CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Western Resources Corp.:

Opinion

We have audited the consolidated financial statements of Western Resources Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of derivative financial instrument

Key Audit Matter Description We draw attention to Note 14 Loans payable and derivative liabilities to the consolidated financial statements. On April 28, 2022, the Company entered into a $85,000,000 term loan facility financing transaction (the "Loan Transaction") with Appian Capital Advisory LLP ("Appian"). The financing arrangement included the following different components: i) A six year term loan facility (the "Loan") of up to USD$66,421,824 (equivalent of $85,000,000), at an interest rate of 12.5% per annum, ii) The grant of a 1.5% royalty (the "Royalty") based on the gross revenue of the Milestone Project to Appian as defined in the royalty agreement dated May 16, 2022 (the "Royalty Agreement"), iii) The issuance of 20,774,030 warrants ("Warrants") to Appian by the Company, which will allow Appian, after exercise, to acquire up to 20,774,030 common shares of the Company.

As discussed in Note 14, the Company determined that the Loan Transaction contained two embedded derivatives including the Royalty payable and Warrants payable.

To determine the fair value of the Royalty payable, the Company used discounted cash flow models, including the use of significant assumptions such as discount rate and future potash price.

As at September 30, 2022, the fair value of the Royalty payable was $10,405,643.

We considered this a key audit matter due to the significant risk of material misstatement related to the significance of the Royalty payable value and the degree of uncertainty in management's estimates and judgements involved. As a result, significant audit effort and subjectivity were required in applying audit procedures to test significant assumptions used by management in determining the fair value of the Royalty payable. Further, professionals with specialized skills and knowledge were required to evaluate certain significant assumptions.

Audit response

We responded to this matter by performing procedures in relation to the valuation of derivative financial instrument. Our audit work in relation to this included, but was not restricted to, the following:

- We inspected the relevant agreements entered by the Company and Appian related to the financing arrangement;
- We assessed the methodology and the appropriateness of the valuation models used by management to value the Royalty payable;
- We tested the underlying data used in the valuation models and evaluated the reasonableness of significant assumptions by:
    i. Assessing the competence, capabilities and objectivity of the independent third party who prepared the NI 43-101 technical report which included the mineral reserve estimate and assisted management with estimating cash flows from the Milestone Project; and
    ii. Comparing the assumption of future potash prices the Company used with external market and industry data;
- We involved our internal valuation professionals with specialized skills and knowledge who assisted in assessing the appropriateness of the methodology of the valuation models and reasonableness of the discount rate and commodity price assumptions used by comparing to estimates that were independently developed using publicly available third-party sources and data for comparable entities.

Assessment of impairment indicators for the Company's mineral property, plant and equipment

Key Audit Matter Description We draw attention to Note 2 Significant accounting judgements and estimates – Economic recoverability and probability of future economic benefits of mineral property, plant and equipment and Note 7 Mineral property, plant and equipment to the consolidated financial statements. The carrying value of the mineral property, plant and equipment was $260,411,647 as at September 30, 2022. At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indicator that an impairment loss exists. Where such an indicator exists, the recoverable amount of the assets is estimated and compared to the carrying amount in order to determine the amount of the impairment loss. The Company determined that there were no external or internal indicators of impairment as at September 30, 2022 and no impairment tests were required.

Management uses significant judgement to analyze the relevant external and internal factors in assessing whether indicators of impairment are present that would necessitate impairment testing. Factors regarding the commodity prices, production, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment.

We considered this as a key audit matter due to the significance of the Company's mineral property, plant and equipment and significant auditor judgement and subjectivity in applying the procedures to evaluate the audit evidence relating to the significant judgements made by the Company in its assessment of indicators of impairment.

Audit response

We responded to this matter by performing procedures in relation to assessment of impairment indicators for the Company's mineral property, plant and equipment. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's impairment assessment process. This included controls over the qualitative impairment indicators analyses of mineral property, plant and equipment including underlying data used to perform the analysis;
- We assessed the completeness of external or internal factors that could be considered as indicators of impairment of the Company's mineral property, plant and equipment, by considering evidence obtained in other areas of the audit; and
- We evaluated the assessment performed by management including comparing the commodity prices and discount rates to external

market and industry data, understanding current industry and economic trends, and collaborating with evidence obtained in other areas of the audit, as applicable.

Other Matter

The consolidated financial statements for the year ended September 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on December 29, 2021.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures

made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jian-Kun Xu.

Vancouver, British Columbia

MNP LLP

December 28, 2022

Chartered Professional Accountants

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Western Resources Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	As at Sept 30, 2022 $	As at Sept 30, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		2,200,558	8,019,661
Short-term investments	**4**	28,237,009	-
Term deposits, including restricted cash	**5**	2,387,290	822,698
Other current assets	**6**	1,573,982	240,260
Deferred transaction costs	**14**	2,366,394	-
		36,765,233	9,082,619
Non-current assets			
Mineral property, plant and equipment	**7**	260,411,647	231,385,170
Investment in associates	**8**	830,529	1,402,129
Other assets	**9**	6,494,490	4,978,091
		267,736,666	237,765,390
TOTAL ASSETS		304,501,899	246,848,009
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**10**	5,452,552	44,468,594
Payable on legal settlement	**11**	-	936,576
Lease obligations	**12**	-	37,386
Current portion of financing arrangement	**15**	8,924,404	-
		14,376,956	45,442,556
Long term liabilities			
Asset retirement obligation	**13**	2,911,163	3,926,576
Loans payable	**14**	29,838,108	28,309,332
Royalty payable	**14**	10,405,643	-
Warrants payable	**14**	5,564,031	-
Financing arrangement	**15**	-	8,329,043
		48,718,945	40,564,951
TOTAL LIABILITIES		63,095,901	86,007,507
SHAREHOLDERS' EQUITY			
Share capital	**16**	286,264,824	231,142,466
Contributed surplus	**16,17**	55,503,083	28,829,181
Treasury shares		(762,520)	(762,520)
Deficit		(99,599,389)	(98,368,625)
TOTAL SHAREHOLDERS' EQUITY		241,405,998	160,840,502
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		304,501,899	246,848,009
Nature of operations	**1**		
Commitments and contractual agreements	**21**		
Contingencies	**24**		

These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Guy Bentinck Director **/s/ Wenye Xue Director**

See accompanying notes to these audited consolidated financial statements.

Western Resources Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Notes	For the years ended September 30, 2022 $	September 30, 2021 $
EXPENSES			
Consulting fees		297,910	361,735
Depreciation	**7**	90,749	142,893
Office and miscellaneous expenses		1,044,653	1,178,700
Professional fees		114,814	524,272
Salaries, wages and benefits		1,686,500	659,272
Share-based payments	**16**	146,262	22,836
Operating loss before other income		(3,380,888)	(2,889,708)
Other income			
Gain on settlement of payables	**10**	8,859,254	-
Interest income		76,452	84,124
Other income	**26**	449,259	463,883
		9,384,965	548,007
Other expenses			
Finance costs	**25**	4,975,958	3,144,418
Loss on loan modification	**14**	1,261,989	-
Share of loss from investment in associates	**8**	93,703	110,235
		(6,331,650)	(3,254,653)
Other income (expenses)		3,053,315	(2,706,646)
Loss before income taxes		(327,573)	(5,596,354)
Income tax recovery expense			
Current	**27**	(65)	(27,131)
Deferred	**27**	-	-
		(65)	(27,131)
Loss and comprehensive loss for the year		(327,638)	(5,623,485)
Loss and comprehensive loss attributable to:			
Shareholders of the Company		(1,230,764)	(5,623,485)
Non-controlling interests - Vantage	**17**	903,126	-
		(327,638)	(5,623,485)
Weighted average number of common shares outstanding (basic and diluted)		188,778,430	186,236,053
Basic and diluted loss per share for the year attributable to common shareholders ($ per common share)		(0.01)	(0.03)

Western Resources Corp.

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

		Share capital							
	Notes	Number of shares	Amount $	Reserves $	Treasury shares $	Deficit $	Total $	Non-controlling interest ("NCI") $	Total $
Balance at September 30, 2020		**186,874,220**	**231,106,466**	**28,985,540**	**(762,520)**	**(92,745,140)**	**166,584,346**	**2,589,000**	**169,173,346**
Exercise of stock options		300,000	36,000	-	-	-	36,000	-	36,000
Share-based payments		-	-	(156,359)	-	-	(156,359)	-	(156,359)
Distribution of NCI		-	-	-	-	-	-	(93,000)	(93,000)
Disposition of NCI		-	-	-	-	-	-	(2,496,000)	(2,496,000)
Net loss for the year		-	-	-	-	(5,623,485)	(5,623,485)	-	(5,623,485)
Balance at September 30, 2021		**187,174,220**	**231,142,466**	**28,829,181**	**(762,520)**	**(98,368,625)**	**160,840,502**	**-**	**160,840,502**
Share-based payments	**16**	-	-	702,334	-	-	702,334	-	702,334
Exercise of stock options	**16**	1,590,000	190,800	-	-	-	190,800	-	190,800
Equity investment from Vantage	**17**	-	-	-	-	-	-	80,000,000	80,000,000
Conversion of NCI by Vantage	**17**	219,726,258	54,931,558	25,971,568	-	-	80,903,126	(80,903,126)	-
Net loss for the year		-	-	-	-	(1,230,764)	(1,230,764)	903,126	(327,638)
Balance at September 30, 2022		**408,490,478**	**286,264,824**	**55,503,083**	**(762,520)**	**(99,599,389)**	**241,405,998**	**-**	**241,405,998**

See accompanying notes to these audited consolidated financial statements.

(Expressed in Canadian Dollars)

	Notes	For the years ended September 30, 2022	September 30, 2021
Cash flows from (used in)			
OPERATING ACTIVITIES			
Net loss for the year		(327,638)	(5,623,485)
Adjustments for items not affecting cash:			
Income tax expense		-	27,131
Finance costs	**25**	4,975,958	3,144,418
Depreciation	**7**	90,749	142,893
Interest income		(76,452)	(84,124)
Other		-	5,874
Share-based payments	**16**	146,262	22,836
Gain on sale of real estate		-	(233,447)
Share of loss from investment in associates	**8**	93,703	110,235
Revaluation gain on warrants payable		(2,712,539)	-
Unrealized foreign exchange loss		2,817,738	-
Net changes in non-cash working capital items and other items			
Other current assets	**6**	(1,333,722)	431,538
Other assets		(1,516,399)	(646,274)
Accounts payable and accrued liabilities	**10**	(9,551,905)	(989,530)
Interest received		-	110,440
Payments on legal settlement	**11**	(936,576)	(150,000)
Income taxes paid		-	(27,131)
Finance costs paid		-	(498,184)
Cash flow used in operating activities		(8,330,821)	(4,256,810)
INVESTING ACTIVITIES			
Acquisition of mineral property, plant and equipment	**7**	(52,237,021)	(11,160,873)
Investments in associates	**8**	-	(362,625)
Short-term investments	**4**	(28,237,009)	-
Repayment of loan receivable to associates		-	525,764
Real estate properties under development		-	(1,925,310)
Return of equity in investment in associate	**8**	477,897	3,671,536
Acquisition of term deposits	**5**	(2,387,290)	(743,090)
Proceeds from redemption of term deposits	**5**	899,150	3,114,759
Disposition of investment in associates including FB Seaton	**8**	-	14,703,466
Cash flow used in investing activities		(81,484,273)	7,823,627
FINANCING ACTIVITIES			
Payments on lease obligation	**12**	(37,885)	(90,924)
Payments on loan interests		(1,448,333)	-
Mortgage on real estate properties under development		-	2,189,364
Proceeds from loan payable	**14**	-	20,000
Repayment of promissory notes		-	(4,320,000)
Repayment of loan	**14**	(35,000,000)	-
Return of capital to non-controlling interest		-	(93,000)
Proceeds from exercise of options	**16**	190,800	36,000
Net proceeds from loan payable, royalty, and warrants liability	**14**	40,291,409	-
Proceeds from Vantage equity financing	**17**	80,000,000	-
Cash flow from financing activities		83,995,991	(2,258,560)
Increase (decrease) in cash and cash equivalents		(5,819,103)	1,308,257
Cash and cash equivalents, beginning of year		8,019,661	6,711,404
Cash and cash equivalents**, end of year**		2,200,558	8,019,661

See accompanying notes to these audited consolidated financial statements.

1. NATURE OF OPERATIONS

Western Resources Corp. ("the Company" or "WRX") 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 Southern Saskatchewan, Canada. 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 other future Phases. Ultimately, the Company intends to develop a world-class and environmental-friendly potash deposit at a competitive cost and as an environmentally friendly model. The Company currently has no mineral production that yields any revenues.

The Company also invested in real estate development projects in the Greater Vancouver Area through limited partnerships. The Company accounts for these investments using the equity method. (See Note 8).

On January 13, 2022, the Company incorporated Western Potash Holdings Corp. ("WPHC") and transferred its 100% equity interest in Western Potash Corp. ("WPC") to WPHC. As the result, WPHC through its 100% of equity interest of WPC and its subsidiary, 0907414 BC Ltd. ("BC Subsidiary"), owns Milestone Project, which is the Company's main asset.

On February 16, 2022, the Company, along with its two subsidies, WPHC and WPC entered into a subscription agreement (the "Subscription Agreement") with Vantage Chance Limited ("Vantage"), a private investment company registered in the British Virgin Islands. Pursuant to the Subscription Agreement, Vantage committed to make an equity investment of $80,000,000 ("Investment Proceeds') in WPHC in exchange for an aggregate of 157,325,071 common shares of WPHC. After completing the transaction, Vantage will hold 54% of the total issued and outstanding common shares of WPHC. The Investment Proceeds will be used solely for the purposes of the development and construction of the Milestone Potash Project.

On May 20, 2022, the Company and Vantage amended the Subscription Agreement to: 1) allow Vantage to pay the Investment Proceeds in two tranches as follows: (i) $33,000,000 on the Closing Date; and (ii) $47,000,000 on the Subsequent Closing Date, 2) agree on a share conversion term to allow that either WRX or Vantage to convert all 157,325,071 of the Subscription Shares held by Vantage into 219,726,258 fully paid and non-assessable WRX Shares, representing approximately 54% of the issued and outstanding WRX Shares (the "Conversion Option"), at an exchange rate of approximately 0.716 Subscription Share per WRX Share (the "Exchange Ratio").

On July 29, 2022, second amended agreement was executed to further allow Vantage to pay the remaining in Investment Proceeds of $47,000,000 in two tranches as follows: (i) $17,000,000 on the Second Tranche Closing Date; and (ii) $30,000,000 on the Third Tranche Closing Date.

Upon completion of the transaction on September 8, 2022, Vantage and the Company initiated the Conversion Option. On September 28, 2022, after obtaining the approval from the Toronto Stock Exchange ("TSX") and consent from the Company's largest shareholder, Tairui Mining Inc. ("Tairui"), the Conversion option was completed. As a result, Vantage owns 53.79% of the issued and outstanding WRX Shares calculated on a post-transaction, non-diluted basis. Tairui holdings in WRX, 105,854,938 WRX Shares, representing approximately 56.08% of the issued and outstanding WRX Shares pre-conversion, have been diluted to approximately 25.91% post-conversion.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements of the Company for the year ended September 30, 2022 were approved by the Board of Directors on December 28, 2022.

Basis of Presentation and Functional Currency

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 2. All amounts are expressed in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

Significant 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 estimates and underlying assumptions are reviewed on an on-going basis. The following are the critical judgments and areas involving estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

The most significant accounting judgments and estimates are as follows:

- ***Going concern***

  Management had judged that the Company has the ability to continue in operation for at least twelve months from September 30, 2022 and to realize its assets and discharge its liabilities in the normal course of operations. Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

- ***Basis of consolidation***

  Management has judged that the change of controlling shareholder as the execution of Subscription Agreement and the Conversion Option does not affect the Company's control over its subsidiaries. The Company remains the power to govern the financial and operating policies of the subsidiaries and obtain benefits from its activities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgments and Estimates (continued)

- ***Economic recoverability and probability of future economic benefits of mineral property, plant and equipment***

In assessing whether indicators of impairment exist, management uses judgement in assessing the impact of changes in commodity prices, discount rates and other economic factors related to the project. 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.

As of September 30, 2021, the Company identified indicators of impairment related to the Milestone Project and determined the recoverable amount based on the higher of the fair value less cost to sell and value in use. The determination of fair value less costs to sell and value in use of an asset or cash generating unit (CGU) requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, closure and rehabilitation costs, future capital expenditures and discount rates. The estimates and assumptions are subject to risk and uncertainty, hence, there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the asset or CGU. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in net income (loss). As at September 30, 2022, no indicators of impairment related to the Milestone Project were identified by the Company.

The Company estimates its mineral reserves and mineral resources based on information compiled by qualified persons as defined by National Instrument (“NI”) 43-101. Mineral reserves are used in the calculation of depreciation and impairment charges, and for forecasting the timing of the payment of closure and restoration costs. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of mineral reserves and may, ultimately, result in mineral reserve estimates being revised. Such changes in mineral reserves could impact depreciation and amortization rates, the timing of asset retirement obligation costs which affect the amount of the asset retirement obligation provision and could result in impairment losses associated with mineral property, plant and equipment.

- ***Determination of asset retirement obligation***

The Company’s provision for asset retirement obligation represents management’s best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of costs, inflation, and assumptions of risks associated with the future cash outflows including the timing of such outflows, and the applicable discount rates used to determine the net present value of the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the asset retirement obligation are recorded with a corresponding change to the carrying amounts of related mineral property, plant and equipment. Adjustments to the carrying amounts of related mineral property, plant and equipment can result in a change to future depreciation expense. Assumptions with respect to the Company’s asset retirement obligation provision are disclosed in Note 13.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ***Determining fair value of financial instruments***

The fair value of warrants payable and royalty payable is determined using valuation techniques including the Black-Scholes option pricing model and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, certain estimates are required in establishing fair values. Changes in these estimates could affect the reported fair value of the derivative instruments. Refer to Notes 14 for further details about the estimates as well as a sensitivity analysis.

- ***Income taxes***

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Significant Accounting Policies

The accounting policies set out below have been applied consistently by all group entities and for all periods presented.

- ***Principles of consolidation***

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Western Potash Holdings Corp., Western Potash Corp., 0907414 B.C. Ltd., and Western Garden Properties Corp. All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

- ***Cash and cash equivalents***

The Company considers all highly liquid investments with maturities when purchased of three months or less to be cash equivalents.

- ***Short-term investments***

Shor-term investments include Guaranteed Investment Certificates (GICs) and term deposits with mature date equal or less than twelve months.

- ***Investments in associates***

Associates are entities for which the Company has significant influence, but not control or joint control over the financial and operational decisions. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter for the change in the Company’s share of the investee’s profit or loss and Other Comprehensive Income (OCI) less distributions received until the date that significant influence ceases.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

- ***Exploration and evaluation expenditures***

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation including acquisition costs, are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and sufficient funds have been obtained to commence development, the property is considered to be a mine under development. At such time, accumulated exploration and evaluation expenditures are tested for impairment and then reclassified to "mineral properties, plant and equipment".

- ***Mineral property, plant and equipment***

Building and Equipment

Building and equipment is recorded at cost less accumulated amortization. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management, including estimated decommissioning and restoration costs and, where applicable, borrowing costs. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment. Amortization is calculated using the declining balance method in the year ended September 30, 2021 and has changed to straight-line method. Amortization was calculated at the following annual rates:

	2022 – Straight-line	**2021 – Declining balance**
• Building	25 years	4%
• Automobiles	3.33 years	30%
• Computer hardware	2 years	50%
• Computer software	1 year	100%
• Furniture and fixtures	5 years	20%

Right of use assets are amortized over the shorter of their useful lives or the term of the lease.

- ***Mineral interests and mine development costs***

Mineral interests and mine development costs are recorded at cost. Costs include reclassified exploration and evaluation expenditures, feasibility and other technical studies, engineering and design costs, depreciation on equipment used during the development phase, borrowing costs, if applicable, cost of asset retirement obligation, and other costs incurred to bring a mine into production. These costs are not amortized until the mine is operating as intended by management at which time the costs will be amortized using the units of production method.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

- ***Mineral interests and mine development costs (continued)***

Mineral properties are tested for impairment whenever there are indicators that suggest that the carrying value is not recoverable. Costs not directly attributable to development activities, including general administrative overhead costs, are expensed in the period in which they occur.

- ***Income taxes***

Income taxes comprises current and deferred income tax expense. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax expense is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable or receivable in respect of previous years. Deferred tax assets and liabilities are recognized based on differences in the financial statement carrying amount for assets and liabilities and the amounts used for tax purposes. Deferred tax assets and liabilities are generally recognized for all taxable temporary differences. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent it is not probable that they will reverse in the foreseeable future. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses only to the extent that it is probable that there will be taxable profits against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

- ***Basic and diluted income (loss) per share***

Basic income (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted income per share reflects adjustments to the weighted average number of common shares outstanding for the potential dilution of securities, including stock options, that could share in income of the Company. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

- ***Share-based payments***

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued determined on the grant date and amortized over the relevant vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of stock options is determined using a Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

- ***Financial instruments***

Financial assets
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss.

There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Financial assets at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less any impairment charges. They are classified as current or non-current assets based on their maturity date. The Company's cash, short-term investments, term deposits, including restricted cash, other current assets (exclude marketable securities and goods and services tax receivable) and other assets are all classified as financial assets at amortized cost. Marketable securities are classified as FVTPL.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset credit risk has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

Financial liabilities

The Company classifies its financial liabilities into one of the following categories:

Financial Liabilities at Fair Value Through Profit or Loss
This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Financial liabilities that are initially recognized at FVTPL originally include any transaction costs directly attributable to the liability. The Company's warrants payable and royalty payable are classified as financial liabilities at FVTPL

Other Financial Liabilities
Other financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired. Any adjustment to the amortized cost of the financial liability arising from a modification or exchange is recognized in profit or loss at the date of the modification or exchange.

The Company's accounts payable and accrued liabilities, payable on legal settlement, lease obligations, asset retirement obligation, financing arrangement and loans payable are all classified as other financial liabilities at amortized cost.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that an impairment loss exists. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows that the asset or cash generating unit is expected to generate along with the expected costs to complete the project are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

- ***Foreign currency translation***

Foreign currency transactions are translated into the Canadian dollar functional currency using the prevailing exchange rates on the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period by using the rates prevailing at that date, are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the prevailing exchange rates on the date when the fair value was determined.

- ***Provision for asset retirement obligation***

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and the retirement of assets in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for an asset retirement obligation is recognized based on expected cash flows required to settle the obligation and is discounted at a pre-tax rate specific to the liability. The cost of such obligation is included in mineral property, plant and equipment, as applicable, and is depreciated on the same basis as the related asset. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

- ***Employee benefits***

Short-term employee benefit obligations are recognized as personnel expenses as the corresponding service is provided. Liabilities are recognized at the amount that is expected to be paid if the Company has a present legal or constructive obligation to pay that amount based on past services rendered by the employee, and the obligation can be estimated reliably. There are no long-term employee benefits.

- ***Leases***

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. Leases are recognized as a lease liability and a corresponding right-of use (“ROU”) asset at the date on which the leased asset is available for use by the Company. Liabilities and assets arising from a lease are initially measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

Lease payments are allocated between the lease liability and finance costs. Cash outflows for repayment of the principal portion of the lease liability are classified as cash flows from financing activities. The interest portion of the lease payments is classified as cash flows from operating activities.

The ROU asset is initially measured at an amount equal to the corresponding lease liability and is subsequently depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of loss on a straight-line basis over the lease term.

- ***Interest income and finance costs***

Interest income includes interest on cash and cash equivalents and term and other deposits. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings and unwinding of the discount on provisions and leases. Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Interest received and finance costs paid are classified in the statement of cash flows as operating activities.

3. NEW ACCOUNTING STANDARDS

Recently Announced Accounting Pronouncements

The standards, amendments and interpretations that are issued, but not yet effective up to the date of authorization of the Company's consolidated financial statements, and that may have an impact on the disclosures and financial position of the Company are disclosed below. The Company intends to adopt these standards, amendments and interpretations when they become effective.

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrowed the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The amendments are effective January 1, 2023, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the consolidated financial statements.

In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduced a definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective January 1, 2023, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the consolidated financial statements.

(Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS

As of September 30, 2022, the Company's short-term investments consist of Guaranteed Investment Certificates (GICs) and term deposits invested in Canadian financial institutions of $28,237,009 (September 30, 2021 - $ Nil) with maturities from six months to twelve months. These investments normally bear a fixed interest rate of between 0.8% and 3.6% or a variable interest rate of the banks' prime rate minus 2.4%.

5. TERM DEPOSITS, INCLUDING RESTRICTED CASH

	As at Sept 30, 2022 $	As at Sept 30, 2021 $
Interest receivable related to term deposits	-	22,684
Collateral to secure banking facility for real estate	-	745,226
Collateral for equipment purchases	-	54,788
Collateral for debt service reserve	2,387,290	-
Restricted cash	**2,387,290**	**822,698**

As of September 30, 2021, the Company had total term deposits of $822,698 as the collateral for committed expenditures and banking facilities. During the year ended September 30, 2022, all these term deposits were released from the collateral upon the satisfaction of the related expenditure and the repayment of related bank loans. As of September 30, 2022, the Company has $2,387,290 as the collateral for debt service reserve, as a restricted account for monitoring the interests payable to Appian Capital Advisory LLP ("Appian") (Note 14).

6. OTHER CURRENT ASSETS

	As at Sept 30, 2022 $	As at Sept 30, 2021 $
Goods and services tax receivable	652,964	109,360
Other receivables	-	11,036
Prepaid expenses	896,545	49,017
Marketable securities	24,473	70,847
	1,573,982	**240,260**

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

The Company owns a 100% interest in the Milestone Project located in the province of Saskatchewan under various property leases. The Company's rights to these properties are subject to a renewable 21-year Crown Lease issued by the Saskatchewan Ministry of Energy and Resources and renewable freehold leases. Those leases provide the Company with full and exclusive rights to mine Crown owned subsurface minerals and privately-owned subsurface minerals, including potash. Annual lease payments total $420,000.

The continuity schedule for the mineral, property, plant and equipment from 2020 to 2022 is listed as follows:

(Expressed in Canadian Dollars)

7. MINERAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Mineral interests and mine development costs	Decommissioning Asset	Construction in progress	Property and office equipment	Intangible assets under development	Right-of-use assets (Note 13)	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	569,564	(1,060,742)	29,569,690	4,118	34,598	-	29,117,228
As at September 30, 2022	90,777,990	2,759,500	166,485,533	1,096,604	34,598	196,068	261,350,293
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)	-	(162,264)	(847,895)
Depreciation for the year	-	-	-	(56,947)	-	(33,804)	(90,751)
As at September 30, 2022	-	-	-	(742,578)		(196,068)	(938,646)
Net book value							
As at September 30, 2021	90,208,426	3,820,242	136,915,843	406,855	-	33,804	231,385,170
As at September 30, 2022	90,777,990	2,759,500	166,485,533	354,026	34,598	-	260,411,647

The additions for the construction in progress during the years ended September 30, 2022 and 2021 included the following:

	30-Sep-22 $	30-Sep-21 $
Capitalized interest on loans payable	3,904,061	2,007,955
Share-based payments	556,072	(179,195)
	4,460,133	**1,828,760**

The additions of 2022 include expenditures of $4,182,297 (September 2021 - $41,308,098) incurred but not yet paid therefore recorded in accounts payable and accrued liabilities (Note 10). Construction activities for the processing plant, storage & loadout, and compaction plant, were stopped in May 2020, and resumed in May 2022 after the Company obtained equity financing from Vantage (See Note 1), the borrowing from Appian (See Note 14), and the debt settlement with Stuart Olson Prairie Construction Inc. (“SOX”) (See Note 10).

(Expressed in Canadian Dollars)

8. INVESTMENT IN ASSOCIATES

Investment in Associates	FB Burrard LP $	FB Robinson LP $	WGP LP $	Total $
As at September 30, 2020	**1,805,716**	**5,155,354**	**3,262,759**	**10,223,829**
Disposition of investment in associates	-	(5,402,554)	-	**(5,402,554)**
Contributions	-	247,200	115,425	**362,625**
Return of equity investment	(1,501,622)	-	(2,169,914)	**(3,671,536)**
Share of income (loss) from investment in associates	(210,423)	-	100,188	**(110,235)**
As at September 30, 2021	**93,671**	**-**	**1,308,458**	**1,402,129**
Return of equity investment	-	-	(477,897)	**(477,897)**
Share of loss from investment in associates	(93,671)	-	(32)	**(93,703)**
As at September 30, 2022	**-**	**-**	**830,529**	**830,529**
Loan Receivable from Associates				
As at September 30, 2020	**525,764**	**-**	**-**	**525,764**
Repayment of loan receivable	(525,764)	-	-	(525,764)
As at September 30, 2021	**-**	**-**	**-**	-
Additions	-	-	-	-
As at September 30, 2022	**-**	**-**	**-**	-

a) Investment in Associates

FB Burrard Development Limited Partnership ("FB Burrard")

As of September 30, 2022 and 2021, the Company had a 72.31% limited partnership interest in FB Burrard LP which is in the business of developing a real estate project in Vancouver, British Columbia. FB Burrard LP is controlled by its general partner, FB Burrard Development Ltd. ("FB Burrard"). FB Burrard is jointly controlled by the Company and Formwerks Boutique Investments Ltd. ("Formwerks"), a Vancouver based real estate development company. Amongst other things, the shareholder agreement requires unanimous consent by the Company and Formwerks for decisions related to all relevant activities of FB Burrard. Accordingly, the Company accounts for its investment in FB Burrard using the equity method.

The Company is obligated to fund 72.31% of FB Burrard LP's development and construction costs not financed by bank financing obtained by FB Burrard LP 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, of which the Company's share is $4,700,150. If FB Burrard LP needs further funding, the limited partners have the right but not the obligation to loan funds to FB Burrard LP.

On January 27, 2021, FB Burrard LP replaced its existing construction loan with a new loan approved for an amount up to $6,700,000, of which $3,884,125 was outstanding as of September 30, 2021. The Company continued to be the guarantor and the maximum liability under this guarantee is limited to $3,350,000 plus interest and costs.

On September 20, 2022, FB Burrard LP extended its construction loan, signed in January 2021, with a new amount of $700,131 and a maturity date of March 1, 2023. The maximum liability under this guarantee is limited to $360,065 plus interests and costs.

Cash flows will be distributed to the partners initially in accordance with their respective capital contribution until the initial capital contribution has been recovered; subsequent distributions to the Company are limited to 52.31% of profit as defined in the partnership agreement.

8. INVESTMENT IN ASSOCIATES (CONTINUED)

a) Investment in Associates (Continued)

For the year ended September 30, 2022, the Company received a return of equity of $nil (2021 - $1,501,622) and recognized its share of loss of $93,671 (2021 - $210,423) from real estate sales.

FB Robinson Development Limited Partnership ("FB Robinson LP")

During the year ended September 30, 2021, the Company disposed of its interest in FB Robinson LP. Prior to such disposition the company held an 80% interest in FB Robinson LP which is in the business of developing a real estate project in Coquitlam, British Columbia.

FB Robinson LP is controlled by its general partner FB Robinson Development Limited ("FB Robinson"). FB Robinson was jointly controlled by the Company and Formwerks. The Company accounted for its investment in FB Robinson using the equity method.

On July 14, 2021 the Company disposed of its interest in FB Robinson LP for proceeds of $6,636,001 and recognized gain of $1,233,447 in other income for the year ended September 30, 2021.

FB 234 Third Avenue Development Limited ("FB Third")

As of September 30, 2022 and 2021, the Company had a 10.125% interest in FB Third LP, which is developing a real estate project in Vancouver, British Columbia, through its 45% ownership interest in WGP Investment Limited Partnership ("WGP LP").

On June 22, 2018, the Company entered into a shareholders' agreement with Formwerks, 1168930 B.C. Ltd. ("1168930"), CWC Group Enterprises Ltd. ("CWC"), and 1168387 B.C. Ltd ("1168387") to invest in FB Third. The Company, Formwerks, 1168930 and CWC initially each held a 22.5% voting interest in FB Third and 1168387 holds a 10% voting interest. Amongst other things, the shareholder agreement of FB Third requires unanimous consent by all the shareholders for decisions related to all relevant activities of FB Third. Accordingly, the Company jointly controls FB Third and accounts for its investment using the equity method. FB Third is the general partner of FB 234 Third Development Limited Partnership ("FB Third LP") which is developing a real estate project in Vancouver, British Columbia.

On June 12, 2020, the Company transferred 2,517,000 units of FB Third LP representing its 22.5% interest in FB Third LP to WGP LP for $1 per unit. As the Company has a 45% interest in WGP LP (see below for a further discussion of WGP LP), the transfer effectively reduced its interest in FB Third LP to 10.125% through its ownership interest in WGP LP.

WGP LP 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 $12,000,000 of which WGP LP's share is $2,700,000, and the Company's obligation to fund WGP LP is $1,215,000. 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. On December 10, 2018, FB Third LP secured a land loan of $10,000,000 and the Company provided a corporate guarantee for the loan limited to a maximum of $2,250,000 plus interest and costs.

8. INVESTMENT IN ASSOCIATES (CONTINUED)

a) Investment in Associates (Continued)

The guarantee provided by the Company on the land loan is not affected by the transfer of the units of FB Third LP to WGP LP. On October 21, 2021, FB Third LP replaced its existing construction loan with a new loan for $38,000,000 and a Deposit Protection Contract Facility of $6,400,000. The Company did not provide a corporate guarantee for both financings.

Alabaster (Spires 2) Limited Partnership ("Alabaster LP")

On December 4, 2018, the Company entered into an arrangement with Alabaster Holdings Corp. ("Alabaster") and Invesca Holdings Inc. ("Invesca"), together as limited partners of Alabaster LP to develop a real estate project in Richmond, British Columbia. The Company initially held an 80% interest in Alabaster LP. Alabaster (Spires 2) G.P. Ltd. ("Alabaster GP") is the general partner of Alabaster LP, in which the Company has a 50% interest, 1091970 B.C. Ltd. ("109", a related party of Alabaster) has a 25% interest and Kensington Homes Ltd. ("Kensington" which is a related party to Invesco) has a 25% interest. The Company jointly controls Alabaster GP with 109 and Kensington, and accordingly the Company accounts for its investment in Alabaster GP using the equity method.

On June 12, 2020, the Company transferred 4,936,000 units of Alabaster LP representing its 80% interest in Alabaster LP to WGP LP for $1 per unit. As the Company has a 45% interest in WGP LP (see below for a further discussion of WGP LP), the transfer effectively reduced its interest in Alabaster LP to 36%.

On July 29, 2021, the real estate project was sold by Alabaster LP and the Company received a return of investment of $2,169,914. The Company also recorded its share of net income of Alabaster LP of $100,188 for the year ended September 30, 2021.

WGP Investment Limited Partnership

WGP LP was created as an investment vehicle to allow new limited partners to invest in the Company's real estate projects.

On June 12, 2020, the Company transferred its 22.5% interest in FB Third LP and its 80% interest in Alabaster LP, which had a total carrying value of $7,361,909, to WGP LP in exchange for cash of $4,099,150 and 3,353,850 units in WGP LP with a value of $1 per unit. The cash portion paid by WGP LP was funded by the issuance of 4,099,150 units of WGP LP at $1 per unit, representing a 55% interest, to a new partner 1168387 BC Ltd. ("1168387 BC"). As a result of the transaction, the Company's interest in FB Third LP and Alabaster LP were reduced to 10.125% and 36%, respectively. The transaction was accounted for as a partial disposition of these interests but did not result in a gain or loss. In connection with the transaction, the Company accrued a finder's fee of $250,000 and may be required to pay additional amounts equal to 0.25 times the amount of profit distributions received from FB Burrard. The maximum payable, inclusive of the $250,000 finder's fee, is $400,000.

WGP LP is controlled by its general partner WGP Investment (GP) Limited ("WGP GP"). Although the Company owns 100% of the common shares in WGP GP, the governing documents and related agreements of WGP GP and WGP LP require unanimous consent by representatives from both the Company and 1168387 BC for substantive decisions affecting the business activities of WGP GP. As a result, the Company and 1168387 BC jointly control WGP GP and equity accounting has been applied to the Company's interest in FB Third LP and Alabaster LP. Cash flow and allocation of net income and losses from WGP LP will be distributed first to 1168387 BC with equity repatriation plus a 12% return, and then secondly to the Company to cover its equity repatriation plus a 12% return. Any remaining cash thereafter will be distributed on a pro-rated basis. In addition, the Company will receive a management bonus if 1168387 BC's return reaches 15%. The management bonus will equal 20% of the profits exceeding the 15% return.

(Expressed in Canadian Dollars)

8. INVESTMENT IN ASSOCIATES (CONTINUED)

a) Investment in Associates (Continued)

As of September 30, 2022, WGP LP had net assets of $1,544,747 (September 30, 2021 - $3,113,609), which relates to its interest in FB Third LP. During the year ended September 30, 2022, WGP LP received a return of equity investment in cash of $ 477,897.

WGP Investment Limited Partnership ("WGP LP") (Continued)

The below table summarizes the financial information of FB Burrard LP and FB Third LP for the year ended September 30, 2022:

	FB Burrard Development Limited Partnership $	FB 234 Third Avenue Development Limited Partnership $
As at Sep 30, 2021		
Land and capitalized development cost	6,047,388	23,612,876
Other assets	343,248	37,596
Mortgage on properties and other long-term debt	(5,480,049)	(10,036,986)
Other liabilities	(231,327)	(141,582)
Net Loss	(353,027)	-
As at Sep 30, 2022		
Land and capitalized development cost	2,753,264	32,158,831
Other assets	1,337,617	718,263
Mortgage on properties and other long-term debt	(2,296,055)	(25,524,806)
Other liabilities	(5,189)	(486,745)
Net Loss	(482,442)	-

b) Loans Receivable from Associates

On August 11, 2020, the Company advanced a loan of $525,764 to FB Burrard LP to fund continuous marketing and interest cost on the remaining homes. The loan was interest free and had a term of 9 months. The loan was repaid during the year ended September 30, 2021, which brought the balance into nil.

9. OTHER ASSETS

	Note	As at Sept 30, 2022 $	As at Sept 30, 2021 $
Term deposits for credit card facility		186,148	184,000
Security deposits		-	12,767
Deposits for storage facility		2,000,000	2,000,000
Collateral for asset retirement obligation	13	4,308,342	2,781,324
Other assets		**6,494,490**	**4,978,091**

As at September 30, 2022, The Company had term deposit of $4,308,342 (September 30, 2021 - $2,781,324) at its bank as security deposit for an Irrevocable Standby Letter of Credit ("L/C") issued to the Government of Saskatchewan. This L/C and the Term Deposit are renewed annually.

(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	As at Sept 30, 2022 $	As at Sept 30, 2021 $
Trade payables		85,325	210,860
Trade payable and accrued liabilities related to mineral property		4,182,297	41,308,098
Accrued liabilities		397,500	377,500
Interest payable related to loan payable	14	787,430	2,571,925
Other payables		-	211
Accounts payable and accrued liabilities		**5,452,552**	**44,468,594**

Settlements on trade payable related to mineral property

As of September 30, 2021, various vendors have filed builders' liens for up to $34,338,000 against WPC as a result of its delayed payment on the outstanding payables related to mineral property, plant and equipment. Certain of these vendors have also filed legal claims against WPC in amounts totaling $4,638,000.

On May 12, 2022, WPC entered into a construction services agreement (the "Construction Agreement") with Stuart Olson Prairie Construction Inc., as general contractor to continue the remaining construction work for the Milestone Project. Pursuant to the Construction Agreement, WPC and SOX agreed to settle the outstanding accounts payable balance of $22,196,092 by way of a cash payment of $14,000,000 and issuance of 10,000,000 warrants to SOX. Those warrants had a fair value of $2,533,948 on the settlement date (See Note 14). As a result, the Company recorded gain of $5,473,952 as a gain on payable settlements for the year ended September 30, 2022.

During the year ended September 30, 2022, the Company settled outstanding accounts payable with various vendors except for SOX, totalling $17,626,056 related to the Company's mineral property for total cash payments of $14,495,734 including PST. As a result, the Company recorded a gain of $3,120,322 as a gain on trade payable settlements.

Accrued liabilities

As of September 30, 2022, the Company accrued PST payable of $1,462,991 (September 2021 - $Nil) based on the result of Saskatchewan provincial sales tax audit which has been included in trade payables and accrued liabilities related to mineral property.

11. PAYABLE ON LEGAL SETTLEMENT

On April 15, 2020, WPC entered into a legal settlement agreement with Amarillo Gold Corporation ("Amarillo") to resolve the disputes in respect of certain taxes and penalties related to exploration permits Amarillo has become liable to pay as a result of Amarillo's Brazilian subsidiary taking potash claims in Brazil during 2008 on behalf of WPC. During the year ended September 30, 2021 the Company did not make all required payments under the terms of the Amarillo Settlement and at September 30, 2021 was in default of the agreement and payment can be requested immediately by Amarillo.

(Expressed in Canadian Dollars)

11. PAYABLE ON LEGAL SETTLEMENT (CONTINUED)

On May 10, 2022, Amarillo (currently operating as Hochschild Mining Brazil Holdings Corp. after restructuring) agreed to a settlement amount of $700,000 and the Company paid $700,000 in July 2022. As a result, the Company recorded gain of $264,980 as gain on payable settlements for the year ended September 30, 2022.

Legal Settlement	**$**
As at September 30, 2020	**1,045,494**
Payments made during the year	(150,000)
Interest expense	30,774
Effect of changes in foreign currency exchange	10,308
As at September 30, 2021	**936,576**
Effect of changes in foreign currency exchange	28,404
Payment made during the year	(700,000)
discount on the payable balance according to settlement agreement	(264,980)
As at September 30, 2022	-

12. LEASE OBLIGATIONS

The Company's minimum lease payments under finance lease are as follows:

	$
As at September 30, 2020	**122,196**
Add: Interest	6,114
Less: Payments	(90,924)
As at September 30, 2021	**37,386**
Add: Interest	499
Less: Payments	(37,885)
As at September 30, 2022	-

The Company concluded that certain arrangements were not within the scope of IFRS 16 because they are arrangements for the use of land that grant the Company the right to explore, develop, produce, or otherwise use the mineral resource contained in that land.

In addition, the Company does not recognize a lease liability for leases with terms to maturity of less than 12 months. During the year ended September 30, 2022, the Company recognized $528,186 (2021 - $533,572) in the Mineral interests and mine development costs (Note 7).

(Expressed in Canadian Dollars)

13. ASSET RETIREMENT OBLIGATION

As at September 30, 2022, the Company recognized an asset retirement obligation of $2,911,163, (September 30, 2021 - $3,926,576) for mine development activities that have occurred to date. The following assumptions were used in the calculation of the Company's asset retirement obligation:

	For the years ended	
	As at Sept 30, 2022	**As at Sept 30, 2021**
Undiscounted cost of asset retirement obligation	$4,745,592	$4,308,342
Pre-tax risk-free discount rate	3.27%	1.25%
Inflation rate	2.00%	0.50%
Year of settlement	2062	2034

A continuity of the asset retirement obligation is as follows:

	$
As at September 30, 2020	**3,679,603**
Revaluation adjustment	200,264
Interest expense	46,709
As at September 30, 2021	**3,926,576**
Revaluation adjustment	(1,060,742)
Interest expense	45,329
As at September 30, 2022	**2,911,163**

In determining the amounts to be recorded as asset retirement obligations, the Company estimates the current fair value for completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. All factors used in estimating the Company's asset retirement obligations represent management's best estimates of the cost required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions.

Asset retirement obligations are reviewed annually or more frequently if significant changes in regulations or other relevant factors occur. Estimate changes are accounted for prospectively. As of September 30, 2022, as a result of its annual review of asset retirement obligations, the Company recorded a revaluation adjustment to decrease the asset retirement liability by $1,060,742 (2021 – increase $200,264) as the result of increase in the life of mine from 12 years to 40 years and a change in the discount rate and inflation rate.

The Company's asset retirement obligations are also secured by a $4,308,342 Irrevocable Standby Letter of Credit ("L/C") issued to the Government of Saskatchewan (See Note 9).

(Expressed in Canadian Dollars)

14. LOANS PAYABLE AND DERIVATIVE LIABILITIES

The Continuity of the Company's loan payable as of September 30, 2022 and 2021 was as follows:

	Related Party Loan Payable	Canada Emergency Business Account (CEBA)	Appian	Total
	$	$	$	$
As at September 30, 2020	**26,495,427**	**22,932**	**-**	**26,518,359**
Amounts advanced during the year	-	20,000	-	20,000
Fair value discount	-	(12,163)	-	(12,163)
Accretion of interest (capitalized)	2,007,955	3,686	-	2,011,641
Accretion of interest (not capitalized)	1,171,497	-	-	1,171,497
Cash interest payable transferred to accounts payable and accrued liabilities	(1,400,002)	-	-	(1,400,002)
As at September 30, 2021	**28,274,877**	**34,455**	**-**	**28,309,332**
Addition	-	-	42,657,803	42,657,803
Loan allocated to financial liability - warrants	-	-	(6,084,983)	(6,084,983)
Loan allocated to royalty obligation	-	-	(9,267,109)	(9,267,109)
Accretion of interest (capitalized)	863,793	2,120	3,038,148	3,904,061
Accretion of interest (not capitalized)	2,027,416	-	-	2,027,416
Cash interest payable transferred from (to) accounts payable and accrued liabilities	2,571,925	-	(2,143,582)	428,343
Cash repayment	(35,000,000)	-	-	(35,000,000)
Loss on loan modification	1,261,989	-	-	1,261,989
Foreign exchange revaluation	-	-	1,601,256	1,601,256
As at September 30, 2022	**-**	**36,575**	**29,801,533**	**29,838,108**

Related Party Loan Payable

On September 12, 2019, WPC entered into a Credit Facility Agreement to borrow up to an aggregate amount of $40,000,000 from the Company's majority shareholder, Tairui, to provide financing for construction costs associated with the Milestone Project. The loan is unsecured and matures on September 30, 2024.

During the year ended September 30, 2020, a total of $35,000,000 was advanced under the terms of the Credit Facility Agreement ("Advanced Amount"). 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 WPC 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. For accounting purposes, the Company calculated the fair value of the Advanced Amount at the date of advance by discounting the principal and interest payment using a risk-adjusted discount rate of 12%.

During the year ended September 30, 2022, the Company reached an agreement with Tairui to make a repayment of $35,000,000 in agreed period to settle the Advanced Amount. The transaction was assessed and concluded as loan modification and as the result, the Company recorded a loan modification loss of $1,261,989 during the year ended September 30, 2022. As at September 30, 2022, the Company has fully repaid $35,000,000.

14. LOANS PAYABLE AND DERIVATIVE LIABILITIES (CONTINUED)

Appian Facility Loan Payable

On April 28, 2022, WPC entered into a $85,000,000 term loan facility financing transaction (the "Loan Transaction") with Appian Capital Advisory LLP. The Loan Transaction has been negotiated at arm's length and includes the following terms:

- A six-year term loan facility of up to USD$66,421,824 (equivalent of $85,000,000) (the "Total Commitments"), at an interest rate of 12.5% per annum.
- The grant of a 1.5% royalty to Appian based on the gross revenue of the Milestone Phase I Project as defined in the royalty agreement dated May 16, 2022 (the "Royalty Agreement").
- The issuance to Appian by the Company of 20,774,030 warrants ("Appian Warrants"), which will allow Appian to acquire up to 20,774,030 common shares of Company at a price of $0.2834 per common share, which represents approximately 11.1% of the Company's issued and outstanding common shares on a pre-transaction basis.
- Appian makes available to the Company a US dollar term loan facility in an aggregate amount equal to the Total Commitments at a price equal to the USD Equivalent of $881.44 per $1,000 of the Total Commitments, reflecting an original issue discount of 11.856% (the OID), as a result, the principal amount outstanding under the Loan Transaction shall be equal to the Total Commitments, but the Lender shall only be obliged to disburse the USD$58,546,852 (equivalent of $74,922,400) in loan proceeds.
- The Loan Transaction agreement requires WPC to ensure compliance with the following two financial covenants:
    1) the Historic Debt Service Cover Ratio must be no less than 1.10:1, and will be assessed starting on September 30, 2023 and at the end of each quarter thereafter;
    2) the Loan Life Cover Ratio is assessed when the Company received the first tranche of financing on May 16, 2022 and at the end of each quarter thereafter, until the Final Maturity Date. The Loan Life Cover Ratio must be greater than 1.80:1 until December 31, 2024, and no less than 1.30:1 thereafter.

On May 16, 2022, WPC received USD$35,164,492 (equivalent of $45,319,997) as the first tranche of the Total Commitments (the "First Utilization"). The Company incurred transaction costs of USD$3,914,361 (equivalent of $5,028,588) including arrangement fees, consulting fees and legal fees paid to various vendors related to the arrangement. An amount of USD$2,072,309 (equivalent of $2,662,194) was allocated to the First Utilization and the remaining of USD$1,842,052 (equivalent of $2,366,394) was recorded as deferred financing cost as at September 30, 2022. After deducting the transaction costs, the net proceed of the First Utilization is USD$33,092,183 (equivalent of $42,657,803).

The Company determined that Loan Transaction contained multiple embedded derivatives relating to the royalty payment term and warrants issued. At inception, the debt component of this Loan Transaction is deemed to be the residual value of the net proceeds after the fair value of the embedded derivatives are separated. The debt component is then measured at amortized cost using the effective interest method. The embedded derivatives are revalued at each reporting period with the change in fair value being recorded in profit or loss in each reporting period.

As of September 30, 2022, the Company has no breach upon the financial covenants listed above.

Debt component – Appian facility loan payable

The Company recorded $29,967,905 as the balance of the debt component at the inception which is the residual value of the net proceeds after the fair value of the embedded derivatives are separated. The loan is recorded as long-term loan payable with effective interest rate of 30.94%. For the year ended September 30, 2022, the Company capitalized interest expense of $3,041,168 in connection with Appian Facility Loan, and the interest payable balance is $787,430, which is included in accounts payable and accrued liabilities (See Note 10).

(Expressed in Canadian Dollars)

14. LOANS PAYABLE AND DERIVATIVE LIABILITIES (CONTINUED)

Embedded derivative – Royalty payable to Appian

In connect with the Loan transaction signed with Appian, the Company shall pay Appian a royalty payment calculated based on 1.5% of the gross revenue from the Milestone Phase I Project as defined in the Royalty Agreement. The royalty shall be paid quarterly. For a period of twelve months beginning on the debt discharge date, Appian also has the right to terminate this royalty agreement, and the Company shall pay Appian the Put Option Fee within seven days of receipt of written notice from Appian. The Put Option Fee is a cash payment of USD 15,628,663 (equivalent of $20,000,000 as of the date of agreement).

The Company recorded the royalty payable as financial liability – FVTPL and the fair value was determined using the discounted cash flow model. The fair value of the royalty payable at the inception May 16, 2022 and September 30, 2022 was $9,267,109 and $10,405,643.

Significant assumptions used in the discounted cash flow model include discount rate and future potash price. The sensitivity of these assumptions on the Royalty payable amount is as below:

Key Assumptions	Amount used in model	$ Impact on total loss
Discount rate	8%	+5% /- 5%: loss decrease $3,628,000 / increase $9,072,000
Future sale price of granular potash (USD)	US$428 - 446	+ 10% /-10%: loss increase $1,075,000 / decrease $1,098,000

Embedded derivative – warrants payable to Appian

In connect with the Loan transaction signed with Appian, the Company issued 20,774,030 warrants as part of the consideration for the Facility, which will allow Appian to acquire up to 20,774,030 common shares of Company at a price of $0.2834 per common share.

The warrants issued are assessed as derivative given its features fail the “fixed for fixed” criteria for equity classification. The Company recorded the warrants payable to Appian as financial liability – FVTPL and the fair value is remeasured at each reporting period end. The fair value of this derivative liability was determined using the Black-Scholes Option Pricing Model. The variables and assumptions used in computing the fair value are based on management’s best estimate. The value varies with different variables of certain subjective assumptions. Inputs into the Black-Scholes Option Pricing Model to determine the fair value of the warrants as at May 16, 2022, the date of inception and as at September 30, 2022 were as follows:

	16-May-22	30-Sep-22
Share price	0.35	0.25
Exercise price	0.2834	0.2834
Warrants life	6.00	5.63
Volatility	104.91%	105.92%
Risk-Free Interest Rate	2.86%	3.16%
Dividend yield	0.00%	0.00%

(Expressed in Canadian Dollars)

14. LOANS PAYABLE AND DERIVATIVE LIABILITIES (CONTINUED)

The fair value of the warrants payable to Appian as at May 16, 2022 and September 30, 2022 was $6,084,983 and $4,136,319 respectively. For the year ended September 30, 2022, the Company recorded a gain of $1,948,664 from the change of the fair value of Appian Warrants as other income (see Note 26) in the consolidated statement of loss and comprehensive loss.

Canada Emergency Business Account (CEBA)

On May 12, 2020, the Company received a $40,000 COVID-19 relief line of credit from the Canada Small Business Financing Program as support for businesses impacted by COVID-19. The Company received a further $20,000 during the year ended September 30, 2021. The line of credit is non-interest bearing and the repayment date has been extended to December 31, 2023, (the "Term Period") and 25% of the amount will be forgiven if the Company repays the amount before the Term Period. As of September 30, 2022, the fair value of the CEBA loan was of $36,575 (2021 - $34,455).

Financial Derivative – Warrants payable to SOX

In connect with the service agreement signed with SOX, and as one of the considerations to settle the outstanding accounts payable balance (See Note 10), the Company issued 10,000,000 warrants ("SOX Warrants") which will allow SOX to purchase the Company's common shares at a price of $0.2721 per common share within four years from May 27, 2022, the date of issuance of the warrant certificate.

The warrants issued are assessed as derivative given its features fail the "fixed for fixed" criteria for equity classification. The Company recorded the warrants payable to SOX as financial liability – FVTPL and the fair value is remeasured at each reporting period end. The fair value of this derivative liability was determined using the Black-Scholes Option Pricing Model. The variables and assumptions used in computing the fair value are based on management's best estimate. The value varies with different variables of certain subjective assumptions.

Inputs into the Black-Scholes Option Pricing Model to determine the fair value of the warrants as at May 12, 2022, the date of inception and as at September 30, 2022 were as follows:

	12-May-22	**30-Sep-22**
Share price	0.37	0.25
Exercise price	0.2721	0.2721
Warrants life	4.00	3.66
Volatility	84.44%	85.18%
Risk-Free Interest Rate	2.61%	2.61%
Dividend yield	0.00%	0.00%

The fair value of the warrants payable to SOX as at May 12, 2022 and September 31, 2022 was $ 2,533,948 and $1,427,712 respectively. For the year ended September 30, 2022, the Company recorded a gain of $1,106,236 from the change of the fair value of SOX Warrants as other income (see Note 26) in the consolidated statement of loss.

(Expressed in Canadian Dollars)

15. FINANCING ARRANGEMENT

During the year ended September 30, 2020, WPC through its subsidiary BC Ltd entered into an agreement to sell the ownership of certain vacant farmlands for future Phases (the "Property") for gross proceeds of $8,300,000 on condition that WPC will repurchase the Property back by July 7, 2022 for $9,300,000. The Company has the option to extend the repurchase date to July 7, 2023 at which time the Company will pay $9,700,000. On the agreement date, the Company made a $300,000 deposit, which will be deducted from the final payment.

As the transaction includes the right and obligation to repurchase the property at a future date, the Company accounted for the transaction as a "financing arrangement". The obligation is recorded at its amortized cost using an effective interest rate of 7.15%. During the year ended September 30, 2022, the Company has exercised the option to extend the repurchase date to July 7,2023.

A continuity of the amount outstanding is as follows:

	Financing Arrangement
	$
As at September 30, 2020	**7,773,398**
Interest expense	555,645
As at September 30, 2021	**8,329,043**
Interest expense	595,361
As at September 30, 2022	**8,924,404**

16. SHARE CAPITAL

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares issued without par value.

Common shares

As of September 30, 2022, the Company had 408,490,478 common shares issued and outstanding with a carrying value of $286,264,824. 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.

During the year of September 30, 2022:

During the year ended September 30, 2022, 1,590,000 options with an exercise price of $0.12 were exercised.

On September 28, 2022, the Company issued 219,726,258 common shares to Vantage associated with the Conversion Option exercised to convert 157,325,071 common shares of WPHC to common shares of WRX at a rate of 0.716 (See Note 17).

During the year of September 30, 2021:

During the year ended September 30, 2021, 300,000 options with an exercise price of $0.12 were exercised.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (CONTINUED)

Stock options

The changes in stock options during the year ended September 30, 2022 and 2021, are as follows:

	Number outstanding	Weighted average exercise price ($)
Balance as at September 30, 2020	**12,450,000**	**0.158**
Granted	1,200,000	0.167
Exercised	(300,000)	0.120
Forfeited	(4,400,000)	0.160
Balance as at September 30, 2021	**8,950,000**	**0.159**
Granted	10,200,000	0.339
Cancelled	(1,380,000)	0.142
Forfeited	(1,320,000)	0.149
Exercised	(1,590,000)	0.120
Balance as at September 30, 2022	**14,860,000**	**0.274**

During the year ended September 30, 2021, a total of 1,200,000 stock options is granted to its directors, key staff and contractors, including 400,000 issued in November 2020 with an exercise price of $0.170 and expiry date of November 15, 2025, and 800,000 issued in March 2021 with an exercise price of $0.165 and expiry date of March 14, 2026. Among the options granted, 30% will be vested one year after the grant date, 30% will be vested two years after the grant date, 30% will be vested three years after the grant date, and remaining 10% will be vested four years after the grant date. A total of 300,000 options were exercised at a price of $0.12 during the year ended September 30, 2021.

During the year ended September 30, 2022, a total of 10,200,000 stock options is granted to its directors, key staff and contractors, including 1,700,000 issued in Oct 2021 with an exercise price of $0.19 and an expiry date of Oct 25, 2026, 4,900,000 issued in April 2022 with an exercise price of $0.36 and an expiry date of April 24, 2027, and 3,600,000 issued in June 2022 with an exercise price of $0.38 and an expiry date of May 31, 2027. Among the options granted, 30% will be vested one year after the grant date, 30% will be vested two years after the grant date, 30% will be vested three years after the grant date and remaining 10% will be vested four years after the grant date. A total of 1,590,000 stock options is exercised with the price of $0.12.

During the year ended September 30,2022, the share price upon the options exercise ranges from $0.27 to $0.38 (September 30, 2021 – $0.17).

During the year ended September 30, 2022, the Company recognized $702,334 (September 30, 2021 – ($156,359)) of share-based payments of which $146,262 (September 30, 2021 - $22,836) was charged to the consolidated statement of income (loss) and $556,072 (September 30, 2021 – ($179,195)) was capitalized to mineral property, plant and equipment.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The Company determined the fair value of its stock options using the Black-Scholes option pricing model with the following assumptions:

Assumptions	2022 Range	2021 Range
Risk-free interest rate	1.33% to 3.45%	0.46% to 0.79%
Expected life (years)	5	5
Forfeiture rate	0%	0%
Expected volatility	89% to 107%	65% to 94%
Dividend rate	0%	0%

The following summarizes information about stock options outstanding and exercisable at September 30, 2022:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
28-May-24	0.120	3,460,000	2,655,000	219,208	1.66
23-Apr-25	0.185	600,000	360,000	81,420	2.56
14-Mar-26	0.165	800,000	200,000	87,680	3.46
25-Oct-26	0.190	1,500,000	-	230,690	4.07
24-Apr-27	0.360	4,900,000	-	1,566,040	4.57
31-May-27	0.380	3,600,000	-	1,077,480	4.67
		14,860,000	**3,215,000**	**3,262,518**	**3.72**
Weighted average exercise price ($)		**0.274**	**0.130**		

Warrants

There was no warrant issued prior 2022. During the year ended September 30, 2022, the Company issued Appian Warrants and SOX Warrants in connection with Appian Facility Loan and debt settlement with SOX respectively. The Company determined that these warrants are financial liabilities at FVTPL (See Note 14).

The following table summarized the Company's warrants activity:

	Number of warrants	Weighted Average Exercise Price	Expiry Date
Balance as at September 30, 2020 and 2021	-	-	
Issued during the year			
16-May-22	20,774,030	0.2834	16-May-28
27-May-22	10,000,000	0.2721	27-May-26
Balance as at September 30, 2022	**30,774,030**	**0.2797**	

(Expressed in Canadian Dollars)

17. NON-CONTROLLING INTEREST

In connection with the Subscription Agreement signed with Vantage during the year ended September 30, 2022, Vantage was the non-controlling shareholder of WPHC after Vantage made the First Tranche of investment of $33,000,000 for 32.63% of the interest of WPHC in May 2022, the Second Tranche of investment of $17,000,000 with exchange of 9.69% additional share of WPHC in July 2022, and before the Third Tranche investment of $30,000,000 in September 2022, which allows Vantage to have 54% of the interest of WPHC and become the controlling shareholder of WPHC.

Upon completion of the investment transaction, Vantage and the Company initiated the Conversion Option. On September 8, 2022, after obtaining the approval from the TSX and consent from the Company's largest shareholder Tairui, the Conversion Option was completed. As a result, Vantage owns 53.79% of the issued and outstanding WRX Shares calculated on a post-transaction, non-diluted basis. Tairui's interest, which originally owned 105,854,938 WRX Shares, representing approximately 56.08% of the issued and outstanding WRX Shares pre-conversion, has been diluted to approximately 25.91% post-conversion. (See Note 1)

Management determined that the change of controlling shareholder as a result of the execution of Subscription Agreement and the Conversion Option does not affect the Company's control over its subsidiaries. The Company remains the power to govern the financial and operating policies of the subsidiaries and obtain benefits from its activities. Therefore, given the transaction was recorded as equity transactions, the Company recognized the difference between the fair value of the WRX shares exchanged and the non-controlling interest carrying amount as of the transaction date, directly in equity attributable to the parent, and no gain or loss is recognized in profit or loss.

Upon completion of the share conversion, the Company had carrying value of NCI balance of $80,903,126, and the fair value of the WRX shares at the conversion date was $54,931,558. Aa s result, the difference of $25,971,568 was recorded as contributed surplus in the Company's consolidated statements of shareholders' equity.

18. SUPPLEMENTAL CASH FLOW INFORMATION

		For the years ended	
		Sept 30, 2022	Sept 30, 2021
Non-cash financing and investing activities	**Notes**	**$**	**$**
Cash interest payable transferred (from)/to accounts payable and accrued liabilities	**10**	(1,784,496)	1,400,002
Interest expense on loan payable capitalized as mineral property, plant and equipment	**7**	3,904,961	2,007,955
Share-based payments capitalized as mineral property, plant and equipment	**7**	556,072	(179,195)
Mineral property, plant and equipment costs included in accounts payable	**10**	(37,125,801)	4,219,215
Loss on loan modification	**14**	1,261,989	-
Gain on settlement of payables	**10**	8,594,274	-
Issuance of warrants for trade payable settlement	**14**	2,533,948	-
(Decrease) increase in asset retirement obligation	**13**	(1,060,742)	200,264

(Expressed in Canadian Dollars)

19. RELATED PARTY TRANSACTION

The Company's key management personnel include the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and members of the Board of Directors. Payments to key management personnel included in the net income (loss) and mineral property, plant and equipment are as follows:

	For the year ended	
	September 30, 2022	September 30, 2021
	$	$
Charged to the statement of loss		
Consulting fees	132,784	227,116
Salaries and wages	297,500	-
Bonus	100,000	-
Share-based payments (recovery)	67,927	43,922
	598,211	271,038
Capitalized mineral property, plant and equipment		
Consulting fees	22,604	199,350
Salaries and wages	175,000	140,768
Bonus	-	20,000
Share-based payments (recovery)	92,945	(3,732)
	290,549	356,386
Total payments to key management personnel	**888,760**	**627,424**

Other related party transactions

- On September 12, 2019, WPC entered into a Credit Facility Agreement to borrow up to an aggregate amount of $40,000,000 with Tairui, the Company's majority shareholder at the time, to provide financing for construction costs associated with the Milestone Project. The loan is unsecured and matures on September 30, 2024. On May 30, 2022, the Company fully repaid $35,000,000 and all outstanding loan interests were waived by Tairui (Note 14).

- During the year ended September 30, 2022, WPC entered into a bridging loan agreement with a party related to one of the Company's directors at the cost of 6% simple interest per annum for an amount of $3,000,000, of which $1,000,000 was advanced. As at September 30, 2022, the advanced amount ($1 million) has been repaid.

- Accounts payable at September 30, 2022 includes $nil in outstanding amounts payable to directors and officers (September 30, 2021 - $117,500).

- During the year ended September 30, 2021, the Company repaid promissory notes having a total face value of $4,020,000 to related parties including the majority shareholder and officers of the Company along with accrued interest of $460,027.

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 except for the amount borrowed under the Credit Facility Agreement which was recognized at fair value on the issuance date.

(Expressed in Canadian Dollars)

20. 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:

	Real estate $	Mineral properties $	Total $
For the year ended September 30, 2021			
Operating expenses	(150,715)	(2,738,993)	(2,889,708)
Interest and other expense	(180,581)	(2,526,065)	(2,706,646)
Income tax expense	-	(27,131)	(27,131)
Net loss for the year	(331,296)	(5,292,189)	(5,623,485)
For the year ended September 30, 2022			
Operating expenses	(29,714)	(3,351,174)	(3,380,888)
Interest and other income (expense)	(93,703)	3,147,018	3,053,315
Income tax expense	-	(65)	(65)
Net loss for the year	(123,417)	(204,221)	(327,638)
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)
As at September 30, 2022			
Total assets	880,863	303,621,036	304,501,899
Non-current assets	830,529	266,906,137	267,736,666
Current assets	50,334	36,714,899	36,765,233
Total liabilities	-	(63,095,901)	(63,095,901)

21. COMMITMENTS AND CONTRACTUAL AGREEMENTS

- WPC entered into a water supply agreement with the City of Regina (the “City”) with respect to future phases of the Milestone Project which provides WPC 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 to the City annual standby fees. 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 (i) the date water usage commences and (ii) the term of the water supply agreement, which is defined in the agreement as 40 years after connection to the Regina water system is completed. Both the City 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 is currently corresponding with the City to renegotiate the agreement.

21. COMMITMENTS AND CONTRACTUAL AGREEMENTS (CONTINUED)

- On October 25, 2018, WPC 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 WPC once production at the Milestone Project reaches the designed capacity, for a period 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 shall be further extended for one more year, until November 30, 2024.

- WPC has entered into various capital expenditure commitments for the procurement and construction of Phase I of the Milestone Project. As of September 30, 2022, total capital expenditure commitments are $35,167,920 (September 30, 2021 – $15,426,000).

- May 16, 2022, WPC entered into a royalty agreement with Appian for a purchase price of USD$6,251,465.19 with the equivalent of $8,000,000. The agreement indicates the royalty payable by the Grantor (WPC) to the Royalty Holder (Appian) calculated by multiplying the Royalty Rate at 1.5% by the Adjusted Gross Revenue, provided that the royalty shall only be payable in relation to the first 146,000 tonnes of Payable Potash produced by the Grantor in any Financial Year (see Note 14).

22. FINANCIAL INSTRUMENTS

Fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As of September 30, 2022, investments in marketable securities of other public entities are included in other current assets and were recorded at fair value on the statement of financial position with changes to fair value recognized in profit or loss. The Company's investments in marketable securities have been valued using Level 1 inputs.

As of September 30, 2022, the Company's financial liability- royalty and financial liability - warrants have been categorized within level 3 of the fair value measurement hierarchy. The estimated fair value of these financial liabilities is based on management's judgments, estimates and assumptions which include significant unobservable inputs (see Note 14).

(Expressed in Canadian Dollars)

22. FINANCIAL INSTRUMENTS (CONTINUED)

As of September 30, 2022, the Company's financial liability- royalty and financial liability - warrants have been categorized within level 3 of the fair value measurement hierarchy. The estimated fair value of these financial liabilities is based on management's judgments, estimates and assumptions which include significant unobservable inputs (see Note 14).

The carrying values of the Company's cash and cash equivalents, short-term investments, term deposit, including restricted cash, other current assets(exclude marketable securities and goods and service tax receivable), accounts payable and accrued liabilities, payable on legal settlement, lease obligation, loan payable and financing arrangement approximate their fair value due to their short terms to maturity, associated market based interest rates, or based on expected future cash flows and discount rates applicable to the instruments.

Financial risk management

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.

- ***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, short-term investments and restricted cash, the carrying value of which represents the Company's maximum exposure to credit risk.

  Cash and cash equivalents, short-term investments and restricted cash are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal.

- ***Liquidity risk***

  Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations from Cash. As of September 30, 2022, the Company has working capital of $22,388,277 ($36,359,937 working capital deficit as of September 30, 2021). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

  The Company's financial instrument liabilities and obligations mature as follows:

	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27 thereafter
	1 Year	**2 Year**	**3 Year**	**4 Year**	**5 Year and thereafter**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities (exclude interest payable)	4,665,122	-	-	-	-
Interest Payable	787,430	-	-	-	-
Loans payable	-	6,064,996	12,049,992	12,049,992	18,074,988
Financing arrangement	9,400,000	-	-	-	-
Total undiscounted value	**14,852,552**	**6,064,996**	**12,049,992**	**12,049,992**	**18,074,988**
Carrying value as of September 30, 2022	**14,376,956**	**3,761,767**	**7,450,383**	**7,450,383**	**11,175,575**

22. FINANCIAL INSTRUMENTS (CONTINUED)

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 credit facilities, 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 issuance, obtain project or debt financing, or enter into joint arrangement. 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 Company is subject to the following market risks:

- ***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 September 30, 2022. The Company's loan payable is not subject to interest rate risk as they are not subject to a variable interest rate.

- ***Price risk***

The economic models are highly sensitive to potash price. The potash prices are still increasing due to the inflation rate and supply issues. The increasing price will significantly increase the royalty payable obligation (Note 14).

- ***Equity prices***

Warrants liabilities are highly sensitive to share price of the Company. The estimated fair value of the warrants liabilities is subject to significant volatility, if the share price increase by 10%, the profit or loss will decrease by $664,535; if the potash price decrease by 10%, the profit or loss will increase by $656,538.

- ***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 ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk and therefore is subject to fluctuations of foreign currencies against the CAD. As at September 30, 2022, the Company had the following assets and liabilities in foreign currency which were subject to foreign exchange risk:

(Expressed in Canadian Dollars)

22. FINANCIAL INSTRUMENTS (CONTINUED)

USD	As at September 30, 2022	As at September 30, 2021
Cash and cash equivalents	251,330	15,916
Short-term investments	2,000,000	-
Restricted cash	1,744,458	43,001
Accounts payable and accrued liabilities (exclude interest payable)	(285,842)	(2,965,118)
Interest payable	(574,473)	-
Loan payable	(21,741,835)	-
Royalty payable	(7,591,481)	-
	(26,197,843)	(2,906,201)
Rate to convert to $1.00 CAD	1.3707	1.2741
Equivalent to CAD	**(35,909,383)**	**(3,702,791)**

Based on the above net exposures as at September 30, 2022, and assuming that all other variables remain constant, a 1% increase/decrease of the CAD against the USD would increase / decrease loss by approximately $359,094 (2021-$37,028).

23. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its potash properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

The Company includes cash, term deposits, loans payable, promissory notes and the components of shareholders' equity in the management of its capital. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets.

Historically, the Company has been dependent on the capital markets for its operating capital. The Company's capital resources are largely determined by the strength of the resource markets, by the status of the Company's project in relation to those markets, and by its ability to compete for investor support of its project. The Company is not subject to any externally imposed capital requirements.

However, it is subject to any regulations and rules imposed by the Toronto Stock Exchange in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian Dollars)

24. CONTINGENCIES

The Company may be involved in various legal proceedings, claims and other disputes arising from the commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and in which the outcomes are not predictable.

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Although the Company can give no assurances about the resolution of pending claims, litigation or other disputes and the effect such outcomes may have on the Company, the Company believes that any ultimate liability resulting from the outcome of such proceedings to the extent not otherwise provided or covered by insurance, will not have a material adverse effect on the Company's consolidated financial position or results of operations or liquidity.

Lockwood Financial Ltd.

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 payable to Lockwood. The case was officially dismissed in the Supreme Court of British Columbia on September 21, 2022.

25. FINANCE COSTS

	Note	For the years ended Sept 30, 2022 $	For the years ended Sept 30, 2021 $
Charged to finance costs			
Finder's fee		-	459
Interest expense on asset retirement obligation	13	44,917	46,709
Interest expense on financing arrangements	15	595,361	555,645
Interest expense on government grant		2,120	3,686
Interest expense on lease obligations	12	499	6,114
Interest expense on legal settlement		-	30,774
Interest expense on loan payables	14	2,027,416	1,171,497
Interest expense on trade payables	10	2,305,645	1,025,742
Interest expense related to promissory notes		-	303,792
		4,975,958	3,144,418

(Expressed in Canadian Dollars)

26. OTHER INCOME

	Note	For the years ended Sept 30, 2022 $	For the years ended Sept 30, 2021 $
Royalty revaluation	14	(342,361)	-
Fair value Movement of financial derivatives	14	3,054,900	-
Sale of investments	8	-	233,446
Other items		(298,996)	74,770
Foreign Exchange Gain (Loss)		(1,917,910)	163,396
Unrealized loss on securities		(46,374)	(7,729)
Total		449,259	463,883

27. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended September 30, 2022 and September 30, 2021:

A reconciliation of income taxes computed at the statutory rate with the reported income taxes is as follows:

	For the years ended Sept 30, 2022 $	For the years ended Sept 30, 2021 $
Net loss before tax	(327,573)	(5,596,354)
Statutory tax rate	27%	27%
Expected income tax (recovery)	(88,445)	(1,511,016)
Non-deductible items and other	656,785	35,072
Change in estimates	(4,466)	181,513
Expiry of losses	709,059	-
Change in deferred tax asset not recognized (recognized)	(1,272,868)	1,321,562
Total income tax expense (recovery)	**65**	27,131

	For the years ended Sept 30, 2022 $	For the years ended Sept 30, 2021 $
Current tax expense	65	27,131
Deferred tax recovery	-	-
Total income tax expense (recovery)	**65**	27,131

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred income tax assets (liabilities) recognized at September 30, 2022 are as follows:

(Expressed in Canadian Dollars)

27. INCOME TAXES (CONTINUED)

	For the years ended Sept 30, 2022	For the years ended Sept 30, 2021
	$	$
Non-capital losses carryforwards	1,355,530	1,815,783
Finance arrangement	2,078,713	2,078,713
Loan payable	(718,793)	(1,815,783)
Mineral property, plant and equipment	(2,715,450)	(2,078,713)
Net deferred tax assets (liabilities)	**-**	-

The unrecognized deductible temporary differences and tax losses as at September 30, 2022 and September 30, 2021 is comprised of the following:

	For the years ended Sept 30, 2022	For the years ended Sept 30, 2021
	$	$
Non-capital losses carryforwards	62,620,931	54,479,222
Capital losses carried forward	-	5,252,290
Mineral property, plant and equipment	80,165	10,919,268
Investment in associates	183,441	183,441
Asset retirement obligation	2,910,752	3,926,572
Finance arrangement	1,225,468	630,107
Legal settlement	-	936,576
Other current assets	1,446,445	1,400,071
Accounts payable and accrued liabilities	-	127,500
Financing fees	2,129,755	-
Other	129,445	188,901
Total unrecognized deductible temporary differences	**70,726,402**	78,044,652

The Company's non-capital and capital losses carried forward for Canadian income tax purposes expire in various years from 2030 to 2042. Non-capital losses may be applied against future taxable income and capital losses are deductible against future capital gains, if any. The Company has approximately $248 million of undepreciated capital cost and exploration and development expenditures which are available for deduction against future income for tax purposes. These deductions do not expire.