinson LP in the form of capital contributions will not exceed $8,500,000. If FB Robinson LP needs further funding, the limited partners, have the right but not the obligation to loan funds to FB Robinson LP.

On June 22, 2018 Western Garden entered into an arrangement with Formwerks, 1168930 B.C. Ltd. ("1168930"), CWC Group Enterprises Ltd. ("CWC"), and 1168387 B.C. Ltd ("1168387"), together as limited partners to develop a real estate project in Vancouver, British Columbia. Western Garden and the limited partners jointly control FB 234 Third Avenue Development Limited ("FB Third"), the general partner of FB 234 Third Development Limited Partnership ("FB Third LP") in which Western Potash has a 22.5% interest, Formwerks a 22.5% interest, 1168930 a 22.5% interest, CWC a 22.5% interest, and 1168387 a 10% interest. FB Third controls decisions related to all relevant activities of FB Third LP. Western Potash and all limited partners will advance capital to FB Third LP by way of additional capital contributions to fund the costs of the acquisition of the development lands and the development cost of the project proportionate to its respective ownership interest. The aggregate amount which the limited partners are required to contribute to FB Third LP in the form of capital contributions will not exceed $10,000,000. If FB Third LP needs further funding, the limited partners, have the right but not the obligation to loan funds to FB Third LP. Cash flow and allocation of net income and losses from FB Third LP will be distributed to the limited partners, pro rata in accordance with their respective proportionate interest. Western Potash has made total capital contributions of $2,216,250 to FB Third LP as of June 30, 2018.

Investment In Land For Development

On May 3, 2018, the Company made an offer to purchase 9 residential unit lots which could permit the development of townhouses in the City of Coquitlam for a purchase price of $19,880,000. As of June 30, 2018, the Company paid a deposit of $2,000,000. The closing date of the purchase is on September 26, 2018. The Company is in discussion with local developers to jointly develop the site, with a new joint arrangement to be set up like that of the Company's current existing investments in associates.

Loans Receivable From Associates

In order to facilitate the acquisition of three land lots by FB Burrard LP, the Company provided a loan to FB Burrard LP in the amount of $3,992,084. The loan bears interest at the Canadian Western Bank prime rate plus 1.5% per annum. Interest on the loan is payable monthly. The loan principal was scheduled to be paid by November 30, 2017 but the Company has agreed to extend the maturity date to June 2018. The loan principal $3,992,084 and interest of $16,241 was repaid in full to the Company on July 18, 2018.

The Company provided a similar loan to FB Eighth LP in the amount of $4,915,000 to facilitate the acquisition of land. The loan bears interest at the Canadian Western Bank prime rate plus 1.5% per annum. Interest on the loan is payable monthly. The loan principal is scheduled to be paid by December 14, 2018. The loan is secured by a first charge security on the acquired land.

The Company also provided a loan to FB Robinson LP in the amount of $4,655,000 to facilitate the acquisition of land. The loan bears interest at the Canadian Western Bank prime rate plus 1.5% per annum. Interest on the loan is payable monthly. The loan principal is scheduled to be paid by December 15, 2018. The loan is secured by a first charge security on the acquired land.

The Company provided a loan to FB Third LP in the amount of $9,260,000 to facilitate the acquisition of land. The loan bears interest at 9% per annum until October 28, 2018 and bears interest at 12% thereafter. Interest on the loan is payable monthly. The loan principal is scheduled to be paid by December 28, 2018. The loan is secured by a first charge security on the acquired land.

Loans Receivable

The Company has advanced a first mortgage loan of $8,460,000 to Nexst Clive Development Limited Partnership ("Nexst"), an unrelated, for acquisition of land for real estate development on December 27, 2017. The loan bore interest at the Canadian Western Bank ("CWB") prime rate of 3.45% plus 2.8% per annum up to June 20, 2018; it bears interest at the CWB prime rate plus 4.8% per annum on or after June 20, 2018 to December 20, 2018, and 29.0% per annum falling on or after December 20, 2018 and up to the maturity date falling 15 calendar months after the date on which the loan is drawn. Interest on the loan is payable monthly. The loan is secured by a first charge security on the acquired land, all the current securities, shares, units and the equity interests owned by Nexst, along with NextPacific Development Group Ltd. as well as the individual directors of Nexst as guarantors of the loan. During the three months ended March 31, 2018, the borrower repaid $125,000 in principal.

On January 29, 2018, the Company advanced a first mortgage loan of $8,905,000 to 1148114 B.C. Ltd. ("1148114 BC"), an unrelated company, for acquisition of real estate property. The loan bears interest at

8.0% per annum to April 30, 2018, and at 18.0% per annum thereafter to the maturity date of July 29, 2018. Interest is payable monthly. The loan is secured by a first charge security on the acquired property, all the current securities, shares, units and other equity interests owned by 1148114 BC, and the individual shareholders of 1148114 BC as guarantors. On July 20, 2018, principal of $3,905,000 was repaid to the Company. The remaining balance is expected to be repaid in the fourth quarter of 2018.

On March 28, 2018, the Company advanced a first mortgage loan of $3,000,000 to Modern Green Technology Ltd. ("Modern Green"), an unrelated company, for real estate development related activity. The loan bears interest at 10% per annum to September 28, 2019, and 20% per annum thereafter to the maturity date of December 28, 2019. Interest is accrued daily and payable quarterly beginning June 30, 2018. The loan is secured by a first ranking security interest in a real estate property located in Vancouver as collateral, a first ranking security interest over all the property of the borrower, and the chairman of Modern Green as the Guarantor.

Additional Disclosures

Segmented Information:

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

Nine Months Ended June 30, 2018	**Mineral Properties**	**Real Estate**	**Total**
Interest and other income	$ 643,876	$ 1,279,541	$ 1,923,417
Operating expenses	1,693,390	139,080	1,832,470
Net income (loss)	(1,049,514)	1,140,461	90,947
Investment in associates	-	15,777,247	15,777,247
Loans receivable	-	43,085,633	43,085,633
Total assets	89,080,951	60,901,927	149,982,878
Total liabilities	(1,600,326)	(11,822)	(1,612,148)
Additions to non-current assets	4,198,937	14,917,856	19,116,793

Three Months Ended June 30, 2018	**Mineral Properties**	**Real Estate**	**Total**
Interest and other income	$ 79,982	$ 776,301	$ 856,283
Operating expenses	512,845	111,727	624,572
Net income (loss)	(432,863)	664,574	231,711

For the three and nine months ended June 30, 2017, the Company only had one operating segment, the mineral properties segment.

Related Party Transactions

(a) Payments to key management personnel

The Company's key management personnel include the Company's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and members of the Board of Directors. Payments to key management personnel are included in consulting fees on the condensed consolidated interim statement of loss and comprehensive loss and mineral property and development costs for the three and nine months ended June 30, 2018 and 2017 are as follows:

	For The Three Months Ended		For The Nine Months Ended	
	Jun 30, 2018	Jun 30, 2017	**Jun 30, 2018**	Jun 30, 2017
Consulting Fees				
Salaries and wages	**$ 129,500**	$ 171,000	**$ 433,500**	$ 378,750
Capitalized Payments:				
Salaries and wages	**40,500**	47,500	**121,500**	241,750
	$ 170,000	$ 218,500	**$ 555,000**	$ 620,500

(b) Other related party transactions

As discussed previously under Liquidity and Capital Resources, the Company sold 500,000 Class A units of FB Burrard LP for total cash proceeds of $500,000 to WGEP, a partnership related by common directors and officers.

i. The Company charged rent totaling $Nil (September 30, 2017 - $50,775) to companies related by common directors for shared office space.

ii. Accounts payable at June 30, 2018 include amounts outstanding to directors and companies in which directors are shareholders in the amount of $28,475 (September 30, 2017 - $20,000).

iii. Accounts receivable at June 30, 2018 include amounts outstanding from companies with common directors in the amount of $Nil (September 30, 2017 - $69,892).

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Commitments and Contractual Obligations

The Company leased premises located at Suite 1400 - 1111 West Georgia St., Vancouver, B.C., commencing July 1, 2014 and expiring June 30, 2019. The premise consists of 13,817 square feet of rentable area and has a minimum monthly rental fee of $34,542 plus applicable taxes. The minimum annual lease payments are $414,510 per year until June 30, 2017 and $442,144 per year thereafter until June 30, 2019.

The Company entered into a water supply agreement dated November 15, 2012 with the City of Regina with a term of 44 years and which would have required fixed payment for water usage at a rate of $0.25/cubic meter (increasing by 1% annually) multiplied by a fixed annual volume as prescribed in the agreement. Upon signing of the agreement, the Company paid $500,000 which are creditable against future usage charges should usage have begun by January 1, 2017. If usage had not commenced by that date, the Company would have been required to pay an additional $200,000 annually until usage commenced. On October 30, 2017, the Regina City Council approved amendments to the agreement. The amended agreement stipulates that the City of Regina will provide Western Potash a preferential right to access a maximum of up to 25,000 cubic meters of water at a rate of $0.2628/cubic meter (increasing by a multiplier every year) per day of recycled water for an agreed term of 40 years from the start of water flow. As of June 30, 2018, the Company has paid a one-time Commitment fee of $200,000 upon signing of the amended agreement and has paid an additional annual standby fee of $101,370 in February 2018. Half of the commitment fee and standby fee will be credited against the annual water usage fees if water usage commences on or before December 31, 2025. All standby fee payments and credits will be inflated annually by a multiplier. If the Company does not commence usage on or before December 31, 2025, all credits accrued until that date will no longer be creditable against the annual usage fees. Furthermore, the Company will be required to pay a standby fee of $500,000 annually after December 31, 2025 until the earlier of the date water usage commences and the term of the agreement which is defined in the agreement as 40 years after connection to the Regina water system is completed. Both the City of Regina and the Company have the option to terminate the contract on or after December 3, 2025 if usage has not commenced by that date.

The Company currently has three separate financial advisory agreements, one of which are with a director of the Company, to seek out and introduce potential investors to the Company. Pursuant to each of these agreements, the Company is required to pay a success fee upon the completion of an equity financing equal to 4% of the amount raised up to $100,000,000 and 2% of any amounts in excess of $100,000,000. In the event the financing is in the form of debt that is subsequently converted to equity, the Company is required to pay a success fee of 1% of the amount raised up to $100,000,000 and 2% on amounts in excess of $100,000,000. The maximum amount of success fee payable is $4,200,000 under each agreement. Two of the financial advisory agreements will expire by August 15, 2018, and the last agreement will expire by the end of May 2019.

Contingencies

By an agreement dated September 1, 2010, the Company retained Lockwood Financial Ltd. ("Lockwood") to provide certain services. That agreement provided for various potential payments from the Company to Lockwood if specific triggering events occurred. A Notice of civil claim has been filed by Lockwood seeking a payment in an amount of $1,439,056 for a success fee and additional service fee owing. It is the position of the Company that none of the triggering events occurred and that no amount is currently payable to Lockwood. The Company, in consultation with legal counsel, assesses that it is not probable at December 31, 2017 that the claim of Lockwood will be successful and that the Company will be required to pay any amounts and no provision for possible loss has been included in the consolidated financial statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts are as follows:

Valuation of loans receivable

The valuation of loan receivable is based on the discounted estimated future cash flows expected to be received. Such estimates are based on an evaluation of the financial condition of the counter party and the Company's expectations about the timing of repayment and the security in place for each loan. Changes in these assumptions may result in changes to the amount of impairment loss recognized.

Economic recoverability and probability of future economic benefits of exploration and evaluation expenditures and development costs

In assessing whether indicators of impairment exist, management uses judgment in assessing the impact of changes in commodity prices, discount rates and other economic factors related to the project. Management has determined that mineral properties and mine development costs which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans. Changes in these assumptions could result in an impairment loss.

Valuation of investment in associates

The Company is required to assess whether there are indicators of impairment associated with investments in associates at the end of each reporting period and if such indicators exist, recognize an impairment loss. The assessment of these indicators is based on an evaluation of the business underlying the investment. Judgments and estimates are required with respect to whether there will be a sufficient return from real estate sales in order to recover the Company's investment. An impairment charge would be based on discounted estimated future cash flows expected to be received from the investments. Such estimates are based on an evaluation of the financial condition and operation results of invested associates. Changes in these assumptions may result in an impairment charge being recognized or in changes to the amount of impairment loss recognized.

IFRS 9 - Financial Instruments ("IFRS 9").

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The mandatory effective date of IFRS 9 for the Company is for the annual period beginning on October 1, 2018 and must be applied retrospectively with some exemptions. The Company does not intend to adopt IFRS 9 until its mandatory adoption date. The Company is currently assessing the impact the standard is expected to have, which ultimately will depend on the nature and amount of its financial instruments on the adoption date.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue- Barter Transactions Involving Advertising Services. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. This standard is effective for the Company's annual period beginning on October 1, 2018. The Company does not intend to adopt IFRS 15 until its mandatory adoption date. The Company does not expect that this standard will have any impact on adoption. However, it will affect how the Company accounts for future revenue contracts when the Milestone Project commences operations.

IFRS 16 - Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 – Leases which replaces IAS 17 – Leases and its associated interpretative guidance. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The standard is effective for the Company for the annual period beginning on October 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements. The Company does not intend to adopt IFRS 16 until its mandatory adoption date. The extent of the impact of adoption of the standard has not yet been determined.

Mineral Properties

The Milestone Project is located 35 kilometers southeast of Regina, and 75 Kilometers southeast of Mosaic's Belle Plaine Mine, one of the largest producing potash solution mines in the world. The leases are adjacent to potash permits held by BHP-Billiton, Mosaic and the CanPacific (North Atlantic Potash - Rio Tinto JV). The Milestone Project includes 87,532 acres of Crown held Mineral Leases, and 61,182 acres of acquired Freehold Leases. The renewable, 21-year Crown lease was granted by ministerial order and provides the Company with full and exclusive power and right to mine Crown owned subsurface minerals, including potash, subject to the provisions outlined by The Saskatchewan Subsurface Mineral Regulations (1960) and The Subsurface Mineral Tenure Regulations (2015). The Company has completed the drilling of eleven potash exploration wells on the property, and purchased and acquired several hundred line kilometers of 2D, and conducted a 3D seismic study during the exploration program.

The Company has significantly de-risked and advanced the full-scale Phase II and III 2.8 million-tonnes per year Milestone Project by completing multiple Resource and Reserve Estimates (2010, 2011, 2012, and 2013), a Scoping Study (2011), a Prefeasibility Study (2011), and a Feasibility Study (2012) on the Milestone Project. The Company received Environmental Assessment Approval for the Milestone Project from the Government of Saskatchewan (2013).

The initial Milestone Feasibility Studies were designed with a specific strategic perspective: one that focused on financing and project risk reduction while maximizing value, resulting in a large tonnage, long life, mining methodology similar to that used for over forty years at Mosaic's Belle Plaine Potash Solution Mine. Finding a financial solution for the Milestone project, utilizing the 2012 feasibility work has proven to be challenging given the current potash pricing environment and the broad commodity pricing cycles inherent to the market. Consequently, a new paradigm was required to move the Milestone Project forward to effectively exploit the Milestone asset while projecting a significantly reduced CAPEX and competitive OPEX, and potentially insulating the Company from these broad commodity and market cycles.

Thus, the project was refocused on the Phase I Pilot Plant (Phase I Project) using selective solution mining of the Milestone deposit, starting with a smaller, low capital cost pilot project. Included in the study is an analysis of a selective solution mining method relying on horizontally drilled wells selectively mining initially the Esterhazy potash member. The method of selective solution mining has been proven in industry; however, the exact mining method proposed in the Phase I Project has not to date been utilized in Saskatchewan. Other examples of producing operations employ some key aspects of the Pilot Study. Selective solution mining method include Intrepid Potash, Moab, and Utah (Potash), who employ solution mining of potash from flooded underground workings and horizontally drilled caverns.

The Phase I Project is based on a Mineral Resource (2015) in the Esterhazy member (the target mining horizon) in the study area, consisting of a Measured Resource of 7.17 million tonnes (Mt) grading 39.5% KCl, an Indicated Resource of 11.56 Mt grading 39% KCl and an Inferred Resource of 1.77 Mt grading 39% KCl. A cutoff grade of 15.8% KCl (10% K2O) was used to define the top and bottom of the target member.

The Phase I Project envisions the simultaneous operation of three pilot production caverns. The horizontally drilled wells inject a sodium chloride (NaCl) saturated brine having a temperature higher than the in-situ rock formation temperatures. Potassium Chloride (KCl) is then selectively dissolved within the potash formation, leaving a lattice of NaCl behind. KCl rich brines are then brought to surface through each production well. KCl recovery is achieved through delivery of the resultant KCl rich brine to a surface crystallization facility. It is estimated that such a production facility would deliver 146,000 tonnes of standard grade MOP per year with a 3-cavern layout.

Some of the advantages of the proposed methodology are:

- the capital cost on a per tonne production basis will be less than for conventional solution mining;
- lower energy and greenhouse gas emissions (compared to conventional solution mining);
- improved environmental benefits (no salt tailings, no underground oil injection, less subsidence, less energy consumption on a per tonne production basis);
- the surface foot print will be reduced due to the absence of a salt tailings facility; and
- the Project will provide a scalable production facility that has the potential to be expanded to meet future market requirements and changing investment appetites.

In December 2016, the Company received the final engineering report (the "Pilot Study") from AMEC Foster Wheeler ("AMEC") and AGAPITO Associates ("AGAPITO") for a 'Phase I Project' Selective Potash Solution Mining facility. The report provides a full scope of engineering and procurement services as well as a Class 3 (+/- 10%) Capital Cost Estimate and Operating Cost Estimate in advance of the company's construction decision for the Phase I Project. Deliverables include process flow diagrams, site plans, specifications, data sheets and conceptual level drawings.

For the underground well and cavern design, AGAPITO provided engineering and design work following up from its involvement in the delivery of the 'Scoping Study for a Pilot Plant Scale Selective Solution Mining Operation' dated July 2015. Agapito's design work included well trajectory, well structure, cavern layout and a production schedule for a twelve-year life of mine.

Key Highlights of the Pilot Study:

Projected Production Capacity -	146,000 tonnes per year
Capital Cost -	\$88.3 million CAD excluding owner's cost
Operating Cost -	\$82.39 CAD per tonne (excluding logistics and royalties and resource surcharges)

The Pilot Study concludes that the Milestone Project is economically viable. Successful operation of the pilot plant would support potential future feasibility studies of a larger commercial scale facility.

In May 2018 the Company signed an agreement with SNC-Lavalin to complete the detailed engineering for the Phase I Project. The scope of the agreement with SNC includes detailed engineering with Issued for Construction Drawings, revised CAPEX and OPEX, procurement strategy, project schedule and execution plan, and commissioning and start-up support. SNC-Lavalin expects to have all engineering finalized by early 2019 in support of vendor engineering and procurement with plant construction to commence in 2019. The engineering study will include the addition of a compaction circuit to allow potash sales in the North American market.

Western Potash continues to have discussions with utility providers (SaskPower, SaskEnergy, SaskTel) for provision of power, natural gas and site communications.

The Milestone Phase I Project requires approximately 40 cubic meters of water per hour (m^3/hour) as determined by Western's mining engineering consultant AGAPITO. Western utilized existing geophysical data from the project exploration phase and established a well location 8 km southeast of the plant site as the optimal place for the groundwater source. The selection of a groundwater source was based on a detailed examination of all possible water source options, with full consideration of minimizing the impact on the community and environment.

The target aquifers are the Viking Formation and Mannville Formation, located at depths of approximately 680 and 745 meters below surface, respectively. The target aquifers contain non-potable water, not suitable for agriculture and are isolated and far below local domestic or agriculture use aquifers and will therefore not interfere with local water supplies.

In early June 2018, drilling of the water well began, and on July 18th, Western Potash completed the groundwater well drilling and pump test. According to the Water Supply Well Report completed by WaterMark Consulting Ltd., the established water source is able to fully support the required water usage of the Phase I Project over the life of the project. The next steps will be to submit to the Saskatchewan Water

Security Agency Western's water usage application, and to start the engineering and design for the water pumping and pipeline facilities from the well to the Phase I project site.

In September 2015, the Company received an amendment to the 2013 Environmental Assessment Approval for the Phase I Project from Saskatchewan Ministry of Environment ("SMoE"). The change in mining methodology and design proposed for the pilot plant required review under Saskatchewan's Environmental Assessment Act (EAA) as it represented a change from the original 2013 approval. A Project Description of the Phase I Project was submitted to SMoE in July 2015. Following review of the Project Description, SMoE concluded that the proposed change will not result in significant environmental impacts different from those identified in the original EIS and is satisfied that the requirements of the EAA have been met. Following the conclusion of the AMEC Phase I Pilot Study, a second EAA amendment application was submitted on March 17, 2017 to SMoE detailing the final engineering and seeking approval for the minor relocation of the pilot plant 1.6 kilometers to the East of the original location. Approval was received June 6, 2017.

In November 2012, the City of Regina and Western Potash entered into an agreement that allowed the City of Regina to provide Western Potash with access to recycled wastewater for a 2.8 million tonne per year ("Mtpy") conventional potash solution mine. Following the conclusion of the Phase I project engineering, renegotiation of the Water Access Agreement with the city of Regina was initiated. The selective solution mining technology uses substantially less water than conventional solution mining techniques, and the renegotiated agreement therefore reduces the volume of water correspondingly. Included in the terms of the new agreement, Western Potash paid a commitment fee of $200,000, and will pay an annual 'standby' fee of $100,000 for every year that water is not drawn. When Western Potash begins to draw water, 50% of the standby and commitment fees paid to the City will be refunded in the form of a credit against water usage charges.

In May 2015, the Rural Municipality of Lajord ("RM of Lajord") and Western Potash entered into a "Development Agreement" for the construction and operation of the original 2.8 Mtpy Primary and Secondary potash solution mining project. Given the revised technology and rescoped project, an amendment to the Development Agreement with the RM of Lajord was signed in August 2017 and compliments the existing Development Agreement. The amended agreement covers the construction and operation of the Phase I Project and usage of RM of Lajord roads. In support of the Development Agreement a study of the access road options was completed and used in negotiations with the RM of Lajord. The Development Agreement allows a framework for the construction and operations logistics, as well as product transportation. The Company is currently in discussions with the RM of Lajord to incorporate changes to the Development Agreement related to a revision to the access and haul route.

Readers are cautioned that the projected mining method, potential production profile as well as plan and mine plan referred to in the Pilot Study completed by Agapito Associates Ltd. in 2016 are conceptual in nature and additional technical studies will be required in order to fully assess their viability. There is no certainty that a potential mine will be realized or that a production decision will be made. A mine production decision that is made without a feasibility study carries additional potential risks that include, but are not limited to, the inclusion of inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mine design and mining schedules, metallurgical flow sheets and process plant designs will require additional detailed work and economic analysis and internal studies to ensure satisfactory operational conditions and decisions regarding future targeted production. The Pilot Study is a preliminary economic assessment, is preliminary in nature and includes inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that inferred resources will be converted to the measured and indicated categories, that the measured and indicated resources will be converted to the proven and probable mineral reserve categories and there is no certainty that the Pilot Study will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability; the estimate of mineral resources in the Pilot Study may be materially affected by environmental, permitting, legal, title, taxation, social-political, marketing, or other relevant issues.

Qualified Persons

The in-house qualified person who has reviewed and approved the disclosure of technical and scientific information included in this MD&A is Greg Vogelsang, P.Eng., P.Geo., FGC, FEC.

Outstanding Share Data

The following details the share capital structure as at the date of this MD&A:

Authorized

Unlimited Common shares without par value.

Issued and Fully Paid

	Number	Amount
Balance, June 30, 2018 and as of the date of this MD&A	93,437,110	$ 219,985,801

Stock Based Compensation Plan

As at the date of this MD&A, the Company had compensation and stock options outstanding enabling holders to acquire the following:

Number of Stock Options	Exercise Price per Common Share	Expiry Date
930,000	$2.25	September 12, 2018

Treasury Shares

On October 30, 2015, the Company (Formerly Western Potash Corp.) received approval from the Toronto Stock Exchange to make a "normal course issuer bid" (the "Bid") to purchase up to 2.73 million of the Company's issued and outstanding common shares. The bid commenced on November 4, 2015 and terminated on November 3, 2016. As of June 30, 2018, and September 30, 2017, the Company had purchased 777,400 common shares at a cost of $762,520. These shares will not be retired and are classified as treasury shares in shareholders' equity.

Risks and Uncertainties

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

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, term deposits, accounts and other receivables and loans receivable, the carrying value of which represents the Company's maximum exposure to credit risk. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents and term deposits are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. Loan receivable from FB Burrard LP, FB Eighth LP, FB Robinson LP, and FB Third LP have a first charge security on the land acquired by these entities. Loan receivable from Nexst, 1148114 B.C. Ltd, and Modern Green Technology Ltd. have a first charge security on the land acquired by these entities, as well as all the current securities, shares, units and other equity interests owned by the respective entities and its individual directors as guarantors.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Company had a cash and cash equivalents balance of $2,279,566 and term deposits of $272,770 to settle current liabilities of $1,612,148. All of the Company's significant liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to, available bank lines, changes in commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The market price of real estate projects is uncertain and could drop significantly over the project development period.

Interest rate risk

The Company has cash and cash equivalents, term deposits and loans receivable which bear interest. The Company's current policy is to invest excess cash in high yield term deposits and bankers' acceptances with fixed interest rates. The Company regularly monitors its cash management policy. The Company does not believe it is exposed to material interest rate risk on its cash and term deposits. The loans receivable from associates and loans receivable have variable rates of interest. The Company does not believe the interest rate risk is material related to these instruments.

Foreign currency risk

The Company's functional currency for the parent company and its subsidiaries is the Canadian dollar and major expenditures are transacted in Canadian dollars. There is no significant foreign currency risk.

Commodity price risk

The Company is exposed to commodity price risk. Commodity price risk is defined as the potential impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of potash, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's future profitability and viability of development depends upon the world market price of potash. Potash prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of potash are produced in the future, a profitable market will exist for them. A decline in the market price of potash may also result in the Company reducing its mineral resources, which could have a material and adverse effect on the Company's value. The Company is not a potash producer as of June 30, 2018. Therefore, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Project risks

The Milestone Phase I Project is a demonstration plant, and as such there are a number of technical and economic risks. The most significant risk is lower than expected potash sales prices, which has the largest effect on project economics. Although China Blue Chemical Ltd., one of the Company's major shareholders, has expressed its willingness to enter into negotiations for a purchase agreement under certain terms for all the Phase I Plant's products, the Company is continuing to explore other options for product sales outside of the Chinese market. The company has signed a non-binding MOU with a North American agriculture company to offtake and transport the Phase I potash product to North American market, but there is no guarantee that a binding agreement can be secured. There are exchange rate and tariff risks, but these are somewhat mitigated by the likely effect of sales price.

There are a number of technical and construction risks associated with the innovative use of selective horizontal solution mining. In particular, the risks include drilling the water well, long-term potash recovery rates, construction CAPEX costs, and sustaining and operating costs. The company is working with a number of construction strategies to plan for strict control of the construction costs, and engaging leading engineering firms to leverage their experience. To maintain potash recovery rates, additional well drilling is planned and drilling costs have been updated in the sustaining CAPEX. However, actual hydrodynamic conditions in the caverns may be underestimated in the cavern production model. Currently, further experimental investigations of the mechanisms of dissolution by NaCl-saturated solvents by AGAPITO are anticipated in an attempt to simulate actual mining conditions.

Weather conditions (including snow and flooding) may affect both the construction schedule and operations (in particular road restrictions may reduce the ability to ship product off-site). The Company is developing contingency plans to minimize the risk associated with weather events, including flexibility in construction schedules, contingencies, appropriate productivity factors, and product shipping plans. These include on-site storage and conducting an annual plant maintenance shutdown during the period of spring road bans.

Disclosures Controls & Procedures and Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting in the three and nine months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.