POTASH RIDGE

Condensed interim consolidated financial statements of

Potash Ridge Corporation

For the three and nine months ended September 30, 2013 and September 30, 2012

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed interim consolidated financial statements of Potash Ridge Corporation (the "Corporation") were prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities.

POTASH RIDGE CORPORATION

(An Exploration and Development Stage Entity)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - In Canadian dollars)

As at	September 30 2013	December 31 2012
ASSETS		
Current		
Cash and cash equivalents (Note 3)	$ 10,464,736	$ 17,800,890
Short term deposits	-	4,975,000
Restricted cash (Note 4)	393,643	212,353
Receivables (Note 5)	16,836	361,386
Other current assets	244,795	227,434
	11,120,010	23,577,063
Exploration and evaluation assets (Note 6)	18,635,301	10,300,480
Property, plant and equipment	620,689	368,734
Restricted cash (Note 4)	359,975	-
Other non-current assets	122,144	108,708
	$ 30,858,119	$ 34,354,985
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 909,966	$ 1,677,517
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	33,428,933	33,267,933
Contributed surplus (Note 7)	6,075,014	5,317,884
Deficit	(9,554,377)	(5,902,684)
Accumulated other comprehensive loss	(1,417)	(5,665)
	29,948,153	32,677,468
	$ 30,858,119	$ 34,354,985

Approved by the Board of Directors on November 6, 2013.

(Signed) Guy Bentinck
Director

(Signed) Navin Dave
Director

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

POTASH RIDGE CORPORATION
(An Exploration and Development Stage Entity)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - In Canadian dollars)

	Three months ended		Nine months ended	
	September 30 2013	**September 30 2012**	**September 30 2013**	**September 30 2012**
EXPENSES				
Management, employee, director, general and administrative expenses	$ **810,810**	693,910	$ **2,895,074**	1,369,827
Professional fees	**276,764**	291,236	**881,827**	804,379
Share-based compensation (Note 9)	**195,188**	158,638	**649,145**	379,138
Prospecting	**1,200**	-	**5,212**	11,389
Depreciation	**47,936**	4,574	**109,902**	6,196
	(1,331,898)	**(1,148,358)**	**(4,541,160)**	(2,570,929)
OTHER ITEMS				
Interest income	**19,409**	27,418	**50,929**	92,295
Foreign exchange gain/(loss)	**(580,925)**	(282,399)	**838,538**	(202,904)
Net loss for the period	**(1,893,414)**	**(1,403,339)**	**(3,651,693)**	(2,681,538)
OTHER COMPREHENSIVE INCOME				
Foreign currency translation adjustment	**14,447**	7,722	**4,248**	6,288
Comprehensive loss for the period	$ **(1,878,967)**	$ **(1,395,617)**	$ **(3,647,445)**	$ (2,675,250)
Weighted average number of common shares outstanding	**86,709,032**	66,215,966	**86,671,716**	66,215,966
Basic and diluted loss per common share	$ **(0.02)**	$ **(0.02)**	$ **(0.04)**	$ (0.04)

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

POTASH RIDGE CORPORATION
(An Exploration and Development Stage Entity)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - In Canadian dollars)

	Number of voting shares	Number of non-voting shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income/(loss)	Total shareholders' equity
Balance at January 1, 2013	**81,303,778**	**5,055,254**	**$ 33,267,933**	**$ 5,317,884**	**$ (5,902,684)**	**$ (5,665)**	**$ 32,677,468**
Exercised options	**350,000**	**-**	**161,000**	**(73,500)**	**-**	**-**	**87,500**
Net loss	**-**	**-**	**-**	**-**	**(3,651,693)**	**-**	**(3,651,693)**
Effect on foreign currency translation	**-**	**-**	**-**	**-**	**-**	**4,248**	**4,248**
Share based compensation (Note 9)	**-**	**-**	**-**	**830,630**	**-**	**-**	**830,630**
Balance at September 30, 2013	**81,653,778**	**5,055,254**	**$ 33,428,933**	**$ 6,075,014**	**$ (9,554,377)**	**$ (1,417)**	**$ 29,948,153**
Balance at January 1, 2012	66,215,966	-	$ 16,398,381	$ 1,994,582	$ (1,129,365)	$ 382	$ 17,263,980
Net loss	-	-	-	-	(2,681,538)	-	(2,681,538)
Effect on foreign currency translation	-	-	-	-	-	6,288	6,288
Share based compensation (Note 9)	-	-	-	980,443	-	-	980,443
Accumulated Other Comprehensive Income					-		
Transaction costs	-	-	(45,958)	-	-	-	(45,958)
Balance at September 30, 2012	66,215,966	-	$ 16,352,423	$ 2,975,025	$ (3,810,903)	$ 6,670	$ 15,523,215

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

POTASH RIDGE CORPORATION
(An Exploration and Development Stage Entity)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - In Canadian dollars)

	Nine months ended September 30 2013	Nine months ended September 30 2012
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the periods	$ (3,651,693)	$ (2,681,538)
Items not affecting cash:		
Depreciation	109,902	6,196
Share based compensation (Note 9)	649,145	379,138
Foreign exchange gain/(loss)	(428,122)	42,324
Non-cash interest income	-	(33,180)
Changes in non-cash working capital items:		
Decrease/(Increase) in receivables	344,550	(149,146)
Increase in other current assets	(17,361)	(179,668)
Increase in other non-current assets working capital	(13,436)	(76,509)
Increase in operating restricted cash	(541,265)	(147,411)
(Decrease)/Increase in accounts payable and accrued liabilities	(1,371,533)	363,106
Net cash used in operating activities	(4,919,813)	(2,476,688)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(361,784)	(183,694)
Decrease/(Increase) in short term deposits	4,975,000	(5,000,000)
Maturity of short term deposits	-	4,026,236
Payment for acquisition of Utah Alunite	-	(98,320)
Exploration and evaluation assets	(7,549,354)	(5,055,652)
Net cash used in investing activities	(2,936,138)	(6,311,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue costs	-	(986,282)
Net proceeds from share options exercised	87,500	-
Net cash provided by (used in) financing activities	87,500	(986,282)
Decrease in cash and cash equivalents for the period	(7,768,451)	(9,774,400)
Effect of foreign exchange rate changes on cash and cash equivalents	432,297	(36,037)
Cash and cash equivalents, beginning of the period	17,800,890	16,707,246
Cash and cash equivalents, end of the period	$ 10,464,736	$ 6,896,809

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

POTASH RIDGE CORPORATION
(An Exploration and Development Stage Entity)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013
(Unaudited - In Canadian dollars, except where otherwise noted)

1. NATURE OF OPERATIONS

Potash Ridge Corporation (the "Corporation") is a corporation operating under the Ontario Business Corporation Act. Its registered office is located in Toronto, Canada at 3 Church Street, Suite 600, Toronto, Ontario, M5E 1M2. The Corporation became a reporting issuer in all the provinces of Canada on November 27, 2012. On December 5, 2012, the Corporation closed its initial public offering (the "IPO") of Common Shares. The Common Shares were listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "PRK" on December 5, 2012. The Common Shares commenced trading on the OTCQX on April 29, 2013 under the symbol "POTRF".

The principal activity of the Corporation is the exploration and development of its Blawn Mountain alunite property in Utah, USA. The Blawn Mountain property is located on lands belonging to the State of Utah, managed by the State of Utah School and Institutional Trust Lands Administration ("SITLA") and leased to the Corporation through a Mining Exploration Agreement with option to Lease (the "Exploration Agreement"). The Blawn Mountain property is the Corporation's only material development property.

Through the IPO, the Corporation received gross proceeds of $14,944,746. Concurrent with the IPO, the Corporation raised additional gross proceeds of $5,055,254 by way of a private placement of units (see Note 7).

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 industry, and global economic and commodity price volatility. The underlying value of the Blawn Mountain alunite property and the recoverability of the related capitalized costs are entirely dependent on the Corporation's ability to successfully develop the Blawn Mountain property by, among other things, developing an economic process to mine and process alunite into sulphate of potash, 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 property.

The Corporation incurred a comprehensive loss for the nine months ended September 30, 2013 of $3,647,445 (September 30, 2012 - $2,675,250) and reported an accumulated comprehensive deficit of $9,555,794 as at September 30, 2013 (December 31, 2012 - $5,908,349). The Corporation's sole source of funding has been the issuance of equity securities for cash. As at September 30, 2013, the Corporation had $10,464,736 (December 31, 2012 - $22,775,890) in cash and cash equivalents and short term deposits. There are no sources of operating cash flows. The Corporation intends to use its existing cash resources to complete a pre-feasibility study, continue execution of its permitting strategy, complete metallurgical confirmation test work and pilot-scale test-work, and incur project management and general corporate and operating expenditures. The Corporation will continue to seek and evaluate various financing alternatives to address future development funding requirements. 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 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, which is at least, but not limited to, one year from September 30, 2013. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Corporation on November 6, 2013.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Statements. The condensed interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Corporation's annual financial statements at December 31, 2012. Any subsequent changes to IFRS that are reflected in the Corporation's consolidated financial statements for the year end December 31, 2013 could result in restatement of these condensed interim consolidated financial statements.

b) Basis of preparation

The condensed interim consolidated financial statements have been prepared on 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.

c) Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary Utah Alunite Corporation ("UAC"). Control is achieved when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

Cash and cash equivalents consisted of $3,430,485 (December 31, 2012 - $7,601,688) in Canadian dollar denominated current accounts, and $7,034,251 (December 31, 2012 - $10,199,202) in U.S. dollar denominated current accounts.

All accounts and deposits are with a Canadian chartered bank with an AA- rating from Standard & Poor's except US$179,937, which is held in an account with a Utah-based commercial bank.

4. RESTRICTED CASH

The Corporation has set aside $753,618 (December 31, 2012 - $212,353) relating to reclamation surety bonds and collateral requirements ($393,643), and a Letter of Credit posted in accordance with the lease of the Corporation's Salt Lake City office ($359,975). 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 activities.

5. RECEIVABLES

Receivables of $16,836 (December 31, 2012 - $361,386) consisted entirely of harmonized sales tax ("HST") receivables.

6. EXPLORATION AND EVALUATION ASSETS

The following is a summary of exploration and evaluation expenditures related to the Corporation's Blawn Mountain alunite property that have been capitalized.

	As at September 30, 2013	As at December 31, 2012
Drilling	**$ 5,105,959**	$ 3,983,522
Pre-feasibility study	**4,254,548**	-
Professional and labour	**2,773,315**	1,125,222
Preliminary economic assessment	**2,714,456**	2,712,990
Employee salary and benefits	**1,568,150**	570,171
Employee share based compensation (non-cash)	**971,651**	790,166
Acquisition of land mineral lease	**546,121**	495,496
Transportation	**245,310**	183,888
Equipment rentals	**182,024**	176,095
Data acquisition	**139,894**	135,337
Field expenditures	**104,165**	100,792
Permit application and acquisition	**23,438**	20,736
Other	**6,270**	6,065
Total exploration and evaluation assets	**$ 18,635,301**	$ 10,300,480

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.*

On December 4, 2012, the Corporation amended its articles to create a class of non-voting shares (the "Non-voting Shares") *b) Summary of financings and securities issued:*

	Common Shares				Convertible Securities						
	Note	Number of Voting Shares Issued	Number of Non-Voting Shares Issued	Share Capital	Note	Number of Subscriber Warrants	Number of Broker Options	Number of Incentive Options	Number of Broker Warrants	Number of Non-Voting Warrants	Contributed Surplus
Opening Balance at January 1, 2012		66,215,966	-	$ 16,398,381		10,787,500	1,685,600	2,850,000	839,458	-	$ 1,994,582
Initial public offering											
December 5, 2012	7i)	14,944,746	-	15,047,812		-	-	-	-	-	-
Issue costs		103,066	-	(1,655,310)		-	-	-	-	-	
Private placement - non-voting shares											
December 5, 2012	7ii)		5,055,254	5,055,254		-	-	-	-	-	-
Issue costs		-	-	(84,828)		-	-	-	-	-	-
Issue costs - non-voting warrants		-	-	(1,516,576)		-	-	-	-	5,055,254	1,516,576
Exercised warrants		40,000	-	23,200	-	40,000	-	-	-	-	- 3,200
Share-based compensation	9	-	-	-		-	-	3,980,000	-	-	1,809,926
Balance at December 31, 2012		**81,303,778**	**5,055,254**	**33,267,933**	**-**	**10,747,500**	**1,685,600**	**6,830,000**	**839,458**	**5,055,254**	**5,317,884**
Exercised share options	9b)	350,000	-	161,000		-	-	(350,000)	-	-	(73,500)
Expired share options	9c)	-	-	-		-	-	(350,000)	-	-	-
Share-based compensation	9a)	-	-	-		-	-	140,000	-	-	830,630
Balance at September 30, 2013		**81,653,778**	**5,055,254**	**$ 33,428,933**		**10,747,500**	**1,685,600**	**6,270,000**	**839,458**	**5,055,254**	**$ 6,075,014**

i) IPO

On December 5, 2012, the Corporation closed its IPO of 14,944,746 Common Shares of the Corporation at $1.00 per common share for aggregate gross proceeds of $14,944,746. The Corporation incurred $1,655,310 of underwriters' commission and other issuance costs relating to the IPO. As partial compensation for the underwriters' commission the Corporation issued 103,066 Common Shares to the underwriters.

ii) Issued and outstanding Non-Voting shares:

On December 5, 2012, concurrent with the IPO, the Corporation issued 5,055,254 units of the Corporation (the "Private Placement Units") to Sprott Resource Partnership pursuant to an exemption from the prospectus requirements under applicable securities laws for an aggregate subscription price of $5,055,254. Each Private Placement Unit consists of one Non-voting Share and one warrant to acquire one Non-voting Share exercisable at a price of $1.00 until December 5, 2014 being two years following the closing date of the IPO. $0.70 of the $1.00 received per unit has been allocated to non-voting share capital (before consideration of issue costs), or $3,538,678 in aggregate, with the remaining $0.30 per unit or $1,516,576 in aggregate allocated to the warrants (before consideration of issuance costs) based on their relative fair values at the time of issuance. The Corporation incurred $84,828 of issuance costs for the Private Placement Units.

8. CONVERTIBLE SECURITIES – WARRANTS, BROKER WARRANTS OR OPTIONS

The following table reflects the actual convertible securities outstanding as at September 30, 2013:

Expiry date	Type	Fair value ($) (at issuance)	Exercise price ($)	Issued	Exercised	Outstanding
November 27, 2014	Subscriber warrants	0.04	0.50	10,787,500	40,000	10,747,500
November 27, 2014	Broker unit options	0.15	0.25	1,685,600	-	1,685,600
November 27, 2014	Broker warrants	0.42	0.75	839,458	-	839,458
December 5, 2014	Warrants (Non – voting shares)	0.30	1.00	5,055,254	-	5,055,254
				18,367,812	40,000	18,327,812

9. 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 fair value of stock options granted during the nine months ended September 30, 2013 was estimated at the date of the grant using the Black Scholes option-pricing model. Key assumptions used were as follows:

Grant	
Exercise price	$1.00
Risk-free interest rate	0.97%
Annualized expected volatility	100%
Expected life of options	7.5 years
Dividend rate	0%
Forfeiture rate	0%
Value per option	$0.39

The following table reflects the continuity of stock options for the nine months ended September 30, 2013.

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2011	2,850,000	0.25
Granted	3,980,000	0.94
Cancelled/expired	-	-
Balance, December 31, 2012	6,830,000	0.65
Granted (a)	140,000	1.00
Exercised (b)	(350,000)	0.25
Expired (c)	(350,000)	0.75
Balance, September 30, 2013	**6,270,000**	**0.67**
Exercisable, September 30, 2013	**4,196,667**	**0.51**

a) During the nine months ended September 30, 2013, the Corporation granted a total of 140,000 stock options to certain employees. The stock options were granted with a term of 10 years from the date of grant and are exercisable at a price of $1.00. These options vest on the following schedule: 1/3 on grant, 1/3 a year after grant, 1/3 two years after grant.

b) During the nine months ended September 30, 2013, 350,000 stock options were exercised at an exercise price of $0.25, resulting in net cash proceeds of $87,500 and a fair value of $161,000 recorded in share capital.

c) 350,000 stock options at an exercise price of $0.75 expired unexercised during the nine months ended September 30, 2013.

As at September 30, 2013 the Corporation has committed to the issuance of 700,000 stock options in a subsequent period to certain officers. The estimated share based compensation of these committed stock option grants recorded in the nine months ended September 30, 2013 was $37,976.

The total share-based compensation of $830,630 for the nine months ended September 30, 2013 (September 30, 2012 - $980,443) was allocated as follows:

Nine months ended September 30,	2013	2012
Share-based compensation	**649,145**	379,138
Exploration and evaluation assets	**181,485**	601,305
	830,630	980,443

The following table summarizes incentive stock options outstanding at September 30, 2013:

Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Weighted average remaining actual life (years)
2,500,000	2,500,000	$0.25	December 9, 2021	8.1
600,000	600,000	0.75	January 26, 2022	8.3
60,000	60,000	0.75	February 1, 2022	8.3
2,970,000	990,000	1.00	December 5, 2022	9.1
110,000	36,667	1.00	March 27, 2023	9.4
30,000	10,000	1.00	May 9, 2023	9.4
6,270,000	4,196,667			

10. RELATED PARTY TRANSACTIONS

The Corporation's related parties as defined by IAS 24 "Related Party Disclosures" ("IAS 24"), include the Corporation's subsidiary, 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 subsidiary is summarized in the tables below:

	Salary or Fee	Share-based Award	Other	Total
Nine months ended September 30, 2013				
Senior officers	$ 926,250	$ 307,910	$ 184,751	$ 1,418,911
Directors	171,750	472,500	-	644,250
Nine months ended September 30, 2012				
Senior officers	488,592	980,443	25,828	1,494,863
Directors	106,500	-	-	106,500

11. COMMITMENTS AND CONTINGENCIES

Under the terms of the Exploration Agreement, the Corporation owns an unconditional option (the "Lease Option") to convert its exploration right into a long-term mining lease upon written notice and payment to SITLA of US$1,020,000. The Lease Option is available to the Corporation until March 31, 2014.

In addition, SITLA is entitled to a production royalty of 5% of the gross value of potash and clay minerals and 4% of the gross value for metalliferous minerals (including alumina) as a result of the mining of alunite from the Blawn Mountain property.

The future minimum payments under operating leases are as follows:

		Lease Payments
For the years ending:		
2013	$	75,312
2014		366,387
2015 and beyond		1,696,879
Total	**$**	**2,138,578**

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.