MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

JUNE 30, 2024 AND JUNE 30, 2023

(Expressed in Canadian Dollars)

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The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Western Resources Corp. (the "Company" or "WRX") for the three- and nine-month periods ended June 30, 2024. It has been prepared as of August 14, 2024 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto of the Company for the three- and nine-month periods ended June 30, 2024 and the audited consolidated financial statements and notes thereto of the Company for the year ended September 30, 2023. For additional information, readers should also refer to other Company information filed on www.sedarplus.com.

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

FORWARD-LOOKING STATEMENTS

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

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

DESCRIPTION OF BUSINESS

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

The Company is a resource company mainly focused on the development of its Milestone potash project (the "Milestone Project") in Canada owned by its subsidiary, Western Potash Corp. ("Western Potash"). The Milestone Project is located in Southern Saskatchewan. The Company's objectives are to successfully complete Phase I of the Milestone Project ("Phase I") and prove a new mining technology. The Company expects to then apply that technology to Phase ll and other future phases of the Project.

In doing so, the Company is developing a world-class potash deposit at a competitive cost. The Company currently has no mineral production that yields any revenues.

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

OVERVIEW

Primarily utilized in the fertilizer industry, potash is typically combined with two other macronutrients, nitrogen and phosphorous, to improve crop yields, provide additional protection against disease, and increase water retention. Globally, potash prices have fluctuated since 2022 due to regional tensions, changes in potash supply and demand as well as global economic trends, and unstable market trends in agriculture, oil and other commodities. Potash prices are expected to stay at a relatively high level for the medium term. Management remains positive with respect to the outlook for the potash industry, including medium to long-term potash industry fundamentals. Management understands that while new potash projects are anticipated, the increase in potash production is likely to be absorbed by the marketplace without any significant disruption to potash prices. The size of the global potash market is expected to increase due to continued population growth and increased demand for more intensive farming in several industries, including the organic food sector.

Management believes that its project development conditions are generally favorable when compared to those of other competitors. From an overall cost perspective, as of the date of this MD&A, the Phase I capital expenditure (“CAPEX”) projection remains below that of other recent new potash mines.

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

The Saskatchewan Ministry of Environment (“SMoE”) has issued an operating approval, which is amended and updated as required and renewed on an annual basis. Approval of the operating approval is contingent on several requirements. One of these is that an annual environmental report be submitted to the SMoE. The most recent report was submitted in March of 2024. Each report includes key environmental data and environmental monitoring tasks required under the operating approval. An Environmental Management Plan (the “EMP”) was developed to maintain compliance with the operating approval. The EMP is a tool used to provide guidance and training to the Company and staff on environmental responsibilities and requirements related to the Western Potash mine site. The EMP is updated and submitted to the SMoE on an as-needed basis to reflect changes in operations and construction. The most recent EMP was submitted with the 2024 annual environmental report. A conceptual Decommissioning and Reclamation plan in support of Financial Assurance (FA) to the SMoE was developed in 2019 and again in 2021. Regulation requires that a decommissioning and reclamation report be updated every 5 years, or as constituted by changes to infrastructure. The Rural Municipality (“RM”) of Lajord has approved necessary building permits and agreed to a Project Agreement with the Company. As the project progresses and additional building and structure needs are addressed, additional permits are sought and obtained from the RM. Other provincial regulatory bodies oversee licenses for other site infrastructure.

The Company is encouraged by the broad support for the Milestone Project and continues to actively engage with the local community, the Saskatchewan government, RM businesses, and local landowners.

As of June 30, 2024, the Company reviewed the carrying amounts of the 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 identified no external or internal indicators of impairment.

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

On February 16, 2022, the Company, along with its two subsidiaries, WPHC and Western Potash, 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 (the "Investment Proceeds") in WPHC in exchange for an aggregate of 157,325,071 common shares of WPHC (the "Subscription Shares"). After completing the transaction, Vantage held approximately 54% of the total issued and outstanding common shares of WPHC. The Investment Proceeds were used solely for the purposes of developing and constructing the Milestone 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 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 common shares, representing approximately 54% of the issued and outstanding WRX common shares (the "Conversion Option"), at an exchange rate of approximately 0.716 Subscription Share per WRX common share.

On July 29, 2022, second amended agreement was executed to allow Vantage to pay the remaining Investment Proceeds of $47,000,000 in two tranches of, respectively, $17,000,000 and$30,000,000.

Upon completion of the investment 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 then largest shareholder Tairui Mining Inc. ("Tairui"), the Conversion Option was completed. As a result, Vantage owns 53.79% of the issued and outstanding WRX common shares calculated on a post-transaction, non-diluted basis. Tairui's holdings in WRX, 105,854,938 WRX common shares, representing approximately 56.08% of the issued and outstanding WRX common shares pre-conversion prior to completion of the Conversion Option, was diluted to approximately 25.91% post-conversion.

On May 12, 2022, Western Potash entered into a time and material construction contract for $20,639,523 with Stuart Olson Prairie Construction Inc. ("SOX"), a wholly owned subsidiary of Bird Construction Inc., as general contractor to continue the bulk of the remaining construction work for the Milestone Project. Project construction had been put on hold in May 2020 when the process plant was approximately 50% complete. Project construction restarted in May of 2022 and was completed in August 2023. The Turnover, Care, Custody and Control ("TCCC") of the systems and the commissioning were completed in October 2023.

On May 17, 2024, the Company suspended operations at its Phase 1 site so that the Company can focus on its efforts in respect of additional project financing.

In the past, the Company invested some of its cash in real estate projects to earn a higher return than bank deposits. The Company partnered with Formwerks Boutique Investments Ltd. ("Formwerks") and Alabaster Holdings Corp. ("Alabaster") to develop real estate projects. Both are real estate developers in the Greater Vancouver Area. At one point, the Company held interests five limited-partnerships with Formwerks and one limited-partnership with Alabaster. The Company has since sold the majority of those interests except for the following two: the FB Burrard Development Limited Partnership ("FB Burrard") and the FB 234 Third Avenue Development Limited ("FB Third"). For additional information on the Company's real estate investments, please refer to Note 7 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024.

SUMMARY OF QUARTERLY RESULTS

	Q3 30-Jun-24	Q2 31-Mar-24	Q1 31-Dec-23	Q4 30-Sep-23	Q3 30-Jun-23	Q2 31-Mar-23	Q1 31-Dec-22	Q4 30-Sep-22
Mineral property, plant and equipment	364,958,119	360,428,252	344,795,710	329,972,023	328,725,404	296,907,543	277,949,531	260,411,647
Investment in associates	892,396	892,396	892,396	892,396	830,529	830,529	830,529	830,529
Other assets	3,091,016	3,685,587	3,091,017	6,542,476	6,494,490	6,494,490	6,494,490	6,494,490
Share-based payments (recovery)	37,419	(1,241)	(1,241)	116,804	84,294	84,294	19,913	27,093
Office and miscellaneous expenses	304,235	101,139	109,233	238,842	80,639	125,101	241,983	283,089
Salaries, wages and benefits	331,672	8,003	9,180	7,711	7,657	7,201	85,880	26,587
Other income (expenses)	782,877	(1,302,256)	1,293,500	485,804	(462,343)	1,945,951	2,582,064	(5,311,033)
Income (loss) and comprehensive income (loss) for the period	(2,278,175)	(1,601,073)	843,965	998	(790,070)	1,574,040	1,980,419	(5,740,879)
Basic and diluted gain (loss) per share for the period ($ per common share)	(0.006)	(0.004)	0.002	0.000	(0.002)	0.004	0.005	(0.01)

Factors impacting the Company's quarterly results include unrealized gains and losses on embedded derivatives, commitments (including, mainly, royalty payable and loan payable denominated in US$), marketable securities, the nature and extent of exploration activities carried out under specific work program, other finance expenses, and the grant and vesting of stock options.

- $4,529,867 of net additions to mineral property, plant and equipment during the three months ended June 30, 2024, was caused by an increase of $2,543,761 in construction progress spending and $1,986,106 for interest capitalization of loan to Appian Capital Advisory LLP ("Appian").

- An increase in other income of $2,085,133 during the three months ended June 30, 2024, in comparison to other income during the three months ended March 31, 2024, was mainly due to a movement of $2,301,210 in the foreign currency revaluation and an increase of $761,880 in revaluation of warrants issued to Appian and SOX. Interest income increased $32,931 in this reporting period.

- The major expenses incurred during the three months ended June 30, 2024, were in consulting fees, salaries, wages, and benefits, office and miscellaneous expenses, and interest expenses.

(Expressed in Canadian Dollars)

REVIEW OF QUARTERLY RESULTS

	For the three months ended		
	30-Jun-24	**30-Jun-23**	**Increase (Decrease)**
	$	**$**	**$**
Operating income (loss) before other income	(3,061,052)	(329,959)	(2,731,093)
Other income (expenses)	782,877	(462,343)	1,245,220
Net Income (Loss) for the period	**(2,278,175)**	**(792,302)**	**(1,485,874)**
Current assets	1,441,596	21,422,829	(19,981,233)
Non-current assets	368,941,531	336,050,423	32,891,108
Total assets	**370,383,127**	**357,473,252**	**12,909,875**

	For the nine months ended		
	30-Jun-24	**30-Jun-23**	**Increase (Decrease)**
	$	**$**	**$**
Operating income (loss) before other income	(3,809,405)	(1,303,514)	(2,505,891)
Other income (expenses)	774,121	4,065,672	(3,291,551)
Net Income (Loss) for the period	**(3,035,284)**	**2,762,158**	**(5,797,442)**
Current assets	1,441,596	21,422,829	(19,981,233)
Non-current assets	368,941,531	336,050,423	32,891,108
Total assets	**370,383,127**	**357,473,252**	**12,909,875**

The Company’s operating loss for the three months ended June 30, 2024 increased by $2,731,093 in comparison to the three months ended June 30, 2023, which was majorly due to the increase of expenses as the result of the suspension of site operation in May 2024. Other income for the three months ended June 30, 2024 increased by $1,245,220, in comparison to the three months ended June 30, 2023, which was mainly due to the revaluation of warrants.

The Company’s operating loss for the nine months ended June 30, 2024 increased by $2,505,891 in comparison to the nine months ended June 30, 2023, which was majorly due to the increase of expenses resulting from suspension of site operations. Except for new drilling related expenses, other expenses including interest were expensed for this period starting from the suspension. The Company’s other income for the nine months ended June 30, 2024 decreased by $3,291,551, in comparison to the nine months ended June 30, 2023, which was mainly due to the loss of foreign currency revaluation.

(Expressed in Canadian Dollars)

OPERATING EXPENSES

	For the three months ended		
	30-Jun-24	**30-Jun-23**	**Increase / Decrease**
	$	**$**	**$**
Office and miscellaneous expenses	304,235	82,871	221,364
Consulting fees	147,208	97,334	49,875
Interest expense	2,217,984		2,217,984
Salaries, wages and benefits	331,672	7,657	324,016
Depreciation	13,924	3,282	10,642
Share-based payments	37,419	84,294	(46,875)
Professional fees	8,609	54,522	(45,913)
Total operating expenses	**3,061,052**	**329,959**	**2,731,093**

	For the nine months ended		
	30-Jun-24	**30-Jun-23**	**Increase / Decrease**
	$	**$**	**$**
Office and miscellaneous expenses	514,607	449,955	64,651
Consulting fees	373,521	223,704	149,818
Interest expense	2,217,984		2,217,984
Salaries, wages and benefits	348,855	100,738	248,117
Depreciation	42,125	54,494	(12,369)
Share-based payments	34,937	188,501	(153,564)
Professional fees	277,376	286,123	(8,747)
Total operating expenses	**3,809,405**	**1,303,514**	**2,505,890**

The major expense increases during the three and nine months ended June 30, 2024, were majorly due to the suspension of site operations starting from May 17, 2024. Except for new drilling related expenses, all other expenses including interest expense have been expensed for this period since the suspension.

OTHER INCOME AND EXPENSES

	For the three months ended		
	30-Jun-24	**30-Jun-23**	**Increase / Decrease**
	$	**$**	**$**
Interest income	32,931	175,961	(143,030)
Other income	761,698	(443,377)	1,205,075
Other income	794,629	(267,416)	1,062,045
Finance costs	11,752	194,927	(183,175)
Other expenses	11,752	194,927	(183,175)
Total other income (expenses)	**782,877**	**(462,343)**	**1,245,220**

(Expressed in Canadian Dollars)

	For the nine months ended		
	30-Jun-24	30-Jun-23	Increase / Decrease
	$	$	$
Interest income	346,446	489,628	(143,182)
Other income	307,757	4,102,905	(3,795,148)
Government grant	20,000	-	20,000
Other income	674,203	4,592,533	(3,918,330)
Finance costs	35,082	526,861	(491,779)
Share of income from investment in associates	(135,000)	-	(135,000)
Other expenses	(99,918)	526,861	(626,779)
Total other income (expenses)	**774,121**	**4,065,672**	**(3,291,551)**

The total other income (expenses) decreased during the three and nine months ended June 30, 2024, compared to the three and nine months ended June 30, 2023, mainly due to the decrease in the other income for fair value movement of financial derivatives and foreign exchange.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2024	June 30, 2023
	$	$
Current assets	1,441,596	21,422,829
Current liabilities	(27,189,889)	(11,887,334)
Working Capital (Shortage)	**(25,748,293)**	**9,535,495**

Cash resources and liquidity

As at June 30, 2024, the Company did not have significant sources of revenues and had not generated positive cash flow from operations. The Company had a net working capital shortage of $25,748,293 after including cash and cash equivalents of $308,890. The shortage will be managed by the rearrangement of schedules. Working capital decreased by $35,283,788 in comparison to June 30, 2023.

During the year ended September 30, 2022, the Company closed two financings. Western Potash received the first tranche of the loan transaction from Appian in the amount of $45 million. WPHC received a total of $80 million through an equity investment by Vantage. The Company received the second tranche of the loan transaction from Appian in the amount of US$31,257,326 (equivalent to $41,474,285) on January 30, 2023.

During the year ended September 30, 2022, the Company settled outstanding accounts payable with various vendors totaling $39,822,148 and related to the Company's mineral property for total cash payments of approximately $28,495,734. The Company also paid the outstanding principal, in the amount of $35 million, owing to Tairui.

During the three months ended December 31, 2023, Western Potash received $10 million from Vantage pursuant to the exchangeable debenture agreement. The transaction closed on December 27, 2023, and Western Potash issued an exchangeable debenture certificate to Vantage.

Financing activities

Pursuant to the Subscription Agreement and as disclosed in the "Overview" section of this document, WPHC received $80 million through an equity investment by Vantage during the year ended September 30, 2022.

Western Potash signed an $85 million loan transaction agreement with Appian on April 28, 2022 (the "Loan Transaction"). Proceeds of the Loan Transaction have enabled Western Potash to settle accounts payables, complete the construction and continue the development of the Milestone Project, and fund general and administrative expenses associated with the Milestone Project. The first tranche in the principal amount of $45 million was advanced in May 2022 and the Company received the second tranche of the Loan Transaction in the amount of US$31,257,326 (equivalent of $41,474,285) in January 2023, as disclosed in the "Cash resources and liquidity" section of this document.

The Loan Transaction includes (equivalents for the purposes of this summary are in Canadian dollars):

1. A six-year term loan facility of up to US$66,421,824 (equivalent of $85,000,000) (the "Total Commitments"), at an interest rate of 12.5% per annum. Appian made available to the Company a US dollar term loan facility in an aggregate amount equal to the Total Commitments at a price equal to the US$ equivalent of $881.44 per $1,000 of the Total Commitments, reflecting an original issue discount of 11.856%.
2. The grant of a 1.5% royalty to Appian based on the gross revenue of the Milestone Phase I Project.
3. Requirement that Western Potash comply with the following two financial covenants:
    - 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;
    - 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.
4. The issuance to Appian by the Company of 20,774,030 warrants (the "Appian Warrants"), allowing 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. The main terms of Appian Warrants are as follows:

    - The Appian Warrants can be exercised by paying the subscription price in cash or by way of cashless exercise (pursuant to the formula set out in the TSX Company Manual).
    - The exercise price of the Appian Warrants is $0.2834, representing a 25% discount to the 5-day VWAP of the Company's common shares on April 28, 2022, the execution date of the Loan Transaction agreement.
    - The term of the Appian Warrants is 6 years from the closing date of the Loan Transaction.
    - If the Company's common share price reaches at least $0.50/common share above Appian Warrants exercise price for 5 consecutive trading days (to be adjusted for customary anti-dilution provisions), Appian will be required to exercise (via cash or cashless exercise pursuant to the formula set out in the TSX Company Manual) the Appian Warrants within 5 business days, subject to Appian being legally permitted to exercise.
    - The Appian Warrants certificate contains customary anti-dilution provisions.

On August 15, 2023, Western Potash signed an exchangeable debenture agreement with Vantage, pursuant to which Vantage agreed to subscribe for a $10 million exchangeable debenture (the "Exchangeable Debenture") issued by Western Potash. The Company received $5 million advance payment from Vantage during the year ended September 30, 2023. The transaction was closed on December 27, 2023, upon the Company receiving the second payment of $5 million from Vantage, and Western Potash issued an exchangeable debenture certificate to Vantage.

Pursuant to the Exchangeable Debenture, within one year from the date of final operational completion date of Milestone Phase 1 Project, Vantage may choose to exercise an option to assign all or a portion of the outstanding principal amount, together with any accrued and unpaid interest (the "Exchangeable Amount"), to the Company, in exchange for such number of the Company's common shares (the "Exchange Shares") equal to the Exchangeable Amount divided by the "Exchange Price" then in effect, subject to a maximum number of 40,868,047 Exchange Shares (representing 10% of the total issued and outstanding WRX common shares on a non-diluted basis on the issue date) being issuable to Vantage. The "Exchange Price" is a price per common share of the Company equal to the 5-day volume weighted average trading price of the common shares of the Company immediately preceding the date that the exchange occurs. To the extent that the 40,868,047 Exchange Shares are insufficient to satisfy the entire Exchangeable Amount based on the then Exchange Price, any remaining Exchangeable Amount will be paid by Western Potash in cash.

Other key terms of the Exchangeable Debenture include:

- Maturity date is set for the later of (a) the date of repayment in full of the principal amount together with all accrued and unpaid Interest; and (b) the date on which the Exchangeable Amount has been exchanged by Vantage pursuant to the Exchangeable Debenture, provided that in no event shall the maturity date occur prior to the date that Appian is repaid under the April 2022 term loan facility agreement (as amended) between Appian and Western Potash (the "Appian Repayment Date").
- The interest rate is set at 12.5% per annum. Interest payable is calculated quarterly on an accrual basis, but no actual payment is made until the Appian Repayment Date, provided that Western Potash may make one or more cash payments to Vantage as Western Potash's financial condition permits.

Investing activities

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 and include 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 approximately $543,552. Additional information on the leases is contained under the heading "Land and Minerals".

MILESTONE PROJECT

The Company is focused on building what it believes will be Canada's most efficient potash solution mine at the Milestone property located 35 kilometers southeast of Regina, Saskatchewan, a region with some of the largest producing-potash solution mines in the world. The Company is constructing Phase I of the Milestone Project in what management believes to be an ecologically sustainable, economically efficient, and socially responsible manner. Once operational, this mine is expected to be the first potash mine in the world that will leave no salt tailings at the surface, which is expected to significantly reduce water consumption and long-term environmental liabilities.

Land and Minerals

The Milestone Project includes 84,557 acres of Crown held mineral leases and 65,305 acres of acquired freehold leases. The renewable 21-year Crown lease was granted by the Government of Saskatchewan under a ministerial order and provides the Company with full and exclusive power and right to mine Crown owned subsurface minerals, including potash, subject to the provisions outlined by the Saskatchewan Subsurface Mineral Regulations (1960) and the Subsurface Mineral Tenure Regulations (2015). The Company completed the drilling of 11 potash exploration wells on project property, completed several hundred-line kilometers of 2D seismic study, and conducted a 3D seismic study during the project exploration program. The leases are adjacent to potash permits relating to properties held by multinational mining companies.

The Company signed an agreement relating to royalty payments (the "Unitization Agreement") with the Ministry of Energy and Resources and all freeholder mineral owners who were parties to the agreement in order to unitize the four mineral sections around the project's Phase I site that comprise mineral reserves for the 40-year life of the mine. In February 2023, Western Potash received an approval of the SMoE ("Ministerial Approval") to extend the mine life of the Phase 1 Project from 12 years to 40 years. The Ministerial Approval became effective on February 17, 2023. The Unitization Agreement outlines the royalty payments in proportion to the percentage ownership of the unitized area of a party once production commences. For more detailed information about the land and minerals relating to the Milestone Project, please refer to the NI 43-101 report discussed below, which is available on SEDARplus.com.

(Expressed in Canadian Dollars)

Updated NI 43-101

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

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

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

Measured and Indicated Resources

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

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

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

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

Proven and Probable Reserves for Phase I Project

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

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

The actual CAPEX allocated to Phase I to the report date of the Updated NI 43-101 was $116.2 million and a further $33.2million was estimated as necessary for the completion of the Milestone Project and to bring the plant into production, resulting in a total Phase I Milestone Project CAPEX of $149.45 million (including a 12.5% contingency on the remaining CAPEX). The total annual OPEX for Phase I, based on operational data from the pilot phase, is estimated at $13.25 million per year (excluding G&A, logistics and royalties) or $90.60/t MOP (muriate of potash) for 146,000 tpa. Sustaining CAPEX consists mainly of expanding the mine field (drilling, piping, and infrastructure) and planned equipment maintenance. Sustaining CAPEX includes approximately $36 million every six years to expand the wellfield for ongoing production.

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

As of June 30, 2024, cost of construction in progress under mineral property plant and equipment was $279,227,898 (June 30, 2023 - $234,021,590). For additional details, see Note 6 of unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024.

Permits

Western Potash previously investigated a full-scale project of 2.8 million tonnes per year for the Milestone Project by completing multiple Resource and Reserve Estimates (2010, 2011, 2012, and 2013), a Scoping Study (2011), a Prefeasibility Study (2011), and a Feasibility Study (2012). The SMoE issued an Environmental Assessment Approval (“EAA”) for the Milestone Project in March of 2013. The original 2013 approval was amended in 2015 to include both the new mining methodology and the scale of the Phase I plant. Following the conclusion of the AMEC Phase I pilot study, a second EAA amendment application was submitted detailing the final engineering and location of the Phase I plant, and approval of the application was received in 2017. Then, in 2019 with SNC-Lavalin engineering, a third amendment application was submitted and approved as a final design. A Development Agreement with RM No. 128 was initially signed in 2015 and updated to incorporate the Milestone Project design in both 2017 and 2019.

Western Potash has received numerous permits and approvals for Phase I development and the operation of hot mining. The most recent approval to operate (PO19-172) was received on December 5, 2023. Additional permits will be applied for and are expected to be obtained as the Milestone Project progresses.

Process Overview

The Phase I pilot plant uses selective solution mining of the Milestone Project deposit, starting with a smaller, and lower capital cost, pilot project. Phase I of the project is designed to produce 146,000 tonnes per year of potash (or “KCl”) over a project life of 40 years. To achieve this production, a total of no less than 6,000 meters of caverns were planned, drilled and developed. All these caverns will be in operation for more than 6 years and, it is expected, followed by replacement caverns. Each of the caverns is injected with sodium chloride (“NaCl”) saturated brine through one well to selectively dissolve KCl, leaving the NaCl underground. The KCl rich brine is then brought to surface through a production well and sent to a pond where the cool ambient temperature allows for KCl precipitation and settlement. The KCl from the pond will then be harvested with a dredge and the resulting KCl-rich slurry will be pumped to the process plant. The process plant removes the brine from the slurry to form a KCl cake that is then dried, compacted, crushed, screened, and sent for storage and load-out.

Construction and Development

Construction at the Phase I site resumed in May 2022 and was completed in August 2023. The operational readiness stage began in September 2023, including TCCC and mechanical commissioning of systems. The definition of “Physical Completion Longstop Date” in the Loan Transaction agreement with Appian was amended to September 30, 2023 (originally, June 30, 2023) and physical completion of site construction was achieved by that date.

Cold mining was restarted in July 2022 to extract to the crystal pond the brines that were saturated with KCl from accumulation in the caverns over the past 15 months when they were shut in. Current results reflected from cold mining operations indicate that current surface facilities and infrastructures are expected to be fully capable of supporting stable development and operations of the three caverns.

Mine perforation development of the existing cavern was completed in February 2023, followed by drilling of new whipstock caverns that connected the old ones in April 2023. One of the three new whipstock caverns was fully developed, and the two others were partially developed as of March 31, 2024. Different mining development methods were applied and tested in the three whipstock caverns respectively, which allows the Company's mining team to have accumulated meaningful and valuable experience in cavern development. The first trial production in one of the three whipstock caverns was conducted in November 2023 and lasted 47 days. The second trial production started in March 2024 and ended in early May 2024. Once the project financing is closed, the Company will continue developing additional caverns and other site features based on a further improved and optimized mining plan in attempting to meet the project's design production target.

On May 17, 2024, the Company suspended operations at its Phase 1 site in order to focus on its efforts in respect of additional project financing.

Community

The Company is committed to maintaining good relationships with the local community, government and business through open and transparent communication, feedback and ongoing engagement with all parties with a view to benefiting the local community. An open house was hosted in the RM of Lajord in August 2022, attracting over 50 local residents. Officials from various Ministries of the Province of Saskatchewan paid a site visit to the mine site in June 2022, including the Ministry of Trade and Export Development, Ministry of Energy and Resources and Ministry of Environment. An open house was hosted in the RM of Lajord in October 2023, attracting over 65 local residents. Western Potash is also involved in several local sponsorships, from a grid road upgrade to RM events. A low-level crossing of the haul road was completed in January 2024. These sponsorships, events and regular meetings with all levels of government have continued to confirm their respective strong support for the project.

COMMITMENTS AND CONTRACTUAL AGREEMENTS

- Western Potash entered into a water supply agreement with the City of Regina (the "City") with respect to future phases of the Milestone Project which provides Western Potash a preferential right to access a maximum of up to 25,000 cubic meters of water at a rate of $0.2628/cubic meter (increasing by a multiplier every year) per day of recycled water for an agreed term of 40 years from the start of water flow. Prior to water usage commencing, the Company is required to pay 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 City's water system is completed. Both the City and the Company have the option to terminate the water supply agreement 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.

- On October 25, 2018, Western Potash signed an off-take agreement with a North American company in the business of selling agricultural fertilizers (the "Off-taker") to purchase an annual production of 146,000 metric tons of product from Western Potash once production at the Milestone Project reaches the designed capacity, for a period of 10 years commencing no later than May 31, 2021. The commencement date for product delivery under the off-take agreement was subsequently extended to no later than November 30, 2022 by an amendment executed on January 13, 2021 and it was later extended to no later than November 30, 2023 by an amendment executed on March 25, 2022. The agreement was further amended on November 30, 2023, to extend the commencement date to no later than December 31, 2024. Under the terms of that most recent amendment, if the commencement date is not established by December 31, 2024, but the project's daily production rate is above that necessary to achieve 50% of the total committed annual capacity, the commencement date deadline may be extended to a mutually accepted achievable date, otherwise the Off-taker, in its sole discretion, may either terminate the agreement or agree to further extend the commencement date.

- On May 12, 2022, Western Potash entered into a time and material contract at $20,639,523 with SOX as general contractor to continue the bulk of the remaining construction work for the Milestone Project. Project construction was placed on hold in May 2020 when the process plant was approximately 50% complete. Project construction was restarted in May 2022 and completed in August 2023. The plant dry commissioning of over 83% was completed in October 2023, with the remainder to be completed prior to the wet commissioning.

(Expressed in Canadian Dollars)

- On May 16, 2022, Western Potash entered into a royalty agreement with Appian for a purchase price of US$6,251,465.19 (approximately $8,000,000). Under the agreement, the royalty payable by the grantor (Western Potash) to the royalty holder (Appian) is calculated by multiplying the Adjusted Gross Revenue (as that term is defined in the agreement), by the Royalty Rate (as that term is defined in the agreement) of 1.5%, provided that the royalty shall only be payable in relation to the first 146,000 tonnes of Payable Potash (as that term is defined in the agreement) produced by the grantor in any financial year (see Note 12 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024).

INVESTMENT IN ASSOCIATES

As of June 30, 2024, the Company had a 72.31% limited partnership interest in FB Burrard LP which is developing a real estate project in Vancouver, British Columbia. FB Burrard LP is controlled by its general partner, FB Burrard Development Ltd. ("FB Burrard GP"). FB Burrard GP is jointly controlled by the Company and Formwerks. Among other things, the shareholder agreement requires unanimous consent by the Company and Formwerks for decisions related to all relevant activities of FB Burrard GP. Accordingly, the Company accounts for its investment in FB Burrard using the equity method. For the period ended June 30, 2024, the Company received a return of equity of $nil (June 30, 2023 - $nil) and no sales need to be recognized from real estate sales.

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. As of June 30, 2024, WGP LP had net assets of $1,544,747 (September 30, 2023 - $1,544,747) which relates to its interest in FB Third LP.

For more details, please review note 7 to the unaudited condensed consolidated interim financial statement for the three and nine months ended June 30, 2024.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at Jun 30, 2024 $	As at Sept 30, 2023 $
Trade payables	81,433	1,112
Trade payable and accrued liabilities related to mineral property	6,529,332	5,097,042
Accrued liabilities	227,500	397,500
Accounts payable and accrued liabilities	**6,838,265**	**5,495,654**

Trade payable and accrued liabilities related to mineral property.
As of June 30, 2024, trade payable and accrued liabilities related to mineral property was $6,529,332.

Accrued liabilities.
As of June 30, 2024, the Company had accrued liabilities of $227,500 (September 2023 - $397,500).

(Expressed in Canadian Dollars)

ASSETS RETIREMENT OBLIGATION

As at June 30, 2024, the Company recognized an asset retirement obligation of $2,376,973 (September 30, 2023 - $2,341,891) 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 nine months ended	
	Jun 30, 2024	**Sep 30, 2023**
Undiscounted costs of asset retirement obligation	$5,218,692	$5,218,692
Pre-tax risk-free discount rate	4.09%	4.09%
Inflation rate	2.05%	2.05%
Year of settlement	2064	2064

LOAN PAYABLE AND DERIVATIVE LIABILITY

The Company remains a borrower with respect to a facility loan under the Loan Transaction with Appian which includes two derivative financial instruments – warrants and the royalty. As a result, management's estimation of the fair value of the two instruments is required due to the nature of potential volatility (Note 12 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024).

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares issued without par value. As of June 30, 2024, the Company had 408,915,478 common shares issued and outstanding with a carrying value of $286,322,124. In addition, 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 nine months ended June 30, 2024, a total of 3,800,000 stock options was granted to its directors, key staff and contractors, including 2,600,000 which were granted in October 2023 with an exercise price of $0.20 and an expiry date of October 12, 2028, and 1,200,000 which were granted in March 2024 with an exercise price of $0.14 and an expiry date of March 14, 2029. Among the options granted, 30% vest one year after the grant date, 30% vest two years after the grant date, 30% vest three years after the grant date. The remaining 10% vest four years after the grant date. During the six months ended March 31, 2024, 10,000 stock options with an exercise price of $0.12 were exercised, and the share price of the shares underlying the options ranged from $0.12 to $0.24 (September 30, 2023 – $0.24 to $0.31). During the six months ended March 31, 2024, the Company recognized $167,685 (September 30, 2023 – $1,478,074) of share-based payments of which ($2,482) (September 30, 2023 - $305,305) was charged to the consolidated statement of income (loss) and comprehensive income (loss) and $170,167 (September 30, 2023 – 1,172,769) was capitalized to mineral property, plant and equipment.

As of June 30, 2024, the Company had 16,315,000 stock options and 30,774,030 warrants outstanding (Note 14 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024).

RELATED PARTY TRANSACTIONS

The Company's key management includes the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and certain members of the Board of Directors. Payments to key management are included in the net income (loss) and mineral property, plant and equipment. Total compensation to key management personnel was $568,962 during the nine months ended June 30, 2024.

On August 15, 2023, the Company signed the exchangeable debenture agreement with Vantage. The transaction was closed on December 27, 2023, and Western Potash issued an exchangeable debenture certificate to Vantage.

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.

(Expressed in Canadian Dollars)

SEGMENT 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, 2023			
Operating expenses	(1,868)	(1,784,221)	(1,786,089)
Interest and other income	651,854	3,899,622	4,551,477
Net income for the year	649,986	2,115,401	2,765,387
For the nine months ended June 30, 2024			
Operating expenses	-	(3,809,405)	(3,809,405)
Interest and other income	135,000	639,121	774,121
Net income for the period	135,000	(3,170,284)	(3,035,284)
As at September 30, 2023			
Total assets	878,891	350,218,860	351,097,751
Non-current assets	830,529	336,576,366	337,406,895
Current assets	48,362	13,642,494	13,690,856
Total liabilities	-	(105,392,192)	(105,392,192)
As at June 30, 2024			
Total assets	878,986	369,504,141	370,383,127
Non-current assets	830,529	368,111,002	368,941,531
Current assets	48,457	1,393,139	1,441,596
Total liabilities	-	127,506,550	127,506,550

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company issued derivative financial instruments including warrants and a royalty during the year ended September 30, 2022. All transactions undertaken are to support the Company's operations and development. These financial risks and the Company's exposure to these risks are provided in various tables in the Risks and Uncertainties section of this MD&A and Note 19 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 2 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual results could materially differ from these estimates. Significant judgements made by management relate to the Company's ability to continue as a going concern, the basis of consolidation, economic recoverability, the probability of future economic benefits of the mineral property, plant and equipment, the determination of asset retirement obligations, the determination of the fair value of financial instruments, and income taxes. For more details, refer to Note 2 of the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2024.

RISKS AND UNCERTAINTIES

Risk Factors Relating to The Company's Business

The Company's ability to finance and develop the Milestone Project to production, generate revenues and profits from its natural resource properties, or any other resource property that it may acquire, currently or in the future, is dependent upon a number of factors. For a further discussion of these factors, please refer to the Company's most recent Annual Information Form dated December 28, 2023.

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

Going Concern Risk

On May 17, 2024, the Company suspended operations at its Phase 1 site. For the three and nine months ended June 30, 2024, the Company has experienced operating losses and negative operating cash flows. Western Potash has entered into various capital expenditure commitments for the procurement and construction of the Milestone Project in the amount of $3,436,427. As at June 30, 2024, the Company had a working capital deficit of $25,748,293 including cash and cash equivalents of $308,890. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The 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.

Environmental Risks and Hazards

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

Commodity Price Risk

The Company is exposed to commodity price risk. Commodity price risk is defined as the potential impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of potash, the Company's equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's future profitability and viability of development depends upon the world market price of potash. Potash prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of potash are produced in the future, a profitable market will exist for them. A decline in the market price of potash may also result in the Company reducing its mineral resources, which could have a material and adverse effect on the Company's value. The Company is not a potash producer as of June 30, 2024. Therefore, commodity price risk may affect the completion of future equity and/or debt transactions such as equity offerings, financings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations. The potash prices are fluctuating due to the inflation rate and supply issues. The decreasing price will significantly decrease the royalty payable obligation, vice versa.

Project Risks

Phase I is a pilot plant, and as such there are a number of technical and economic risks. The most significant risk is lower than expected potash sales prices, which will have the largest effect on project economics. There are exchange rate and tariff risks, but these are somewhat mitigated by the likely effect of sales price.

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

There are a number of technical and construction risks associated with the innovative use of selective horizontal solution mining. In particular, the risks include drilling the cavern, long-term potash recovery rates, and the difficulty of predicting and managing, with complete accuracy, construction CAPEX costs, sustaining costs and operating costs. The Company had implemented a number of construction strategies for strict control of the construction costs and has been engaging leading experts and engineering firms to benefit from their experience. To maintain potash recovery rates, additional well drilling is planned during operations and drilling costs have been included in the sustaining CAPEX. However, actual conditions in the caverns (including geological, flow and dissolution) may be overestimated in the cavern production models. This risk is partially mitigated by early hot mining which will build up potash in the crystallization pond and prove actual mining rates.

Weather conditions (including snow and flooding) may affect operations (in particular, road restrictions may reduce the ability to ship products off-site or get necessary equipment or personnel to the site). The Company has developed contingency plans to minimize the risk associated with weather events, including flexibility in work schedules, contingencies, appropriate productivity factors, product shipping plans, an on-site storage facility, and conducting an annual plant maintenance shutdown during the period of spring road bans.

With the completion of construction in August 2023, the development of Phase I will include the operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labor, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance sustaining projects and development activities. It is common for new mining operations to experience unexpected costs, problems and delays during development and mine start-up. Accordingly, the Company cannot provide assurance that its activities will result in profitable Phase I mining operations. Events like significant delays in completion of Phase I, consistently reaching production on a commercial scale, or significant increase in its capital costs estimates could have a significant adverse effect on the Company's profitability of operations, cash generation from operations and its financial condition.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, term deposits, accounts and other receivables, and deposits for storage facility the carrying value of which represents the Company's maximum exposure to credit risk. Cash and cash equivalents and term deposits are held with reputable Canadian financial institutions and management believes the risk of loss of its cash, cash equivalents and term deposits by these institutions to be minimal.

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 savings accounts and short-term investments. Therefore, the Company believes there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of June 30, 2024. The Company's loans payables are not subject to interest rate risk as they are not subject to a variable interest rate.

Foreign Currency Risk

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

The Company's cash and cash equivalents, short-term investments, restricted cash, accounts payable and accrued liabilities, interest payable, loan payable and royalty payable are denominated in CA$ and US$ and are subject to foreign exchange risk. For more details, please refer to Note 19 of the unaudited consolidated interim financial statements for the three and nine months ended June 30, 2024.

Risk of Geopolitical Development

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

DISCLOSURE, CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of ICFR as at September 30, 2023. In conducting this evaluation, the Company used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on its evaluation, the Company's management identified a material weakness as at September 30, 2023. Management did not have sufficient internal resources to consistently perform appropriate review over certain transactions, complex accounting areas and disclosures, which resulted in post close adjusting entries and various disclosure changes being recorded.

The Company is committed to improving its ICFR. As part of the control improvement, management has continued and will continue to enhance the capacity and capabilities to review and evaluate ongoing and technical complex transactions through selected increased use of external resources and realignment of staff. Management will continue to monitor and evaluate the effectiveness of the Company's ICFR on an ongoing basis and is committed to continuing further actions. Since the September 30, 2023 identification noted above, the Company has made progress in addressing identified material weaknesses including continuing engagement with external experts to assist with the accounting for complex transactions or valuing complex financial instruments. The Company plans to adopt a new SAP ERP system to replace its un-integrated ERP system and add more functions including project management, human resources, and performance management, and is reviewing necessary staff additions to manage these areas.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Despite the existence of the material weakness identified and described above, the CEO and CFO, together with management, believe that the unaudited condensed consolidated interim financial statements associated with this Management's Discussion and Analysis, fairly present the financial position, results of operations and cash flows for the nine months ended June 30, 2024, in all material respects.