POTASH RIDGE CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2016**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Potash Ridge Corporation (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Corporation's auditors.

Potash Ridge Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at September 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	$ **1,033,536**	$ 410,877
Restricted cash (note 4)	**85,511**	89,673
Receivables	**86,207**	24,308
Other current assets	**106,925**	72,208
Total current assets	**1,312,179**	597,066
Non-current assets		
Exploration and evaluation assets (note 5)	**31,304,799**	32,563,219
Property, plant and equipment (note 6)	**675,096**	20,178
Total non-current assets	**31,979,895**	32,583,397
Total assets	$ **33,292,074**	$ 33,180,463
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ **955,182**	$ 1,273,515
Other current liabilities (note 11)	**1,377,530**	1,100,474
Total current liabilities	**2,332,712**	2,373,989
Non-current liabilities		
Other non-current liabilities (note 11)	**-**	226,976
Total liabilities	**2,332,712**	2,600,965
Shareholders' equity		
Capital stock (note 7)	**35,268,608**	33,828,074
Contributed surplus (note 7)	**8,656,820**	6,622,642
Deficit	**(12,510,293)**	(9,243,590)
Accumulated other comprehensive loss	**(455,773)**	(627,628)
Total shareholders' equity	**30,959,362**	30,579,498
Total liabilities and shareholders' equity	$ **33,292,074**	$ 33,180,463

Nature of operations and going concern (note 1)
Commitments and contingencies (note 12)
Subsequent event (note 13)

Approved on behalf of the Board:

"Guy Bentinck", Director

"Chris Reid", Director

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

Potash Ridge Corporation

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
Unaudited

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Expenses				
Management, employee, director, general and administrative expenses	**$ 255,470**	$ 58,914	**$ 927,532**	$ 1,509,767
Professional fees	**91,674**	27,364	**317,669**	196,743
Share-based compensation (note 8)	**194,714**	-	**340,201**	(10,352)
Depreciation	**-**	11,489	**-**	93,984
Total expenses	**(541,858)**	(97,767)	**(1,585,402)**	(1,790,142)
Other Items				
Interest income	**1,259**	88	**1,571**	677
Other income	**(149)**	-	**22,278**	-
Loss on disposal of property, plant and equipment	**-**	(75,150)	**-**	(130,795)
Foreign exchange gain (loss)	**480,095**	2,024,651	**(1,705,150)**	4,149,185
Net (loss) income for the period	**(60,653)**	1,851,822	**(3,266,703)**	2,228,925
Other comprehensive income (loss)				
Foreign currency translation adjustment	**(47,664)**	(188,196)	**171,855**	(348,614)
Comprehensive (loss) income for the period	**$ (108,317)**	$ 1,663,626	**$ (3,094,848)**	$ 1,880,311
Basic net (loss) income per share	**$ (0.00)**	$ 0.02	**$ (0.03)**	$ 0.03
Diluted net (loss) income per share	**$ (0.00)**	$ 0.02	**$ (0.03)**	$ 0.03
Weighted average number of common shares outstanding - Basic	**125,928,397**	86,781,361	**117,706,818**	86,733,142
Weighted average number of common shares outstanding - Diluted	**125,928,397**	86,781,361	**117,706,818**	86,733,142

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

Potash Ridge Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating activities		
Net (loss) income for the period	**$ (3,266,703)**	$ 2,228,925
Items not involving cash:		
Depreciation	**-**	93,984
Share-based compensation	**340,201**	(10,352)
Foreign exchange loss (gain)	**1,889,910**	(3,919,673)
Loss on disposal of property, plant and equipment	**-**	130,795
Changes in non-cash working capital items:		
(Increase) decrease in receivables	**(61,899)**	30,236
(Increase) decrease in other current assets	**(34,717)**	121,143
Decrease in operating restricted cash	**4,162**	784,949
Decrease in other non-current assets working capital	**-**	12,975
(Decrease) increase in accounts payable and accrued liabilities	**(224,892)**	533,891
Net cash provided by (used in) operating activities	**(1,353,938)**	6,873
Investing activities		
Acquisition of property, plant and equipment	**(654,918)**	-
Proceeds from sale of property, plant and equipment	**-**	137,629
Exploration and evaluation expenditures	**(503,195)**	(989,888)
Cost of issuance of common shares	**-**	(15,013)
Net cash used in investing activities	**(1,158,113)**	(867,272)
Financing activities		
Issuance of common share and warrant units, net of costs	**2,961,396**	-
Proceeds from the exercise of stock options	**55,320**	-
Proceed from the exercise of warrants	**42,666**	-
Proceeds from the exercise of finders warrants	**75,129**	-
Net cash provided by financing activities	**3,134,511**	-
Net change in cash and cash equivalents for the period	**622,460**	(860,399)
Effect of foreign exchange rate changes on cash and cash equivalents	**199**	(140,310)
Cash and cash equivalents, beginning of period	**410,877**	1,026,771
Cash and cash equivalents, end of period	**$ 1,033,536**	$ 26,062

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

Potash Ridge Corporation

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
Unaudited

	Number of Voting Shares	Number of Non-voting Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2014	**81,653,778**	**5,055,254**	**$ 33,428,933**	**$ 6,416,018**	**$ (12,341,807)**	**$ (172,440)**	**$ 27,330,704**
Shares issued for Valleyfield Project (note 6(i))	200,000	-	8,000	-	-	-	8,000
Cost of issue - Cash			(15,013)	-	-	-	(15,013)
Share-based compensation (note 8)	-	-	-	(6,305)	-	-	(6,305)
Effect on foreign currency translation	-	-	-	-	-	(348,614)	(348,614)
Net income for the period	-	-	-	-	2,228,925	-	2,228,925
Balance, September 30, 2015	**81,853,778**	**5,055,254**	**$ 33,421,920**	**$ 6,409,713**	**$ (10,112,882)**	**$ (521,054)**	**$ 29,197,697**
Balance, December 31, 2015	**101,853,778**	**5,055,254**	**$ 33,828,074**	**$ 6,622,642**	**$ (9,243,590)**	**$ (627,628)**	**$ 30,579,498**
Conversion of non-voting shares (note 7(b)(i))	5,055,254	(5,055,254)	-	-	-	-	-
Private placements (note 7(b)(ii)(iii))	17,266,663	-	3,150,000	-	-	-	3,150,000
Warrants (note 7(b)(ii)(iii))	-	-	(1,829,420)	1,829,420	-	-	-
Cost of issue - Cash	-	-	(80,696)	(107,908)	-	-	(188,604)
Cost of issue - finder warrants (note 7(b)(ii))	-	-	(39,867)	39,867	-	-	-
Shares issued for the exercise of stock options	333,000	-	102,108	(46,788)	-	-	55,320
Shares issued for the exercise of warrants	533,334	-	50,132	(7,466)	-	-	42,666
Shares issued for the exercise of finders warrants	939,108	-	88,277	(13,148)	-	-	75,129
Share-based compensation (note 8)	-	-	-	340,201	-	-	340,201
Effect on foreign currency translation	-	-	-	-	-	171,855	171,855
Net loss for the period	-	-	-	-	(3,266,703)	-	(3,266,703)
Balance, September 30, 2016	**125,981,137**	**-**	**$ 35,268,608**	**$ 8,656,820**	**$ (12,510,293)**	**$ (455,773)**	**$ 30,959,362**

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

1. Nature of operations and going concern

Potash Ridge Corporation (the “Corporation” or "Potash Ridge") is a corporation operating under the Ontario Business Corporation Act. Its registered office is located in Toronto, Canada at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1. The Common Shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “PRK”.

The principal activity of the Corporation is to develop projects focused on the production of sulphate of potash (“SOP”). Located in Valleyfield, Quebec, the Valleyfield Project intends to utilize well-known Mannheim technology to produce SOP at management's initial estimated rate of 40,000 tonnes per annum. The development of the Blawn Mountain Project in Utah involves the exploration, development and production of mineral resources and is currently focused on the exploration of alunite in order to produce SOP, co-product sulphuric acid and, potentially, alumina. The Blawn Mountain Project comprises 23.5 sections of land owned by the State of Utah, acting by and through the School and Institutional Trust Lands Administration (“SITLA”), and covering approximately 15,404 acres (6,233 hectares) of land located in Beaver County, Utah.

The Corporation is an exploration and development stage entity and has not yet achieved profitable operations. It is subject to risks and challenges similar to companies in a comparable stage of development. These risks include, but are not limited to, the challenges of securing adequate capital to fund its activities, operational risks inherent in the mining and fertilizer industries, and global economic and commodity price volatility. The underlying value of the Blawn Mountain Project and the Valleyfield Project, and the recoverability of the related capitalized costs are entirely dependent on the Corporation’s ability to successfully develop the Blawn Mountain and Valleyfield Projects by, among other things, securing necessary permits, obtaining the required financing to complete the development and construction, and upon future profitable production from, or the proceeds from the disposition of its mineral properties or projects.

The Corporation earned a comprehensive loss for the nine months ended September 30, 2016 of $3,094,848 (nine months ended September 30, 2015 - a comprehensive income of $1,880,311), and has reported an accumulated deficit of $12,510,293 as at September 30, 2016 (December 31, 2015 - $9,243,590). The Corporation’s sole source of funding has been the issuance of equity securities for cash. As at September 30, 2016, the Corporation had $1,033,536 in cash and cash equivalents (December 31, 2015 - $410,877) to settle current liabilities of $2,332,712 (December 31, 2015 - $2,373,989). The Corporation intends to use its existing cash resources prudently to advance the Blawn Mountain and Valleyfield projects as well as on basic project management and on essential non-discretionary general corporate and operating expenditures. Although the Corporation has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in future fundraisings.

These circumstances, along with other risks relevant to exploration companies, such as continuing losses and cash outflows from operations, result in material uncertainty which lends significant doubt as to the ability of the Corporation to settle current obligations and meet commitments as they become due and, accordingly, the appropriateness ultimately of the use of the accounting principles applicable to a going concern.

These unaudited condensed interim consolidated financial statements have been prepared under the assumption that the Corporation will continue as a going concern. The going concern basis of presentation assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future.

1. Nature of operations and going concern (continued)

These unaudited condensed interim consolidated financial statements do not give effect to adjustments to the carrying values of assets, liabilities and the reported expenses and classifications that would be necessary should the Corporation be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Corporation on November 10, 2016.

2. Basis of preparation

a) Statement of compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC and should be read in conjunction with the Corporation’s annual financial statements at December 31, 2015. Any subsequent changes to IFRS that are reflected in the Corporation’s consolidated financial statements for the year ended December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

b) Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared using the historical cost convention, modified by the revaluation of any financial assets and financial liabilities at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Corporation’s accounting policies.

The significant accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2015.

c) Basis of consolidation

These unaudited condensed interim consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiaries Utah Alunite Corporation (“UAC”) and Valleyfield Fertilizer Corporation ("Valleyfield"). Consolidation is required when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

2. Basis of preparation (continued)

d) Future accounting standards and pronouncements

IFRS 9, Financial Instruments

This standard is the first step in the process to replace IAS 39, Financial Instruments: Recognition & Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. IFRS 9 establishes two primary measurement categories for financial assets: (i) amortized cost, and (ii) fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 has an effective date of January 1, 2018, with early adoption permitted. The Corporation continues to monitor and assess the impact of this standard.

IFRS 16, Leases

IFRS 16, issued in January 2016, replaces IAS 17, Leases. IFRS 16 results in most leases being reported on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for companies that also adopt IFRS 15, Revenue from Contracts with Customers. The Company is currently assessing the impact of this standard.

3. Cash and cash equivalents

Cash and cash equivalents consisted of $871,886 (December 31, 2015 - $403,603) in Canadian dollar denominated current accounts, and $161,650 (December 31, 2015 - $7,274) in U.S. dollar denominated current accounts.

4. Restricted cash

The Corporation has set aside $85,511 (December 31, 2015 - $89,673) comprising reclamation surety bonds and collateral requirements. The funds relating to the reclamation surety bonds are to be released upon the Corporation meeting all of its commitments to SITLA relating to its on-site Project activities and have therefore been classified as current assets on the condensed interim consolidated statements of financial position according to management's estimated timing of completing such commitments.

(Expressed in Canadian Dollars Except As Otherwise Indicated)

5. Exploration and evaluation assets

The following is the reconciliation of exploration and evaluation expenditures related to the Corporation's Blawn Mountain Project for the nine months ended September 30, 2016:

	Opening balance December 31, 2015	Additions	Exchange difference	Balance September 30, 2016
Blawn Mountain Project				
Drilling	$ 6,871,662	$ -	$ (358,933)	**$ 6,512,729**
Pre-feasibility study	6,416,996	189,064	(336,748)	**6,269,312**
Professional and labour	5,355,163	50,366	(280,161)	**5,125,368**
Employee salary and benefits	5,255,741	66,186	(275,092)	**5,046,835**
Preliminary economic assessment	3,775,670	-	(197,245)	**3,578,425**
Mineral leases	2,506,363	40,511	(123,195)	**2,423,679**
Employee share based compensation (non-cash)	1,050,414	-	-	**1,050,414**
Transportation	414,420	-	(21,648)	**392,772**
Equipment rentals	244,939	-	(12,794)	**232,145**
Feasibility study	243,562	-	(12,723)	**230,839**
Data acquisition	214,765	(25,336)	(11,015)	**178,414**
Field expenditures	140,171	357	(7,326)	**133,202**
Other	73,353	61,639	(4,327)	**130,665**
Total exploration and evaluation assets	$ 32,563,219	$ 382,787	$ (1,641,207)	**$ 31,304,799**

The following is the reconciliation of exploration and evaluation expenditures related to the Corporation's Blawn Mountain Project for the year ended December 31, 2015:

	Opening balance December 31 2014	Additions	Exchange difference	Balance December 31, 2015
Blawn Mountain Project				
Drilling	$ 5,759,285	$ -	$ 1,112,377	**$ 6,871,662**
Pre-feasibility study	5,378,870	(118,747)	1,156,873	**6,416,996**
Professional and labour	4,365,469	135,948	853,746	**5,355,163**
Employee salary and benefits	3,741,548	731,752	782,441	**5,255,741**
Preliminary economic assessment	3,164,850	118,747	492,073	**3,775,670**
Mineral leases	1,935,136	210,206	361,021	**2,506,363**
Employee share based compensation (non-cash)	1,046,369	4,045	-	**1,050,414**
Transportation	342,098	5,818	66,504	**414,420**
Equipment rentals	205,313	-	39,626	**244,939**
Feasibility study	192,113	13,277	38,172	**243,562**
Data acquisition	157,794	24,498	32,473	**214,765**
Field expenditures	117,494	-	22,677	**140,171**
Other	59,399	2,301	11,653	**73,353**
Total exploration and evaluation assets	$ 26,465,738	$ 1,127,845	$ 4,969,636	**$ 32,563,219**

(Expressed in Canadian Dollars Except As Otherwise Indicated)

6. Property, plant and equipment

On August 11, 2015, the Corporation entered into an agreement to purchase all the issued and outstanding shares of the Valleyfield Fertilizer Corporation (“Valleyfield”). This transaction has been recorded for accounting purposes as an asset acquisition as Valleyfield's only asset is the Valleyfield Project located in Valleyfield, Quebec.

As purchase consideration, the Corporation issued 200,000 common shares at a price of $0.04 per share valued at $8,000. Costs associated with the acquisition totalled $12,178 and include legal and regulatory fees. In addition, there is a gross overriding royalty to the seller or his designate of:

i) 1% on revenue from the Valleyfield Project; and

ii) 0.5% on revenue from any other site developed by the Corporation or its affiliates in North America utilizing Mannheim technology to produce sulphate of potash.

Under the terms of the Valleyfield purchase agreement, as well as the consulting agreement with the seller, the seller's semi-monthly gross consulting fees will not accrue or become payable by the Corporation until the Corporation raises sufficient capital to advance the Valleyfield Project.

The seller has agreed to be engaged as a consultant to Potash Ridge and continue to work on the development of the Valleyfield Project, as well as other potential Mannheim opportunities already identified.

The Valleyfield Project has been recorded under property, plant and equipment and will not be depreciated until construction is completed and the asset is ready for its intended use. For the nine months ended September 30, 2016, the Corporation incurred expenditures of $675,096 on the Valleyfield Project.

7. Issued capital

a. Authorized

The Corporation is authorized to issue an unlimited number of common shares ("Common Shares") and 50,000,000 non-voting shares.

b. Summary of securities issued:

Common shares	Number of Voting Shares Issued	Number of Non-Voting Shares Issued (ii)	Share Capital
Balance, December 31, 2014	**81,653,778**	**5,055,254**	**$ 33,428,933**
Shares issued for Valleyfield Project (note 6)	200,000	-	8,000
Cost of issue - cash	-	-	(15,013)
Balance, September 30, 2015	**81,853,778**	**5,055,254**	**$ 33,421,920**

(Expressed in Canadian Dollars Except As Otherwise Indicated)

7. Issued capital (continued)

b. Summary of securities issued: (continued)

Common shares	Number of Voting Shares Issued	Number of Non-Voting Shares Issued (ii)	Share Capital
Balance, December 31, 2015	**101,853,778**	**5,055,254**	**$ 33,828,074**
Conversion of non-voting shares (i)	5,055,254	(5,055,254)	-
Private placement (ii)(iii)	17,266,663	-	3,150,000
Warrants (ii)(iii)	-	-	(1,829,420)
Cost of issue - cash	-	-	(80,696)
Cost of issue - finder warrants (ii)	-	-	(39,867)
Shares issued for the exercise of stock options	333,000	-	55,320
Fair value of stock options exercised	-	-	46,788
Shares issued for the exercise of warrants	533,334	-	42,666
Fair value of warrants exercised	-	-	7,466
Shares issued for the exercise of finders warrants	939,108	-	75,129
Fair value of finders warrants exercised	-	-	13,148
Balance, September 30, 2016	**125,981,137**	**-**	**$ 35,268,608**

(i) On March 16, 2016, Sprott Resource Corporation, the holder of the 5,055,254 Non-Voting Shares, exercised their right to convert the Non-Voting Shares into Voting Shares.

(ii) On April 15, 2016 and April 20, 2016 respectively, the Corporation closed both tranches of a non-brokered private placement of 11,666,663 units (the "Units") at a price of $0.15 per Unit, for gross proceeds of $1,750,000 (the "Private Placement"). Each Unit is comprised of one common share in the capital of the Corporation (a "Common Share") and one half of one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one Common Share at an exercise price of $0.30 per Common Share for a period of three years from the date of closing. The Corporation has the right to require warrant holders to exercise these Warrants at any time in the event that the Common Shares trade above $0.70 for 21 consecutive trading days.

In connection with the Private Placement, the Corporation has agreed to pay fees to certain individuals that include cash commissions totaling $65,141 and the issuance of 666,667 finder warrants at the same price and term as the Warrants above.

These warrants and finder warrants were assigned values of $1,254,027 and $140,667, respectively using the Black-Scholes valuation model. $39,867 of the assigned value of the finder warrants was allocated to capital stock. The key assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

Exercise price	$0.30
Risk-free interest rate	0.58 to 0.61%
Annualized expected volatility	139%
Expected life of warrants	3 years
Value per warrant	$0.21 to $0.23

(Expressed in Canadian Dollars Except As Otherwise Indicated)

7. Issued capital (continued)

(iii) On May 21, 2016 and May 25, 2016 respectively, the Corporation closed both tranches of a Private Placement of 5,600,000 Units at a price of $0.25 per Unit, for gross proceeds of $1,400,000. Each Unit is comprised of one Common Share in the capital of the Corporation and one half of one Warrant. Each Warrant is exercisable to acquire one Common Share at an exercise price of $0.50 per Common Share for a period of three years from the date of closing.

In connection with the Private Placement, the Corporation has agreed to pay fees to certain individuals that include cash commissions totaling $54,828.

These Warrants were assigned a value of $575,392, using the Black-Scholes valuation model. The key assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

Exercise price	$0.50
Risk-free interest rate	0.65 to 0.67%
Annualized expected volatility	136%
Expected life of warrants	3 years
Value per warrant	$0.18 to $0.21

<u>Convertible Securities</u>

	Number of Subscriber Warrants	Number of Incentive Options	Number of Finder Warrants	Contributed Surplus
Balance, December 31, 2014	**-**	**6,530,000**	**-**	**$ 6,416,018**
Share options - expired	-	(1,083,333)	-	-
Share options - forfeited	-	(46,667)	-	(6,305)
Balance, September 30, 2015	**-**	**5,400,000**	**-**	**$ 6,409,713**
Balance, December 31, 2015	**10,000,000**	**9,400,000**	**1,302,750**	**$ 6,622,642**
Share options - forfeited	-	(567,000)	-	(2,460)
Share options - exercised	-	(333,000)	-	(46,788)
Share options - granted	-	2,075,000	-	-
Share-based compensation	-	-	-	342,661
Warrants - issued	8,633,335	-	666,667	1,761,379
Warrants - exercised	(533,334)	-	(939,108)	(20,614)
Balance, September 30, 2016	**18,100,001**	**10,575,000**	**1,030,309**	**$ 8,656,820**

(Expressed in Canadian Dollars Except As Otherwise Indicated)

7. Issued capital (continued)

The following table summarizes warrants and finder warrants ("Warrants") outstanding at September 30, 2016, with each Warrant entitling the holder to purchase one common share.

Expiry date	Number of Warrants	Exercise price ($)
November 27, 2017	9,466,666	0.08
November 27, 2017 (finder)	363,642	0.08
April 15, 2019	4,232,610	0.30
April 15, 2019 (finder)	666,667	0.30
April 18, 2019	1,021,750	0.30
April 19, 2019	541,028	0.30
April 20, 2019	37,947	0.30
May 21, 2019	2,429,191	0.50
May 25, 2019	370,809	0.50
	19,130,310	

8. Share-based compensation

The Corporation maintains a stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors, or consultants of the Corporation, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or such committee. The stock option plan provides that the total number of common shares that may be reserved for issuance for all purposes under the stock option plan cannot be more than 10% of the outstanding common shares at the time of any grant of stock options. The terms of the options, including when they vest, are determined by the Board of Directors as they are granted.

The following table reflects the continuity of stock options for the nine months ended September 30, 2016 and 2015:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2014	**6,530,000**	**$ 0.61**
Options expired	(1,083,333)	0.86
Options forfeited	(46,667)	1.00
Balance, September 30, 2015	**5,400,000**	**$ 0.56**
Balance, December 31, 2015	**9,400,000**	**$ 0.34**
Options granted (i)(ii)	2,075,000	0.37
Options exercised	(333,000)	0.17
Options forfeited	(567,000)	0.47
Balance, September 30, 2016	**10,575,000**	**$ 0.34**

(Expressed in Canadian Dollars Except As Otherwise Indicated)

8. Share-based compensation (continued)

(i) On May 11, 2016, the Corporation granted a 750,000 stock options to a consultant of the Corporation. The stock options were granted with a term of 10 years from the date of grant and are exercisable at a price of $0.33. These options vest on the following schedule: 1/3 on grant date, 1/3 a year after grant date and 1/3 two years after grant date.

Key assumptions used in the valuation of these 750,000 options were as follows:

Exercise price	$0.33
Risk-free interest rate	1.30%
Annualized expected volatility	133%
Expected life of options	7.5 years
Dividend rate	0%
Forfeiture rate	0%
Value per option	$0.378

(ii) On August 11, 2016, the Corporation granted a 1,325,000 stock options to a officers and directors of the Corporation. The stock options were granted with a term of 10 years from the date of grant and are exercisable at a price of $0.40. These options vest on the following schedule: 1/3 on grant date, 1/3 a year after grant date and 1/3 two years after grant date.

Key assumptions used in the valuation of these 1,325,000 options were as follows:

Exercise price	$0.40
Risk-free interest rate	1.04%
Annualized expected volatility	131%
Expected life of options	7.5 years
Dividend rate	0%
Forfeiture rate	0%
Value per option	$0.268

The following table summarizes the allocation of stock-based compensation for the periods presented:

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Share-based compensation expense	**$ 340,201**	$ (10,352)
Exploration and evaluation assets	**-**	4,047
	$ 340,201	$ (6,305)

(Expressed in Canadian Dollars Except As Otherwise Indicated)

8. Share-based compensation (continued)

The following table summarizes incentive stock options outstanding at September 30, 2016:

Number of stock outstanding	Number of stock options vested and exercisable	Exercisable price ($)	Expiry date	Weighted average remaining actual life (years)
2,100,000	2,100,000	0.25	December 9, 2021	5.19
600,000	600,000	0.75	January 26, 2022	5.33
60,000	60,000	0.75	February 1, 2022	5.34
1,550,000	1,550,000	1.00	December 5, 2022	6.18
350,000	350,000	0.14	November 22, 2023	7.15
240,000	240,000	0.33	May 13, 2024	7.62
3,600,000	1,400,000	0.04	November 27, 2025	9.16
750,000	250,000	0.33	May 11, 2026	9.62
1,325,000	441,666	0.40	August 11, 2026	9.87
10,575,000	6,991,666	0.34		7.72

9. Segmented information

The Corporation operates in one reportable segment, that being the exploration, evaluation and development of mineral properties and related projects. The Corporation's development projects are located in the United States of America and in Canada.

10. Related party transactions

The Corporation's related parties as defined by IAS 24 "Related Party Disclosures", include the Corporation's subsidiaries, executive and non-executive directors, senior officers and entities controlled or jointly controlled by the Corporation's directors or senior officers.

The compensation expense incurred by the Corporation including its subsidiaries is summarized in the table below:

	Compensation and fees	Share-based awards	Total
Three months ended September 30, 2016			
Senior officers	$ 90,000	$ 97,934	$ 187,934
Directors	$ 18,224	$ 58,798	$ 77,022
Three months ended September 30, 2015			
Senior officers	$ 74,385	$ -	$ 74,385

	Compensation and fees	Share-based awards	Total
Nine months ended September 30, 2016			
Senior officers	$ 260,000	$ 120,321	$ 380,321
Directors	$ 33,224	$ 67,753	$ 100,977
Nine months ended September 30, 2015			
Senior officers	$ 450,408	$ -	$ 450,408

10. Related party transactions (continued)

The Corporation entered into indemnity agreements with all of its directors and officers in 2012 in respect of possible liabilities or expenses, which such directors and officers may incur as a result of acting as a director or officer of the Corporation or its related entities. No liability has been incurred to date.

To the knowledge of the directors and executive officers of the Corporation, the common shares of the Corporation are widely held. As of September 30, 2016, directors and officers collectively control 4,155,000 common shares of the Corporation or approximately 3% of the total common shares outstanding. These holdings can change at any time at the discretion of the owner.

11. Other current and non-current liabilities

On March 24, 2014, the Corporation exercised the Lease Option in the Exploration and Option Agreement to commence the Mining Lease at the Blawn Mountain Project. The Corporation made an initial payment to SITLA of US$200,000 and entered into an arrangement whereby it would make further payments, as follows:

- March 31, 2015 US$164,000
- August 31, 2015 US$164,000
- March 31, 2016 US$164,000
- August 31, 2016 US$164,000
- March 31, 2017 US$164,000

The Corporation classified this agreement as "other financial liabilities" and recorded it at fair value on initial recognition. The Corporation has agreed to pay a finance charge of 5.75% per annum on the outstanding balance during this three year period. Also under the terms of the Mining Lease, a minimum annual royalty payment of US$46,200 and an annual rental payment of US$11,500 is due to SITLA. The first annual royalty and rental payments were made on March 24, 2014.

In June 2015, the Corporation entered into a modification of the Blawn Mountain Project Mining Lease Agreement with SITLA. The modification cures the event of default under the Lease that occurred on March 31, 2015. Under the terms of the modification, SITLA has agreed to forbear from exercising its rights and remedies resulting from Potash Ridge's failure to make lease and minimum royalty payments to SITLA under the terms of the Lease. The forbearance period is from March 31, 2015 to April 1, 2017.

The Corporation was obligated to pay accrued and unpaid interest by March 31, 2016 or when it raised US $1.5 million in new funds for the development of the Blawn Mountain Project, whichever arose first. Once the Corporation raises US $3 million or more of new funds for the development of the Blawn Mountain Project, then all outstanding amounts currently due under the Lease, plus accrued interest, will become due.

The Corporation will pay interest to SITLA on unpaid lease and minimum royalties payments, which will accrue annually at a rate of SITLA's published prime rate plus two percent (currently equivalent to 5.25%) or 6.0%, whichever is greater, with the first interest payment having been due on March 31, 2016. The Corporation made the required accrued interest payments to SITLA on March 30, 2016 and August 30, 2016, and is current on all lease obligations.

Potash Ridge will continue to be required to meet all other obligations under the terms of the Blawn Mountain Lease.

(Expressed in Canadian Dollars Except As Otherwise Indicated)

11. Other current and non-current liabilities (continued)

During the nine months ended September 30, 2016, the Corporation accrued minimum annual royalty payment, annual rental payment and interest of $131,989 (US$100,624) and made interest payments of $53,591 (US$40,856).

	As at September 30, 2016	As at December 31, 2015
Other current liabilities	**$ 1,377,530**	$ 1,100,474
Other non-current liabilities	**-**	226,976
	$ 1,377,530	$ 1,327,450

12. Commitments and contingencies

The Corporation has office leases which are under sublet agreements and/or covered by the proceeds of the called Letter of Credit and equipment leases which relate to equipment which has been returned to the lessors. The future minimum payments under various lease arrangements and other contractual obligations are as follows, as at September 30, 2016:

	Less than 1 year	1 - 5 years	After 5 years	Total
Mining lease	$ 75,751	$ 348,453	$ 409,054	$ 833,258
Exploration leases	7,639	22,888	10,166	40,693
Operating leases	42,714	148,597	-	191,311
Total	**$ 126,104**	**$ 519,938**	**$ 419,220**	**$ 1,065,262**

13. Subsequent event

On October 4, 2016, the Corporation announced that it signed an offtake and funding agreement with Jones-Hamilton Co. (“Jones-Hamilton”), a leading chemicals company and one of North America’s premier producers and marketers of hydrochloric acid.

Under the terms of the agreement, Jones-Hamilton will fund the hydrochloric acid equipment of Potash Ridge’s Valleyfield Project. As part of this arrangement, Valleyfield will sell its production of hydrochloric acid from the Valleyfield facility to Jones-Hamilton for a minimum ten-year period. The hydrochloric acid equipment represents up to approximately 15% of the total $50 million capital cost for Valleyfield.