Western resources corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2022, AND 2021

(Expressed in Canadian Dollars)

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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") for the three and nine months periods ended June 30, 2022. It has been prepared as of August 16, 2022 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 of the Company for the three and nine months ended June 30, 2022 and the audited consolidated financial statements of the Company and notes thereto for the year ended September 30, 2021 ("Fiscal 2021"). All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"). For additional information, readers should also refer to Company information filed on www.sedar.com.

All dollar amounts in this MD&A are expressed in Canadian dollars (sometimes referred to in this MD&A as "CA$"), unless otherwise specified. United States dollars are referred to as "US$" and Brazilian Real is referred to as "BRL$".

FORWARD-LOOKING STATEMENTS

Statements contained in this MD&A that are not identified as historical facts are forward-looking statements involving risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of mineral resources; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others; risks related to operations; risks related to jointly controlled operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; uncertainties and market price fluctuation of real estate investment industry, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

DESCRIPTION OF BUSINESS

The Company was incorporated on January 16, 2017 under the British Columbia Business Corporations Act.

The Company is a resource company mainly focused on the development of its Milestone potash project (the "Milestone Project") in Canada owned by its subsidiary, Western Potash Corp. ("Western Potash"). The Milestone Project is located in Southern Saskatchewan. The Company's objectives are to successfully complete Phase I of the Milestone Project ("Phase I") to prove a new mining technology, which the Company expects to then apply to Phase ll and Phase lll. Ultimately, the Company intends to develop a world-class and environmental-friendly potash deposit at a competitive cost. The Company currently has no mineral production yielding any revenues.

The Company in the past also invested in real estate development projects in the Greater Vancouver Area, all of which investments have been liquidated except for two, which are expected to be sold in 2022.

OVERVIEW

Primarily utilized in the fertilizer industry, potash is typically combined with two other macronutrients, nitrogen and phosphorous, to improve crop yields, provide additional protection against disease, and increase water retention. Globally, potash prices have fluctuated since 2000 due to changes in potash supply and demand as well as global economic trends, regional tensions, and unstable market trends in agriculture, oil and other commodities. Potash prices continue to increase and are expected to stay high for the medium term. Management remains positive with respect to the outlook for the potash industry, including medium to long-term potash industry fundamentals. While new projects are anticipated, the increase in potash production is likely to be absorbed by the marketplace without disruption to potash prices. The global potash market is expected to increase due to continued population growth and increased demand for more intensive farming in several industries, including the organic food sector.

Management believes that project development conditions are favourable when compared to other competitors. From an overall cost perspective, the Phase I capital expenditure ("CAPEX") projection remains below that of other recent new potash mines.

With large high-quality resources, stable government, good infrastructure and a highly skilled and available workforce, Saskatchewan is one of the best regions in the world for mining. The Company therefore continues to believe that, even in this competitive market, an opportunity exists for an innovative potash producer, provided its operating costs are comparatively low and that it adopts an appropriate marketing strategy. Western Potash's strategy for optimizing the Phase I deposit's development includes adjusting the associated marketing plan. The adjustment will begin with a staged production approach to Phase I (146,000 tonnes of potash per year) to prove the project's innovative solution mining technology. If proven, the construction and operation of Phases II and III will follow when management believes market conditions are suitable. Western Potash's caverns are the first intentionally developed horizontal solution mining potash caverns in Saskatchewan and management continues to believe that Phase I represents a new and improved method of extracting potash in the province.

The Company has received all required administrative and construction permits from the Saskatchewan Ministry of Environment ("SMoE") as well as the Rural Municipality ("RM") of Lajord for hot mining operation. Additional regulatory approvals and permits will be processed as required. An Environmental Management Plan, Conceptual Decommissioning and Reclamation plan in support of reclamation bonds, and an Annual Environmental Report, all for 2020, were also submitted to the Ministry of Environment. The Company submitted the 2021 Annual Environmental Report and plans to the Ministry of Environment on March 31, 2022.

(Expressed in Canadian Dollars)

The Company is encouraged by the broad support for the project and continues to actively engage the local community, the Saskatchewan government, the RM local businesses, and local landowners. Although these community engagement activities were reduced for the 2020 and 2021 fiscal years due to COVID-19, the Company expects to resume the engagements when permitted by provincial policy.

The delay in both the completion of construction and hot mining development was considered an indicator of impairment. As a result, management carried out an impairment test on September 30, 2021. The Company used a fair value less cost of disposal model (a Level 3 fair value measurement) based on after-tax discounted cash flows from an updated 40-year mine life for Phase 1 discussed above. The cash flow model assumed production commencing in Fiscal Year 2023 and considered the Company's off-take agreement. The Company determined that the cash flows from the 40-year Phase 1 exceeded its carrying value and thus no impairment existed as of September 30, 2021.

Significant assumptions used in the cash flow model for impairment assessment purposes include future potash prices, mineral reserve estimates, discount rates and future operating and capital expenditures. The recoverable amount is most sensitive to the following assumptions:

Key Assumptions	Amount used in impairment model	Change required for Carrying Amount to Equal Recoverable Amount
Discount rate	8%	1.6% increase
Sale price of granular potash	2023 – US$425 2024 – US$409 Long-term – US$405	10% decrease

The Company signed a subscription agreement (the "Subscription Agreement") on February 16, 2022, with Vantage Chance Limited ("Vantage"), a private investment company registered in the British Virgin Islands. Pursuant to the Subscription Agreement, Vantage will invest $80 million in Western Potash Holdings Corp. ("WPHC") and receive in exchange an aggregate of 157,325,071 WPHC common shares. WPHC is a newly formed company which owns 100% of Western Potash and its assets, including Milestone Project. As a result, and subject to the closing of each of the stepped transaction (as set out below), Vantage will hold 54% of the issued and outstanding common shares of WPHC. The Company will hold the remaining 46% of the issued and outstanding WPHC common shares. The Subscription Agreement was amended and restated on May 20, 2022. The first tranche of Vantage's equity investment in WPHC in the amount of $33 million closed on May 25, 2022 and resulted in the issuance to Vantage of 64,896,592 common shares of WPHC. Subsequent to June 30th, 2022, the Company and Vantage further agreed to a Second Amended and Restated Subscription Agreement dated July 28, 2022. The Second Amendment allows Vantage to purchase the previously agreed 92,428,479 common shares in two tranches – the "Second Tranche" and the "Third Tranche". The Second Tranche, in the amount of $17 million, closed on July 29th, 2022. Vantage holds 42.32% of the issued and outstanding common shares of WPHC. The remaining investment of $30 million is expected to close on or before September 30, 2022.

Western Potash signed an $85 million term loan facility financing transaction agreement (the "Loan Transaction") with Appian Capital Advisory LLP ("Appian Capital") on April 28, 2022. On May 16th, 2022, Western Potash received the first tranche, in the amount of $45 million, of the Loan Transaction.

On May 12, 2022, Western Potash entered into a cost-reimbursable construction services agreement with Stuart Olson Prairie Construction Inc. ("SOX"), under which SOX will act as general contractor to continue the bulk of the remaining construction work for the Milestone Project.

(Expressed in Canadian Dollars)

In the past, the Company invested some of its cash in real estate projects to earn a higher return than bank deposits. The Company partnered with Formwerks Boutique Investments Ltd. ("Formwerks"), and Alabaster Holdings Corp. ("Alabaster"), both real estate developers in the Greater Vancouver area, to develop real estate projects. At one point, the Company held interests in five limited-partnerships with Formwerks and one limited-partnership with Alabaster. In order to fund the general and administrative expenses for the Milestone Project, the Company has since sold some of those interests and is in the process of selling its remaining limited partnership interests to fund the Milestone Project and to fund general and administrative expenses. For additional information on the Company's real estate investments, please refer to notes 8 of consolidated interim Financial Statements.

SUMMARY OF QUARTERLY RESULTS

Three months ended	June 30, 2022 $	June 30, 2021 $
Operating (loss) before other income	(177,942)	(356,568)
Other income (expenses)	11,047,646	(362,275)
Foreign Exchange (Gain)	(103,405)	-
Comprehensive income (loss) before non-controlling interest	**10,973,109**	**(718,843)**
Non-controlling interest	**(1,491,279)**	**-**
Comprehensive income (loss)	**9,481,830**	**(718,843)**

Nine months ended	June 30, 2022 $	June 30, 2021 $
Operating (loss) before other income	(3,034,843)	(1,180,491)
Other income (expenses)	8,767,492	(488,708)
Foreign Exchange (Gain)	(194,111)	-
Gain on change in fair value of marketable securities	46,374	-
Comprehensive income (loss) before non-controlling interest	**5,880,386**	**(1,669,199)**
Non-controlling interest	**(1,491,279)**	**-**
Comprehensive income (loss)	**4,388,556**	**(718,843)**

The Company's operating expenses for the three months ended June 30, 2022 decreased by $178,926, in comparison to three months ended June 30, 2021. The Company's operating expenses for the nine months ended June 30, 2022 decreased by $1.85 million, in comparison to nine months ended June 30, 2021. These decreases are mainly because certain expenses were capitalized instead of being expensed due to the restart of the construction from May 16, 2022.

For the nine months ended June 30, 2022, a $10.25 million gain on accounts payable settlements represents reductions in payables following negotiations with vendors.

(Expressed in Canadian Dollars)

REVIEW OF QUARTERLY FINANCIAL RESULTS

Operating expenses

Three months ended	June 30, 2022	June 30, 2021	Increase (Decrease)
	$	$	$
Salaries, wages and benefits	342,223	73,196	269,027
Office and miscellaneous expenses	(185,690)	113,306	(298,996)
Depreciation	10,962	35,725	(24,763)
Consulting fees	9,097	76,105	(67,008)
Professional fees	1,350	24,511	(23,161)
Share-based payments	-	33,725	(33,725)
Operating expense	**177,942**	**356,568**	**(178,626)**

Nine months ended	June 30, 2022	June 30, 2021	Increase (Decrease)
	$	$	$
Salaries, wages and benefits	1,626,130	191,036	1,435,094
Office and miscellaneous expenses	1,168,259	317,030	851,229
Depreciation	31,780	107,046	(75,266)
Consulting fees	84,910	281,571	(196,661)
Professional fees	4,596	259,848	(255,252)
Share-based payments	119,169	23,960	95,209
Operating expense	**3,034,843**	**1,180,491**	**1,854,352**

Operating expenses

During the three months ended June 30,2022, office and miscellaneous expenses were negative as certain expenses, which were expensed in the prior quarter, were reclassified to capitalized costs as the result of the restart of Milestone Project.

The major expense increase during the nine months ended June 30, 2022, compared to the nine months ended June 30, 2021, was salaries, wages, and benefits. After the equity financing agreement was signed with Vantage in February 2022, Western Potash started preparation of the kick-off of the Milestone Project. New hires during the period resulted in a significant increase of the salaries, wages, and benefits. The Company was not able to capitalize these expenses until May 16, 2022, when Western Potash announced the restart of the project. Other increases occurred were also due to the restart preparation of the Milestone Project.

(Expressed in Canadian Dollars)

Other income and expenses

Other income and expenses

Three months ended	June 30, 2022 $	June 30, 2021 $	Increase (Decrease) $
Gain on Accounts Payable Settlements	9,668,091	-	9,668,091
Interest income	4,378	14,969	(10,591)
Other income	-	(88,375)	88,375 -
Other income	9,672,469	(73,406)	9.745,875
Accretion of Interest	(1,082,634)	-	(1,082,634)
Finance costs	(292,543)	288,869	(581,412)
Other expenses	(1,375,177)	288,869	(1,664,046)
Other income (expenses)	**11,047,646**	**(362,275)**	**11,409,921**

Nine months ended	June 30, 2022 $	June 30, 2021 $	Increase (Decrease) $
Gain on Accounts Payable Settlements	10,254,129	-	10,254,129
Interest income	32,532	73,661	(41,129)
Investment income	508,247	-	508,247
Other income	-	223,302	(223,302(
Other income	10,794,908	296,963	10,497,945
Accretion of Interest	2,027,416	-	2,027,416
Finance costs	-	815,794	(815,794)
Other expenses	2,027,416	785,671	1,241,745
Other income (expenses)	**8,767,492**	**(488,708)**	**9,256,200**

Other income and expenses increased dramatically during the three months and nine months ended June 30, 2022 mainly due to the gain on accounts payable settlement.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2022 $	September 30, 2021 $
Current assets	24,293,894	9,082,619
Current liabilities	10,119,532	45,442,556
Working capital surplus (deficit)	14,174,362	(36,359,937)
Total assets	287,741,074	246,848,009
Total liabilities	83,658,733	86,007,507
Net assets	204,082,341	160,840,502

Cash resources and liquidity

As at June 30, 2022, the Company does not have significant sources of revenues and has not generated positive cash flow from operations. The Company had net working capital of $14,174,362 including cash and cash equivalents of $18,261,172.

During the three months ended June 30, 2022, the Company closed two tranches of financings. Western Potash received the first tranche of the Loan Transaction from Appian Capital on May 16, 2022, in the amount of $45 million.

WPHC received the first tranche from Vantage on May 25, 2022, in the amount of $33 million. Subsequent to June 30th, 2022, WPHC received the second tranche, in the amount of $17 million, on July 29th, 2022.

During the three months ended June 30, 2022, the Company paid all outstanding accounts payables to various vendors. The Company also repaid a portion of its outstanding principal to Tairui Mining Inc. in amount of $17.5 million.

Financing activities

The Company signed a subscription agreement on February 16, 2022 with Vantage. Pursuant to the Subscription Agreement, Vantage will invest $80 million in WPHC. WPHC received the First Tranche in the amount of $33 million in May 2022 and the Second Tranche in the amount of $17 million in July 2022.

Western Potash signed an $85 million Loan Transaction agreement with Appian Capital on April 28, 2022. Proceeds of the Loan Transaction enables Western Potash to settle accounts payables, continue and complete the remaining construction and development of the Milestone Project, and fund general and administrative expenses associated with the Project. The First Tranche in the principal amount of $45 million was advanced in May 2022.

The Loan Transaction includes:

1. a six-year term loan facility of up to the US$ equivalent of CA$85 million, at an interest rate of 12.5% per annum.
2. the grant of a 1.5% royalty based on the gross revenue of the Milestone Project to Appian Capital; and
3. the issuance to Appian Capital by the Company of 20,774,030 warrants ("Warrants") as part of the consideration for the Loan Transaction, which will allow Appian Capital, after exercise, to acquire up to 20,774,030 common shares of Company (currently representing 11.1% of the Company's issued and outstanding common shares), which will represent up to 9.9% of the Company’s issued and outstanding common shares on a post-transaction basis. The main terms of the Warrants are as follows:
    - The Warrants can be exercised by cash or without cash consideration (cashless exercise pursuant to the formula set out in the TSX Company Manual).
    - The exercise price of the warrants is $0.2834, representing a 25% discount to the 5-day VWAP on April 28, 2022, the execution date of the Loan Transaction Agreement.
    - The term of the Warrants is 6 years from the closing date of the Loan Transaction.
    - If the Company share price reaches at least $0.50/share above exercise price for 5 consecutive trading days (to be adjusted for customary anti-dilution provisions), Appian Capital will be required to exercise (via cash or cashless exercise) the Warrants within 5 business days, subject to Appian Capital being legally permitted to exercise.
    - The form of Warrants certificate contains customary anti-dilution provisions.

On April 26, 2022, the Company entered into a bridge loan agreement with a party related to one of the Company’s directors in the amount of $3,000,000. This loan has a has a simple interest rate of 6% per annum. During the three months ended June 30, 2022, $1,000,000 was advanced and then fully repaid.

On April 26, 2022, the Company entered into a loan agreement, for amount of $1,400,000, with a third party. The loan bears simple interest at a rate of 6% per annum. During the three months ended June 30, 2022, the entire amount was advanced and then fully repaid.

(Expressed in Canadian Dollars)

Investment activities

	Mineral interests and mine development costs	Decommissioning Asset	Construction in progress	Property and office equipment	Right-of-use assets	Total
As at September 30, 2020	**89,674,854**	**3,619,978**	**120,245,681**	**1,087,372**	**196,068**	**214,823,953**
Additions	533,572	200,264	16,670,162	5,114	-	17,409,112
As at September 30, 2021	**90,208,426**	**3,820,242**	**136,915,843**	**1,092,486**	**196,068**	**232,233,065**
Additions (Decrease)	(32,802,719)	488,100	55,950,297	(186,647)	-	23,449,030
As at June 30, 2022	**57,405,707**	**4,308,342**	**192,866,140**	**905,839**	**196,068**	**255,682,095**
Accumulated Depreciation						
As at September 30, 2020	**-**	**-**	**-**	**(623,870)**	**(81,132)**	**(705,002)**
Depreciation for the year	-	-	-	(61,761)	(81,132)	(142,893)
As at September 30, 2021	**-**	**-**	**-**	**(685,631)**	**(162,26)**	**(847,895)**
Depreciation for the period	-	-	-	157,139	(33,804)	123,335
As at June 30, 2022	**-**	**-**	**-**	**(528,492)**	**(196,06)**	**(724,560)**
Net book value						
As at September 30, 2020	**89,674,854**	**3,619,978**	**120,245,681**	**463,502**	**114,936**	**214,118,951**
As at September 30, 2021	**90,208,426**	**3,820,242**	**136,915,843**	**406,855**	**33,804**	**231,385,170**
As at June 30, 2022	**57,405,707**	**4,308,342**	**192,866,140**	**905,839**	**-**	**255,486,027**

- $33 million assets, previously recorded in mineral property, were reclassified to the construction in progress.
- $23 million incurred during the nine months ended June 30, 2022 was due to the progress of the construction.

MILESTONE PROJECT

The Company is focused on building what it believes will be Canada's most efficient potash solution mine at the 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 has initiated the construction of Phase I of the Milestone Project in what believes is an ecologically sustainable, economically efficient, and socially responsible manner. This mine is expected to be the first potash mine in the world to leave no salt tailings at the surface, which is expected to significantly reduce water consumption and long-term environmental liabilities.

(Expressed in Canadian Dollars)

Land and Minerals

The Milestone Project includes 84,557 acres of Crown held Mineral Leases, and 65,305 acres of acquired Freehold Leases. The renewable, 21-year Crown lease was granted by the Government of Saskatchewan under a 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 completed the drilling of eleven potash exploration wells on the property, completed several hundred-line kilometers of 2D seismic study, and conducted a 3D seismic study during the exploration program. The leases are adjacent to potash permits held by other multinational mining companies.

The Company signed a Unitization Agreement with the Ministry of Energy and Resources and all included freeholder mineral owners, to unitize the four mineral sections around the Phase I site providing mineral reserves for the 12-year life of the plant. This mine life will be expanded to 40 years as a result of the updated NI 43-101 report discussed below. The agreement outlines the royalty payments in proportion to their percentage ownership of the unitized area once production commences. For more detailed information about the land and minerals of the Milestone Project, please refer to the NI 43-101 report discussed below, which is available on SEDAR.

Updated NI-43-101

The Company released an updated NI 43-101 report, prepared by March Consulting Associated Inc. ("March Consulting") on December 29, 2021, and filed on SEDAR in December 2021 (www.sedar.com). March Consulting undertook a review of the Milestone Project and determined that the mine life could be increased from 12 to 40 years with the implementation of an asset maintenance and replacement strategy. The full costs of this plan have been included in the OPEX and sustaining CAPEX results below.

Data and other information obtained from these operations, in conjunction with several leading solution mining experts have enabled Western Potash to optimize its Phase I solution mining plan to enhance the reliability in order to meet the target production of 146,000 tonnes per annum (tpa) of granular potash. The mining plan will extract both the Belle Plaine and Patience Lake members from a series of horizontal caverns which have been planned within the unitized area.

Phase I is based on Mineral Resources in the Patience Lake and Belle Plaine members within lease KLSA 008.

Measured and Indicated Resources

Measured						
Type	**Thickness (meters)**	**Density (T/M^3)@**	**Tonnage (MMT)***	**Tonnage with subtractions (MMT)**	**K_2O (weight %)**	**K_2O tonnage (MMT)**
Measured	22.86	2.17	440.52	418.50	20.87	87.19
Indicated	22.77	2.12	2,532.13	2,304.23	21.03	483.91
Total M&I	**22.78**	**2.13**	**2,972.65**	**2,722.73**	**21.01**	**571.1**

**MMT: Million Metric Tonnes* *@T/M^3: Tonnes per cubic meter*

Measured and Indicated Mineral Resources are not discounted by modifying factors to account for losses associated with the brine remaining in the cavern or plant and transport losses. Measured and Indicated Mineral Resources are inclusive of Proven and Probable Mineral Reserves.

The reserve estimate is based on the mine plan developed after operating the Pilot Phase of the Project. The estimate is based on the geologic model and assigned thicknesses and grades for the individual caverns.

Proven and Probable Reserves for Phase I Project

Proven + Probable Reserves									
Category	Thickness (meters)	Density (T/M^3)	Tonnage (MMT)	Tonnage with subtractions (MMT)	K_2O (weight %)	K_2O tonnage (MMT)	KCl (weight %)	KCl Tonnage (MMT)	KCl Tonnage Adjusted (MMT)
Proven	14.62	2.14	44.55	40.54	20.49	8.67	32.44	13.15	11.67
Probable	13.39	2.13	71.97	65.49	21.17	14.37	33.51	21.95	19.48
Total	**13.86**	**2.14**	**116.52**	**110.69**	**20.91**	**23.04**	**33.10**	**36.64**	**31.15**

Cavern losses (10%) and processing recoveries of 95% have been applied to the Reserves noted above. The proven and probable reserves within the unitized area are sufficient for a mine life of over 200 years at the targeted production rate. Milestone Project economics are based on an operation period of 40 years at target production. Excess reserves would be available to extend mine life or increase production in the future.

The actual CAPEX allocated to Phase I to date is $116.2 million and a further $33.2million is needed to complete the Milestone Project and bring the plant into production, resulting in a total Phase I Milestone Project CAPEX of $149.45million (including a 12.5% contingency on the remaining CAPEX). The total annual OPEX for Phase I, based on operational data from the pilot phase, is estimated at $13.25 million per year (excluding G&A, logistics and royalties) or $90.60/t MOP for 146,000 tpa. Sustaining CAPEX consists mainly of expanding the mine field (drilling, piping, and infrastructure) and planned equipment maintenance. Sustaining CAPEX includes approximately $36 million every six years to expand the wellfield for ongoing production.

Assuming a discount rate of 8%, an economic analysis results in an after-tax project Net Present Value (NPV) of $197.7 million, and an Internal Rate of Return (IRR) of 20.4%, based on the assumption of a 100% equity investment and a potash price of US$415/t (CA$527/t) FOB mine gate. This price is obtained from the November 2021 Argus report for granular MOP to the USA Corn Belt and forecasted freight costs from the site. All costs are given in Canadian dollars (CA$) and prices are given in United States dollars (US$), with an assumed exchange rate of US$ 1 = CA$ 1.27. Inflation has not been applied to the potash price or future costs with the noted potash price assumed to apply from 2025 to the end of project life.

Permits

Western Potash previously investigated a full-scale project of 2.8 million tonnes per year for the 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). The SMoE issued an Environmental Assessment Approval ("EAA") for the Milestone Project in March of 2013. The original 2013 approval was amended in 2015 to include both the new mining methodology and the scale of the Phase I plant. Following the conclusion of the AMEC Phase I pilot study, a second EAA amendment application was submitted detailing the final engineering and location of the Phase I plant, and approval was received in 2017. Then, in 2019 with SNC-Lavalin engineering, a third amendment was submitted and approved as a final design. A Development Agreement with the RM No. 128 was initially signed in 2015 and updated with the Project design in 2017 and 2019.

Western Potash has received numerous permits and approvals for the Phase I development and the operation of hot mining. Additional permits will be received as the Milestone Project continues to progress.

Process Overview

(Expressed in Canadian Dollars)

The Phase I pilot plant uses selective solution mining of the Milestone Project deposit, starting with a smaller, and lower capital cost, pilot project. Phase I of the project is designed to produce 146,000 tonnes per year of potash (or "KCl") over a project life of 40 years. To achieve this production, a total of six caverns are planned. Three caverns have been developed, and a further three caverns will be drilled. The six caverns will be in operation for 6 years and, it is expected, followed by an additional 6 caverns. Each of the caverns is injected with sodium chloride ("NaCl") saturated brine through one well to selectively dissolve KCl, leaving the NaCl underground. The KCl rich brine is then brought to surface through a production well and sent to a pond where the cool ambient temperature allows for KCl precipitation and settlement. The KCl from the pond will then be harvested with a dredge and the resulting KCl-rich slurry will be pumped to the process plant. The process plant removes the brine from the slurry to form a KCl cake that is then dried, compacted and sent for storage and load-out.

Operations/Construction/Procurement

	Operations	Safety	Cavern Development	Construction	Procurement
Major activities that occurred during the three months ended June 30, 2022	Western Potash started planning for the restart of the solution mining with the circulation of cold brine. This involved engineering and procurement of equipment required to pump brine into the caverns to extract KCl-rich brine that has accumulated over the past year since the cavern was shut off in late may last year. Beginning of operational readiness activities were started with staff recruitment.	Safety supervisor was brought on site.	Planning and procurement for drilling the disposal well. Planning and procurement for cavern development.	Safe out of the existing project has been completed along with the civil earthworks program. Construction is moving into the bulk material installation including installing structural steel, rough setting equipment, installing pipe and electrical components.	Construction contract was signed with SOX on a Time and Material basis for the remaining portion of the project. Contract was also signed with Artisan Consulting on Master Services Agreement for the development of Disposal Well.

COMMITMENTS AND CONTRACTUAL AGREEMENTS

- Western Potash entered into a water supply agreement with respect to the Milestone Project which provides 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. Prior to water usage commencing, the Company is required to pay annual stand by fees. A total of $nil in standby fees were made during the three months ended June 30, 2022 (September 30, 2021 - $110,726). Half of the commitment fee and the standby fees will be credited against the annual water usage fees if water usage commences on or before December 31, 2025. 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 City of Regina's water system is completed. Both the City of Regina and the Company have the option to terminate the contract on or after

(Expressed in Canadian Dollars)

December 3, 2025 if usage has not commenced by that date. The company has initiated correspondence with the city to renegotiate the agreement.

- On October 25, 2018, Western Potash signed an off-take agreement with a North American company in the business of selling agricultural fertilizers to purchase an annual production of 146,000 metric tons of product from Western Potash once production at the Milestone Project reaches the designed capacity, for a duration of 10 years commencing no later than May 31, 2021. The commencement date for product delivery was subsequently extended to November 30, 2022 on January 13, 2021 and further extended to November 30, 2023 on March 25, 2022. Under the new terms, if the new commencement date is not established by the extended date, but daily production rate is above that necessary to achieve 50% of the total committed annual capacity, the commencement date deadline will be further extended for one more year, until November 30, 2024.

- The Company is required to increase the security for the asset retirement obligation to the SMoE by $1,527,018. The Company increased security by $500,000 on January 31, 2022, and the balance $1,027,018 was provided in June 2022.

- May 12, 2022, the Company entered into a time and material construction project with SOX, a wholly owned subsidiary of Bird Construction Inc., under which SOX will act as general contractor to continue the bulk of the remaining construction work for the Milestone Project. Project construction was put on hold in May 2020 when the process plant was approximately 50% complete. The project construction restarted in June 2022. Construction is expected to be completed by June 2023, and followed by an expected three-month general commissioning, with production expected to start up in Q3 of calendar year 2023.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2022	March 31, 2022	September 30, 2021
	$	$	$
Trade payables	-	290,959	210,860
Trade payable related to mineral property	3,148,172	39,211,259	41,308,093
Accrued liabilities	2,558,522	387,500	377,500
Interest Payable	3,497,858	3,263,145	2,571,925
Other payables	-	22	216
	9,204,552	**43,152,885**	**44,468,594**

As of September 30, 2021, various vendors filed builders' liens for up to $32,500,000 against Western Potash as a result of its delayed payment on the outstanding payables related to mineral property, plant and equipment. Certain of these vendors filed legal claims against Western Potash. Certain liens filed by the contractors were duplicated by their subcontractors, resulting in a total lien amount exceeding actual payables.

As of June 30, 2022, Western Potash paid off all its outstanding payables mentioned above. Western Potash continues to secure the removal of liens associated with outstanding payables and it is expected that all liens will be removed by the end of Fiscal Q4 2022.

OUTSTANDING SHARE DATA

Common shares

As of June 30, 2022, the Company had 188,764,220 common shares issued and outstanding with carrying value of $231,273,268. 777,400 common shares with a carrying value of $762,520 are classified as treasury shares which the Company reacquired from its shareholders but has not retired or cancelled.

(Expressed in Canadian Dollars)

Stock options

The changes in stock options during the nine months ended June 30, 2022 are as follows:

	Number outstanding	Weighted average exercise price ($)
Balance as at September 30, 2021	**8,950,000**	**0.159**
Granted	4,900,000	0.360
Granted	4,400,000	0.380
Forfeited	800,000	0.120
Forfeited	400,000	0.185
Forfeited	400,000	0.170
Exercised	1,390,000	0.120
Balance, Jun 30, 2022	**15,260,000**	**0.266**

Warrants

	Number of warrants	Weighted Average Exercise Price	Expiry Date
Issued			
May 16, 2022	20,774,030	0.2834	May 16, 2028
May 27, 2022	10,000,000	0.2721	May 27, 2026
Balance as at June 30, 2022	**30,774,030**	**0.2797**	

During the three months ended June 30, 2022, the Company issued 20,774,030 warrants to Appian Capital and 10,000,000 warrants to SOX.

RELATED PARTY TRANSACTIONS

On September 12, 2019, Western Potash entered into a Credit Facility Agreement to borrow up to an aggregate amount of $40,000,000 from the Company's majority shareholder to provide financing for construction costs associated with the Milestone Project. The loan is unsecured and matures on September 30, 2024. The initial interest rate (the "Initial Interest Rate") of the loan is 4% per annum, with interest payable at the end of each fiscal year. However, should Western Potash secure a commercial loan from any Canadian bank during the construction period of Phase I of the Milestone Potash Project, the weighted average interest rate offered by the Canadian commercial bank will be used to replace the Initial Interest Rate. As of June 30, 2022, $17,500,000 of the loan was paid to the creditor.

During the three months ended June 30, 2022, Western Potash entered into a bridging loan agreement with a party related to one of the Company's directors for an amount of $3,000,000. During the period, $1,000,000 was advanced at the cost of a 6% simple interest per annum, and the advance was fully repaid.

SEGMENTED INFORMATION

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

(Expressed in Canadian Dollars)

	Real estate	Mineral properties	Total
	$	$	$
For the nine months ended June 30, 2022			
Operating expenses	(29,714)	(2,419,557)	(2,449,270)
Interest and other income		8,753,442	8,753,442
Income tax expense			0
Net income (loss) for the period	(29,714)	6,333,885	6,304,172
For the nine months ended June 30, 2021			
Operating expenses	(116,984)	(1,063,507)	(1,180,491)
Interest and other (expense)	(299,432)	(189,276)	(488,708)
Income tax expense		(27,131)	(27,131)
Net (loss) for the period	(416,416)	(1,279,914)	(1,696,330)
As at June 30, 2022			
Total assets	971,722	280,276,698	281,248,421
Non-current assets	921,652	257,163,281	258,084,933
Current assets	50,070	23,113,418	23,163,488
Total liabilities		(204,597,419)	(204,597,419)
As at September 30, 2021			
Total assets	5,504,686	241,343,323	246,848,009
Non-current assets	1,402,129	236,363,261	237,765,390
Current assets	4,102,557	4,980,062	9,082,619
Total liabilities		(86,007,507)	(86,007,507)

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in the Risks and Uncertainties section of this MD&A and Note 23 of the audited consolidated financial statements for the year ended September 30, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 2 of the audited consolidated financial statements for the year ended September 30, 2021.

CRITICAL ACCOUNTING 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 period. Actual results could materially differ from these estimates. Significant judgements made by management relate to the Company's ability to continue as a going concern (see Note 1 to the audited consolidated financial statements) and the determination that certain leases related to the Milestone Project are not within the scope of IFRS 16, Leases, as they grant the Company the right to explore, develop, produce, or otherwise use the mineral resource contained on Milestone Project land.

Areas of critical estimate include the economic recoverability and probability of future economic benefit of mineral, property, plant and equipment, valuation of investments in associates and real estate properties under development, the determination of asset retirement obligations, and the determination of the fair value of financial instruments. For more details, refer to Note 2 of the audited consolidated financial statements for the year ended September 30, 2021 for a more detailed discussion of the critical accounting estimates and judgments.

RISKS AND UNCERTAINTIES

Risk Factors Relating to The Company's Business

The Company's ability to finance and develop the Milestone Project to production, generate revenues and profits from its natural resource properties, or any other resource property that it may acquire, currently or in the future, is dependent upon a number of factors. For a detailed discussion of these factors faced by the Company, please refer to the Company's most recent Annual Information Form dated December 29, 2021.

Readers are cautioned that the projected mining method, potential production profile as well as mine plan referred to in the updated NI 43-101 report prepared by March Consulting Associated Inc. included risks, further detailed below in Project risks, based on the modelling work, geology, implementation, plant startup and operation. There is no certainty that the potential mine will be completed or that production will be realized.

Going concern risk

The Company was incorporated on January 16, 2017 under the British Columbia Business Corporations Act and has the name Western Resources Corp.

The Company signed a subscription agreement with Vantage and closed the First Tranche in the amount of $33 million in May 2022 and the Second Tranche in the amount of $17 million in July 2022.

Western Potash signed an $85 million term Loan Transaction agreement with Appian Capital on April 28, 2022. On May 16th, 2022, Western Potash received the first tranche, in the principal amount of $45 million, of the Loan Transaction.

On May 12, 2022, Western Potash entered into a cost-reimbursable construction services agreement with SOX, as general contractor to continue the bulk of the remaining construction work for the Milestone Project.

Environmental Risks and Hazards

All phases of the Company's mineral operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which may require stricter or changing standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, laws and permits, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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, the Company's 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, 2022. Therefore, commodity price risk may affect the completion of future equity and/or debt transactions such as equity offerings, financings 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

Phase I 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 have the largest effect on project economics. There are exchange rate and tariff risks, but these are somewhat mitigated by the likely effect of sales price.

The mineral resources and reserves are based on a model of the geological conditions which relies on seismic studies, drilled core and historical data. There is no certainty that data or model captures all geological features or small-scale anomalies. Although an allowance has been made for losses or unknowns this may require changes in the mine plan. Mineral resources that are not mineral reserves do not have demonstrated economic viability; the estimate of mineral resources in the updated NI 43-101 Report may be materially affected by environmental, permitting, legal, title, taxation, social-political, marketing, or other relevant issues.

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 cavern, long-term potash recovery rates, construction CAPEX costs, sustaining and operating costs. The Company is considering a number of construction strategies to plan for strict control of the construction costs and engaging leading experts and engineering firms to leverage their experience. To maintain potash recovery rates, additional well drilling is planned during operations and drilling costs have been included in the sustaining CAPEX. However, actual conditions in the caverns (including geological, flow and dissolution) may be overestimated in the cavern production models. This risk is partially mitigated by early hot mining which will build up potash in the crystallization pond and prove actual mining rates.

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 has developed 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.

The development of the Phase I will include the construction and operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labour, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance construction and development activities. It is common for new mining operations to experience unexpected costs, problems and delays during construction, development, and mine start-up. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at the Phase I plant. The events like significant delays in completion of Phase I Milestone Project, consistently reaching production on a commercial scale, or significant increase in its capital costs than estimates, etc. could have a significant adverse effect on the Company's profitability of operations, cash generation from operations and its financial condition.

Risks of Financial Instruments

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions are undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in Note 23 of the audited consolidated financial statements for the year ended September 30, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 23 of the audited consolidated financial statements for the year ended September 30, 2021.

Credit Risk

Credit risk is the risk of loss associated with a counterparty'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 deposits the carrying value of which represents the Company's maximum exposure to credit risk. 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. At June 30, 2022 the Company's principal credit risk related to its accounts and other receivables, which is primarily comprised of goods and services taxes recoverable from the Government of Canada for which minimal credit risk exists.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of June 30, 2022. The Company's loans payables are not subject to interest rate risk as they are not subject to a variable interest rate.

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

(Expressed in Canadian Dollars)

The Company's cash and accounts payable and accrued liabilities are held in CA$, US$, and BRL$; therefore, US$ and BRL$ accounts are subject to fluctuation against the CA$.

As at June 30, 2022, the Company had the following balances in foreign currency which were subject to foreign exchange risk:

As at June 30, 2022	US$	BRL$
Cash and cash equivalents	14,262,499	
Accounts payable and accrued liabilities	(234,812)	
Payable on legal settlement		(3,476,369)
	14,027,686	(3,476,369)
Rate to convert to CA$1.00	1.289	0.263
Equivalent to CA$	18,076,077	(914,980)

Risk of geopolitical development

Russia and Belarus, the two major exporters of potash, are currently subject to sanctions related to the conflict in the Ukraine, which is causing short term supply disruptions; the long-term outlook remains uncertain. Insurance rates for shipments for commodities from Russia are high at present, forcing purchasers to look for alternative sources of potash supply. These supply shocks are expected to have a continuing impact on prices which are expected to remain elevated in the short term.

DISCLOSURES, CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Company have assessed or caused to be assessed the effectiveness of the Company's disclosure control procedures ("DC&P") and internal control over financial reporting ("ICFR"), which have been designed or caused to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has relied upon certain informal procedures and communication to maintain the effectiveness of disclosure controls and procedures and to continually improve and upgrade the design and evaluation of its DC&P and ICFR. However, there can be no assurance that the risk of a material misstatement in the annual financial statements can be reduced to less than a remote likelihood.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of ICFR as at December 31, 2021. In conducting this evaluation, the Company used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on its evaluation, the Company's Chief Executive Officer and Chief Financial Officer as at December 31, 2021 concluded that the Company's ICFR and DC&P were not effective because of a material weakness identified in the design of review control related to the cash flow forecasts prepared by the Company's experts and the accounting for complex transactions. The Company does not currently have sufficient technical resources to appropriately verify and review the cash flow information prepared by the Company's experts. Further, the Company does not currently have sufficient technical resources to appropriately research and account for complex transactions and their related disclosures. However, since the December 31, 2021 conclusion and identification, the

Company has made progress in addressing the material weakness including the recruitment of an experienced accounting manager and an accountant.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.