



**Vancouver, BC**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Six Months Ended  
March 31, 2010 and 2009**

**WESTERN POTASH CORP.**

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## **NOTICE OF NO REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102 - Continuous Disclosure Obligation, Part 4, Subsection 4.3(a), if an auditor has not performed a review of the interim consolidated financial statements, the statements must be accompanied by a notice stating that the interim consolidated financial statements have not been reviewed by an auditor.

Western Potash Corp's independent auditor, A Chan and Company Chartered Accountants, has not performed a review of these interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

The accompanying unaudited interim consolidated financial statements of Western Potash Corp.'s have been prepared by, and are the responsibility of, Western Potash Corp.'s management.



**WESTERN POTASH CORP.**  
**Interim Consolidated Statements of Loss and Deficit**  
**(Unaudited - Prepared by Management)**

	For the three months ended March 31		For the six months ended March 31	
	2010	2009	2010	2009
<b>Expenses:</b>				
Accounting fees	\$ 35,455	\$ 26,750	\$ 51,403	\$ 34,804
Amortization	6,752	12,666	13,298	19,322
Bank charges and interest	2,143	2,350	5,920	6,278
Consulting fees	171,431	275,873	667,236	530,423
Filing and regulatory fees	23,637	12,814	28,644	42,738
Foreign exchange (gain)/loss	-	296,070	12,709	296,070
Investor relations	188,293	192,058	284,249	312,517
Legal fees	21,327	33,889	48,734	55,495
Office and miscellaneous	74,654	37,980	104,701	72,095
Rent	38,059	45,694	66,504	62,821
Salaries	64,972	62,275	125,329	112,620
Telephone	18,027	7,158	25,424	11,392
Travel	102,800	94,876	192,021	199,238
<b>Loss before other items</b>	<b>747,550</b>	<b>1,100,453</b>	<b>1,626,172</b>	<b>1,755,813</b>
<b>Other Items:</b>				
Interest income	7,455	20,872	18,623	283,420
Gain on disposal of securities	-	-	31,445	-
Gain on disposal of subsidiary	67,797	-	67,797	-
Net loss of equity investment	46,375	-	46,375	-
<b>Loss before income taxes</b>	<b>718,673</b>	<b>1,079,581</b>	<b>1,554,682</b>	<b>1,472,393</b>
Future income taxes recovery	-	-	-	871,069
<b>Net Loss</b>	<b>718,673</b>	<b>1,079,581</b>	<b>1,554,682</b>	<b>601,324</b>
Deficit, beginning	12,402,940	7,634,824	11,566,931	8,113,081
<b>Deficit, ending, to Exhibit "A"</b>	<b>\$ 13,121,613</b>	<b>\$ 8,714,405</b>	<b>\$ 13,121,613</b>	<b>\$ 8,714,405</b>
<b>Weighted Loss per share</b>				
- basic and diluted	\$ (0.007)	\$ (0.010)	\$ (0.015)	\$ (0.006)

- see accompanying notes -

**WESTERN POTASH CORP.**  
**Interim Consolidated Statements of Cash Flows**  
**(Unaudited - Prepared by Management)**

	For the three months ended March 31		For the six months ended March 31	
	2010	2009	2010	2009
<b>Operating Activities:</b>				
Net Loss, per Exhibit "B"	\$ (718,673)	\$ (1,079,581)	\$ (1,554,682)	\$ (601,324)
Adjustment for -				
Amortization	6,752	12,666	13,298	19,322
Future income tax	-	-	-	(871,069)
Gain on disposal of securities	-	-	(31,445)	-
Gain on disposal of subsidiary	(67,797)	-	(67,797)	-
Net loss of equity investment	(46,375)	-	(46,375)	-
Changes in non-cash working capital -				
(Increase) Decrease in GST receivable	(207,199)	(81,734)	(381,555)	(260,058)
(Increase) Decrease in prepaid expenses	(21,121)	(17,381)	(17,699)	(18,900)
(Increase) Decrease in deposits	10,000	-	(9,757)	-
(Increase) Decreases in loan receivable	(635,000)	-	(968,000)	-
Increase (Decrease) in accounts payable and accrued liabilities	(689,732)	(64,220)	(899,077)	(995,267)
<b>Cash flows from (used in) operating activities</b>	<b>(2,369,145)</b>	<b>(1,230,250)</b>	<b>(3,963,089)</b>	<b>(2,727,296)</b>
<b>Investing Activities:</b>				
Term deposits	4,300,000	-	4,761,409	-
Acquisition of equipment	-	(1,192)	-	(8,754)
Acquisition of mineral property and deferred development costs	(4,418,192)	(1,324,511)	(6,848,573)	(4,613,635)
Increase (Decrease) in investments	896,955	-	998,414	-
Increase (Decrease) in deposit on investment	-	-	-	1,505,272
<b>Cash flows from investing activities</b>	<b>778,763</b>	<b>(1,325,703)</b>	<b>(1,088,750)</b>	<b>(3,117,117)</b>
<b>Financing Activities:</b>				
Issuance of share capital, subscriptions receipts and shares subscribed	-	-	617,500	2,641,307
Share purchase buyback	-	(522,767)	-	(1,397,758)
<b>Cash flows from financing activities</b>	<b>-</b>	<b>(522,767)</b>	<b>617,500</b>	<b>1,243,549</b>
<b>Net Increase in Cash and cash equivalents</b>	<b>(1,590,382)</b>	<b>(3,078,720)</b>	<b>(4,434,339)</b>	<b>(4,600,864)</b>
Cash and cash equivalents, beginning	13,027,162	32,612,995	15,871,119	34,135,139
<b>Cash and cash equivalents, ending</b>	<b>\$ 11,436,780</b>	<b>\$ 29,534,275</b>	<b>\$ 11,436,780</b>	<b>\$ 29,534,275</b>

- see accompanying notes -

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**1. Nature of Business and Going Concern Assumption:**

Western Potash Corp. ("the Company") was incorporated on April 5, 2007 under the British Columbia Business Corporations Act using the name 787604 BC Ltd.

The Company changed its name from 787604 BC Ltd. to Western Potash Corp. on July 10, 2007.

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. As at March 31, 2010, the Company has no source of operating cash flow, working capital of \$12,766,015 (September 30, 2009 - \$20,663,432) and has an accumulated deficit of \$13,121,613 (September 30, 2009 - \$11,566,931). Operations for the year ended March 31, 2010 have been funded primarily from the issuance of capital stock in prior periods.

The Company's principal business activities include the acquisition, evaluation, and exploration of mineral properties containing potash in Western Canada. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

The financial statements do not include any adjustments to the recoverability and classification of recorded assets or the amounts of and classification of liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

**2. Significant Accounting Policies:**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Potassio Ocidental M Ltda (a company incorporated in Brazil) and WPX Land Holdings Corp. (a company incorporated in the province of Saskatchewan). All inter company transactions and balances have been eliminated in the consolidated financial statement presentation.

b) Cash and Cash Equivalents -

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

WESTERN POTASH CORP.  
Notes to Interim Consolidated Financial Statements  
March 31, 2010

2. Significant Accounting Policies: (Continued)

c) Equipment

Equipment is recorded at cost. Amortization is calculated using the declining balance method at the following annual rate:

Automobiles	30%
Computer Software	100%
Furniture and Fixtures	20%

For the year of acquisition, the rate is one-half of that shown above. When the net carrying amount of the equipment exceeds the estimated net recoverable amount, the asset is written down to its estimated fair value and a charge is recorded in the statement of income and retained earnings.

d) Future Income Taxes -

The asset and liability method is used in accounting for income taxes. Future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates at each balance sheet date. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the year in which the change occurs. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated amount more likely than not to be realized. A valuation allowance is recognized to the extent that recoverability of future income tax assets is not considered likely.

e) Flow-through Shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The tax effect related to renounced expenditures is recorded as a reduction of share capital and an increase in future income tax liabilities unless sufficient previously unrecorded future income tax assets exist to offset such charge in which case the amount is credited to income tax expense.

f) Basic and Diluted Loss Per Share -

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the period presented.

For the period ended March 31, 2010 potentially dilutive common shares relating to options and warrants outstanding totaling 48,033,600 were not included in the computation of loss per share because their effect was anti-dilutive (March 31, 2009 - 50,010,155).

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**2. Significant Accounting Policies: (Continued)**

g) Stock-based Compensation -

The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

h) Mineral Properties

The Company records its interest in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment of value. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before the property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which reach the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

i) Financial Instruments -

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3862, "Financial Instruments - Disclosures", Section 3863, "Financial Instruments - Presentation" and Section 3865, "Hedges".

The following is a summary of the Company's classification of financial assets and liabilities:

Cash and cash equivalents	Held-for-trading
Term deposits	Held-for-trading
GST and other receivables	Loans and receivables
Investments	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities

Financial assets classified as held-for-trading are measured at fair value with changes in those fair values recognized in net earnings. Financial assets classified as available-for-sale are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is sold or impaired. Loans and receivables and other financial liabilities are measured at amortized cost.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**2. Significant Accounting Policies: (Continued)**

j) Foreign Currency Translation -

The temporal method is used for the translation of the foreign subsidiary. All monetary assets and liabilities which are denominated in Brazilian Real are translated to Canadian dollars at year end exchange rates. All non-monetary assets are translated at the rate of exchange in effect on the dates they occur. Revenues and expenses are translated at the rate of exchange in effect in the dates they occur. Gains or losses resulting from these translation adjustments are included in the determination of net loss.

All monetary assets and liabilities of the Company which are denominated in US dollars are translated to Canadian dollars at year end exchange rate. Resulting gains or losses are included in the determination of net loss.

k) Asset Retirement Obligations -

The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at March 31, 2010 and September 30, 2009, the Company has not incurred any asset retirement obligations related to the exploration of its mineral properties.

l) Assessing Going Concern -

The Canadian Accountability Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. Refer to Note 1 to these consolidated financial statements for disclosure relating to this section.

m) Capital Disclosures -

The AcSB issued CICA Handbook Section 1535 "Capital Disclosures". The section specifies the disclosure of (a) an entity's objectives, policies, and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with capital requirements; and (d) if it has not complied, the consequences of such non compliance. This new section relates to disclosures and will not have an impact on the Company's financial results. (See Note 14 for Capital Disclosures)

n) Use of Estimates -

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results may differ from these estimates. Key areas where management has made complex or subjective judgments include fair value of certain assets, accounting for amortization, mineral asset impairment assessments, environmental obligations, stock based compensation, income taxes and contingencies.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**3. Adoption of New Accounting Standards**

i) Financial Instruments - Disclosures, Section 3862 -

In June 2009, the CICA amended the CICA Handbook Section 3862, "Financial Instruments - Disclosures", to include additional disclosure relating to the measurement of fair value for financial instruments and liquidity risk. The amendment establishes a three-level hierarchy that reflects the significance of the inputs used in fair value measurements on financial instruments. These disclosures have been included in Note 15 of these financial statements.

ii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173 -

In January 2009, the CICA has approved EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The adoption of this standard has not impacted the Company's financial statements.

**4. New Accounting Pronouncements:**

i) International Financial Reporting Standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies and partnerships. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

ii) Business Combinations, Consolidated Financial Statements and Non-controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements. CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**5. Equipment:**

	Cost	Accumulated Amortization	March 31, 2010 Net	September 30, 2009 Net
Automobiles	\$ 89,587	\$ 44,279	\$ 45,308	\$ 53,304
Computer software	20,876	15,084	5,792	9,865
Furniture and Fixtures	-	-	-	1,637
	\$ 110,463	\$ 59,363	\$ 51,100	\$ 64,806

**6. Loan Receivable**

The Company advanced a loan of \$1,298,000 to Discovery Harbour Resources Corp., a private company with no interest bearing and no fixed maturity date. The loan is measured at amortized cost which approximates its carrying value due to its short term nature.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**7. Mineral Properties and Deferred Development Costs:**

	Manitoba Property	Saskatchewan Property	Brazilian Property	Total
Balance as at September 30, 2008	\$ 7,473,402	\$ 68,274	\$ -	\$ 7,541,676
Deferred Exploration Expenditures				
Assaying	13,856	46,032	-	59,888
Drilling & supplies, rig servicing, well logging & testing, and site prep & reclamation	3,276,148	3,921,718	-	7,197,866
Equipment rental and tool supplies	360,812	367,337	-	728,149
Geological consulting	187,655	315,475	218,918	722,048
Geophysical consulting and seismic	184,462	432,224	-	616,686
Property filings & performance deposits	33,342	3,300	-	36,642
Vehicle rental and hauling	208,724	271,928	-	480,652
	4,264,999	5,358,014	218,918	9,841,931
Acquisition Expenditures				
Cash	321,861	518,132	-	839,993
Shares	135,000	-	-	135,000
Balance as at September 30, 2009	12,195,262	5,944,420	218,918	18,358,600
Deferred Exploration Expenditures				
Assaying	-	72,541	-	72,541
Drilling & supplies, rig servicing, well logging & testing, and site prep & reclamation	-	4,023,382	-	4,023,382
Equipment rental and tool supplies	-	236,841	-	236,841
Geological consulting	-	380,495	-	380,495
Geophysical consulting and seismic	-	749,049	-	749,049
Property filings & performance deposits	-	-	-	-
Vehicle rental and hauling	-	564,939	-	564,939
	-	6,027,247	-	6,027,247
Acquisition Expenditures				
Cash	(29,847)	1,123,101	-	1,093,254
Shares	-	-	-	-
Balance as at March 31, 2010	\$ 12,165,415	\$12,822,840	\$ 218,918	\$25,207,173

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**7. Mineral Properties and Deferred Development Costs: (Continued)**

a) Manitoba Potash Property

By option agreement dated July 3, 2007 (the "Manitoba Option Agreement"), the Company was granted an exclusive option by an arms-length party, W.S. Ferreira Ltd. ("Ferreira"), to earn up to 95% interest in potash exploration permits Nos. QP-167 and QP-168 in an area located along the Manitoba Saskatchewan border in Southwest Manitoba, subject to a 2% net product royalty (the NPR") retained by the Ferreira. The terms of the Manitoba Option Agreement call for the Company to pay Ferreira in installments a total of \$591,616.50 cash, issue Ferreira 1,950,000 common shares of the Company and carry out a total of \$2,520,000 in exploration expenditures, with all such requirements to be completed on or before June 27, 2012. The Company may purchase 1% of the NPR on both potash mining leases by paying Ferreira \$1,000,000 (leaving Ferreira with a 1% NPR). During the year 2009, the Company did not renew QP-167 and concentrate on properties covered under QP-168 and QP-172.

During October and November 2007, the Company, in partnership with Ferreira, applied for an additional 150,303 hectares in southern Manitoba, through potash exploration permit No. QP-170 and QP-171. These properties were subject to addendums to the Manitoba Option Agreement dated October 22, 2007. The terms of the agreement call for the Company, in installments, to issue Ferreira a total of 300,000 common shares of the Company on or before June 27, 2012. Ferreira retains a 2% NPR on the properties covered by the Manitoba Option Agreement. The Company may purchase 1% of the NPR on both potash mining leases by paying Ferreira CAD\$1,000,000 (leaving Ferreira with a 1% NPR).

On February 1, 2008, the Company filed applications for two potash exploration licenses in the Pipestone district of the province of Manitoba covering an area of approximately 74,591 hectares at a total cost of \$311,725. Additionally, during 2009, the Company applied for 50,593 additional hectares through potash exploration application No. QP-172 in the area south of potash exploration permit No. QP-168.

On July 17, 2008, the Company announced that it had received its first potash well licenses from the Manitoba Department of Science, Technology, Energy and Mines (STEM) and that it had mobilized a drill rig supplied by Ensign Drilling Partnership to the Company's Russell Miniota Exploration Permits in Manitoba.

On September 9, 2008, the Company was granted potash exploration permit No. QP-172 by STEM. The permit, covering 49,000 hectares is located immediately south, and is contiguous with the Company's Russell Miniota property, and lies approx. 40km southeast of Saskatchewan Potash Corp.'s Rocanville Potash Mine. The permit is valid for a 5 year term renewed annually subject to the payment of annual rental fees, and minimum annual exploration commitments.

On November 1, 2009, the Company amended its Manitoba Option Agreement with Ferreira.

Highlights included:

- Deferral of \$200,000 property option cash payments to June 27, 2012
- Deferral of 1,350,000 property option share issuance to June 27, 2012
- No additional exploration expenditures are required on the Manitoba Property to allow the exercise of the options by Ferreira
- The reduction from 150,000 additional shares to be issued by June 27, 2012 to nil.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**7. Mineral Properties and Deferred Development Costs: (Continued)**

a) Manitoba Potash Property (Continued)

Pursuant to the Manitoba Option Agreement and earlier addendum to the Manitoba Option Agreement dated October 22, 2007 with Ferreira, the Company must issue, or has issued, the following shares:

i) Issue the following shares:

<u>Date</u>	<u>Number of shares</u>	
Upon signing of option agreement (July 18, 2007)	150,000	(issued)
Upon signing of the amended agreement (October 22, 2007)	50,000	(issued)
On or before 27 June 2008	250,000	(issued)
On or before 27 June 2009	300,000	(issued)
On or before 27 June 2012	1,350,000	
	2,100,000	

ii) Incur the following exploration expenditures:

<u>Date</u>	<u>Property Permit</u>	<u>Exploration Expenditures</u>	
On or before 27 June 2008	A	\$ 210,000	(incurred)
On or before 27 June 2008	B	210,000	(incurred)
On or before 27 June 2009	A	210,000	(incurred)
On or before 27 June 2009	B	210,000	(incurred)
		\$ 840,000	

iii) Make the following cash payments:

<u>Date</u>	<u>Amount</u>	
Upon signing of option agreement (July 18, 2007)	\$ 291,617	(paid)
On or before 27 June 2008	50,000	(paid)
On or before 27 June 2009	50,000	(paid)
On or before 27 June 2012	200,000	
	\$ 591,617	

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**7. Mineral Properties and Deferred Development Costs: (Continued)**

**Option General**

If either or both property permits covered by the Manitoba Option Agreement are extended beyond the fifth anniversary of the original agreement dated July 3, 2007, the Company will incur \$210,000 of expenditures on the property underlying each extended potash exploration permit as applicable, for each additional year, for up to three additional years, by the sixth, seventh, and eighth anniversaries of the original agreement.

**Second Option**

The Company may earn a further 25% interest in either or both of the permits by making application for and receiving a potash mining lease for either or both permits and either paying Ferreira CAD \$1,000,000 or issuing \$1,000,000 shares in the Company to Ferreira, for each potash mining lease, at the discretion of Ferreira, on or before the eighth anniversary of the original agreement.

**Net Productivity Royalty**

Upon the commencement of commercial production, the Company shall pay to Ferreira the net product royalty ("NPR") of 2% on the terms and conditions set out by the original agreement. The Company may purchase 1% of the NPR on both potash mining leases by paying Ferreira CAD \$1,000,000, leaving Ferreira with 1% NPR.

**Surrender of Permits**

The Company may determine to surrender either potash exploration permits if in the opinion of the Company continued exploration is not merited, in which case, the Company will not be required to incur any further expenditures as indicated in Note 7(a) on that portion of the property underlying the surrendered potash exploration permit.

If either or both permits are surrendered in good standing to the Manitoba regulatory authorities and a refund of the \$100,000 deposit is returned to Ferreira as a result of the surrender, such refund on the surrender of the first potash exploration permit will be paid to Ferreira and such refund on the surrender of the second potash exploration permit will be paid to the Company.

b) Saskatchewan Potash Property

On December 11, 2007, the Company filed three potash exploration license applications in the Province of Saskatchewan. Application file numbers WP1 KP-407, WP2 KP-408 and WP3 KP-409 cover an area of 253,440 acres in size. On May 27, 2008, the Company was granted these three potash permits in south eastern Saskatchewan. The three contiguous permits, KP-407, KP-408, and KP-409, granted by the Saskatchewan Ministry of Energy and Resources comprise a total of 123,948 acres. Each of the permits grants Western the exclusive rights to explore and prospect for subsurface minerals for a term of five years. During the year 2009, the Company did not renew permit KP-407 and concentrate on properties covered under permits KP-408 and KP-409.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**7. Mineral Properties and Deferred Development Costs: (Continued)**

c) Brazilian Property

On July 28, 2008 the Company signed an agreement with Amarillo Gold Corporation ("Amarillo"), a company related by two common directors, to acquire Potash and Bauxite mineral rights in Brazil. As per terms of the agreement, Amarillo, through its Brazilian subsidiary, will acquire, on behalf of the Company, exploration rights for potash and bauxite over acreage in the Brazilian Amazon Basin, then vending these exploration rights into a new Western Potash Brazilian subsidiary(s) ("WPXA"). Under the terms of the agreement, the Company will pay for all direct and indirect expenses incurred by Amarillo in connection with the acquisition of the potash and bauxite exploration rights in Brazil. Amarillo will receive a cash payment equivalent to 15% of the cash outlays expended by Amarillo in acquiring said exploration rights. Amarillo will return the deposit to the Company minus expenses already incurred should the agreement be terminated. During the year ended September 30, 2009, the Company paid \$150,000 to Amarillo for assisting the Company in applying for potash and bauxite exploration rights in Amazon Basin. This amount has been capitalized as part of Brazilian Property as geological consulting fees. During the year ended September 30, 2009, Amarillo also returned the deposit in investment of \$1,500,000 to the Company after deducting direct expenses in applying for these permits and after converting the Brazilian Real into Canadian funds.

**8. Investments**

	<b>Six Months Ended March 31, 2010</b>	<b>Year Ended September 30, 2009</b>
Sirius Exploration PLC (a)	\$ 1,841,986	\$ 2,100,000
La Camera Mining Inc.(b)	-	750,000
Discovery Harbour Resources Corp. (c)	155,625	-
	<b>\$1,997,611</b>	<b>\$ 2,850,000</b>

All investments are available for sale financial assets which do not have a quoted price in an active market, and are measured at cost which equals fair value at initial recognition.

a) Sirius Exploration PLC

On July 14, 2008 the Company participated in a private placement of a private junior potash exploration company, AusPotash Corporation, which owned several potash concessions in Australia. The Company acquired 1,000,000 units at \$0.10 per unit, with each unit made up of one share and one full warrant, each warrant exercisable at \$0.20 per share for a period of one year expiring July 14, 2009. On July 23, 2008 the Company also acquired an additional 6,666,667 units at \$0.30 per unit, with each unit made up of one share and one half ( 1/2 ) of one warrant, each full warrant exercisable at \$0.50 per share for a period of one year expiring July 23, 2009. On September 29, 2009, Sirius Exploration PLC, a company listed on the London Stock Exchange AIM market, announced the acquisition of a majority interest (63.5%) in AusPotash Corporation, which acquisition included the tendering by the Company of all of its shares in AusPotash Corporation. Subsequent to fiscal year end, the Company received 15,333,334 shares of Sirius Exploration PLC. No warrants of AusPotash Corporation were exercised by the Company.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**8. Investments: (Continued)**

b) La Camera Mining Inc.

On April 2, 2009, the Company subscribed in a private placement for shares of La Camera Mining Inc. La Camera Mining Inc. is an unlisted junior mining exploration company focused on exploring mineral properties adjacent to Goldcorp Inc.'s Los Filos mine in the Guerrero gold belt in Mexico. Discovery Harbour subscribed for a total of 1,875,000 Common Shares for an aggregate subscription price of \$750,000. (\$0.40 per Common Share). The Subscription Agreement contains a provision for one Penalty Warrant to be issued for each Common Share subscribed for. As of August 5th, 2009, the Penalty Warrants were convertible into Common Shares resulting in an additional 1,875,000 shares due to be issued to the Company for no further consideration, as per the terms of the Subscription Agreement.

During the second quarter, the Company's shareholding of Discovery Harbour Resources Corp. were reduced from a 100% consolidated subsidiary to an equity investment with significant influence (See note 6). This eliminated the line item of Discovery Harbour Resources Corp.'s Mexican investment on the balance sheet of these financial statements.

c) Investment in Discovery Harbour Resources Corp.

The Company has invested in shares of Discovery Harbour Resources Corp., a private company. The Company has 2,020,000 shares of 17,585,000 shares issued, a controlling representation of the board, and significant influence. Therefore, the investment is recorded using the equity method.

**9. Share Capital:**

a) Authorized -

Unlimited Common shares without par value.

b) Issued and Fully Paid -

	<b>Number</b>	<b>Amount</b>
Balance September 30, 2008	99,121,533	\$ 45,055,121
Flow-through private placement @ \$0.33	8,514,850	2,809,900
Renunciation of flow-through tax benefit to shareholders (i)	-	(842,970)
Share issuance costs (i)	-	(168,593)
Share purchase buy back (ii)	(4,900,000)	(2,171,315)
Shares issued per option agreement (Note 7)	300,000	135,000
Balance September 30, 2009	103,036,383	44,817,143
Exercise of broker warrants @ \$0.50 per share	1,235,000	617,500
Fair value of broker warrants transferred from contributed surplus (Note 10)	-	392,369
Balance March 31, 2010	104,271,383	\$ 45,827,012

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**9. Share Capital: (Continued)**

i) Flow-through private placement @ \$0.33 -

On December 31, 2008, pursuant to a private placement, the Company issued 8,514,850 flow-through shares at a price of \$0.33 per share for cash proceeds of \$2,809,900. The Company paid \$168,593 in finders' fees related to this placement.

The Company has recorded a future income tax recovery of \$842,970 as a result of the exploration expenditures being renounced to shareholders during 2008.

ii) Normal Course Issue Bid -

On March 20, 2009, the Company completed its Normal Course Issuer Bid and in accordance with the requirements of the TSX Venture Exchange, cancelled 4,900,000 shares which had been purchased between during the period October 20, 2008 to February 14, 2009.

The cost to buy back the cancelled shares was less than their assigned value and the difference of \$773,557 has been credited to Contributed surplus.

c) Share Purchase Warrants -

(i) As at March 31, 2010, the Company had warrants outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
40,228,600	\$ 0.75	April 15, 2011

On October 5 2009, the company received regulatory approval to extend the expiration date of its \$0.75 warrants from October 15, 2009 to April 15, 2011.

(ii) A Summary of the Company's issued and outstanding share purchase warrants as at March 31, 2010 and September 30, 2009 and changes during those years is presented below:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, September 30, 2008 & 2009	42,410,050	\$ 0.74
Granted	-	-
Exercised	(1,235,000)	(0.50)
Expired	(96,450)	(0.50)
Balance, March 31, 2010	40,228,600	\$ 0.72

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**9. Share Capital: (Continued)**

d) Stock Based Compensation Plan -

- (i) As at March 31, 2010, the Company had compensation and stock options outstanding enabling holders to acquire the following:

<b>Number of Shares</b>	<b>Exercise Price per Share</b>	<b>Expiry Date</b>
7,000,000	\$ 0.50	May 6, 2013
805,000	0.50	May 19, 2014
7,805,000		

- (ii) A summary of the status of the Company's stock options as at March 31, 2010 and September 30, 2009, and changes during those years is presented below:

	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price</b>
Balance September 30, 2008	7,600,105	\$ 1.10
Granted	805,000	0.50
Balance September 30, 2009	8,405,105	\$ 0.54
Expired	(600,105)	(0.50)
Balance March 31, 2010	7,805,000	\$ 0.53

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**9. Share Capital: (Continued)**

d) Stock Based Compensation Plan - (Continued)

On May 6, 2008 the Company granted 7,000,000 stock options at an exercise price of \$1.10 to its directors and employees as part of its initial public offering (IPO), exercisable at any time on or before May 6, 2013. The fair value of these stock options is determined to be \$6,604,416 using the Black Scholes option pricing model using the current assumptions of risk free interest rates of 3.25%, expected life of 5 years, expected volatility of 127.4% and a dividend rate of 0%. On May 22, 2009 in accordance with a resolution passed at the company's most recent Annual General Meeting these stock options were re-priced to an exercise price of \$0.50. The additional fair value of amendment of these stock options is determined to be \$298,384 using the current assumptions of risk free interest rates of 2.25%, expected remaining life of 3 years 11.5 months, expected volatility of 126.7 and a dividend rate of 0%. As at March 31, 2010, none of these stock options have been exercised.

On May 19, 2009 the Company granted 805,000 stock options at an exercise price or \$0.50 to its employees and consultants, exercisable at any time on or before May 19, 2014. The fair value of these stock options is determined to be \$320,602 using the Black Scholes option pricing model using the current assumptions of risk free interest rates of 2.25%, expected life of 5 years, expected volatility of 126.7% and a dividend rate of 0%. As at March 31, 2010, none of these stock options have been exercised.

e) Escrow shares -

As of March 31, 2010 the Company had 5,887,043 shares held in escrow for various directors.

**10. Contributed Surplus:**

Balance, September 30, 2008	\$ 7,646,368
<hr/>	
Fair value of compensation options issued and amendment of terms	618,986
Repurchased shares (Note 7(b)(ii))	773,557
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Balance, September 30, 2009	9,038,911
Broker's warrants exercised	(392,369)
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Balance, March 31, 2010	\$ 8,646,542
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The above fair value amounts were calculated using the Black Scholes option pricing model using the current assumptions of risk free interest rates of 3.25% to 4.36%, expected life of 1.75 to 5 years, expected volatility of 124.4% to 129.6% and a dividend rate of 0%.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**11. Related Party Transactions:**

The following amounts were paid and accrued to directors, companies in which directors are shareholders and an accounting firm in which a director is a principal.

	<b>Three Months Ended March 31 2010</b>	<b>Three Months Ended March 31 2009</b>
Management, consulting and accounting fees	\$ <b>152,750</b>	\$ 184,500

Accounts payable balances at March 31, 2010 were outstanding to related companies in the amount of \$51,250 (March 31, 2009: \$35,500).

The Company advanced a loan of \$1,298,000 (March 31, 2009: \$nil) to Discovery Harbour Resources Corp., a private company. The company is related through common directors who maintain a voting majority on the board. See also Note 6.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. See also Note 8(c) & Note 12.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**12. Commitments and Contractual Agreements:**

- a) On August 1st, 2007 as amended June 1, 2008, the Company entered into a 2 years executive consulting agreement with J P Varas Management and Geological Corp., a company controlled by an Officer of the Company. Under the agreement, the Company shall pay a monthly fee of \$17,000 per month plus some other reasonable allowances. The agreement shall automatically renew for one year. If the agreement is terminated by the Company without cause, it is required to pay between 12 months to 24 months of monthly fees plus a certain amount calculated based on bonus paid within a 12 month period at the time of termination (See also Note 9).
- b) On October 29, 2008, the Company agreed to sublease premises located at 701 West Georgia Street, Vancouver BC, commencing January 1, 2009 and expiring June 29, 2014. The premises consist of 4,552 square feet of rentable area and has a basic rental fee of \$32.00 per square feet per annum plus GST. Additional rent for the Company's proportionate share of building property taxes and operating expenses are estimated to be \$19.43 per square foot per annum plus GST for 2008. The minimum lease payments for the fiscal years ended September 30 are as follows:

2010	245,808
2011	245,808
2012	245,808
2013	245,808
2014	184,356

- c) The Company entered into an option agreement dated April 2, 2009 with Bronco Creek Exploration Inc. ("Bronco creek") to purchase 100% undivided interest in the mining property in State of Arizona known as Courtland- East Property ("Property"). The option agreement requires the Company to commit a \$800,000 expenditures program over three years and a minimum of \$400,000 expenditures per year after the 3rd year. The agreement also requires the Company to pay advanced royalty payments of cash \$25,000 from year 1 to year 4 and \$50,000 from year 5 to year 8 and \$50,000 beyond 8th year. A production royalty in the form of a 2.5% Net Smelter Return ("NSR") will be payable to Bronco Creek on all mineral production from the Property. The Company may buy back up to 1.5% of the NSR using a certain formula from the agreement.

During the prior year, the Company spent \$67,035 exploration expenditures on the Property and determined that it will no longer continue with the option agreement. The Company has formally sent a termination letter to Bronco Creek on January 19, 2010 to terminate the option agreement. The entire \$67,035 expenditures were expensed in the prior year as exploration expenses and are included as a charge against operations.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

**13. Capital Disclosures**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its potash properties and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets. As at March 31, 2010, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company expect its current capital resources will be sufficient to meet its future operating requirements to complete its Phase II drilling program at the Milestone Property but will require further capital financing to complete its Pre-feasibility study at its Milestone Property.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**14. Financial Instruments and Risk Factors:**

a) Fair values

The fair values of cash and cash equivalents, term deposits, GST and other receivables, investments, and accounts payable and accrued liabilities approximate their carrying value due to the short term maturity of these instruments.

At March 31, 2010, the company's financial instruments were recorded at fair value on the balance sheet with changes to fair value being reported in the statement of operations. The fair value of transactions are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**14. Financial Instruments and Risk Factors: (Continued)**

a) Fair values (Continued)

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The Company's cash and cash equivalents and term deposits have been valued using Level 1 inputs. Investments have been valued using Level 3 inputs.

b) Credit risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to GST receivable from Canadian Federal government, and liquid investments in bankers' acceptance and term deposits with a Canadian Schedule 1 bank with a \$20 million counterparty credit limit. Management believes that the credit risk concentration with respect to financial instruments above is remote.

c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash and cash equivalents balance of \$11,436,780 to settle current liabilities of \$53,598. All of the Company's significant liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include, but are not limited to, available bank lines, results from new wells drilled, commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in high yield term deposits and bankers' acceptance. The Company regularly monitors its cash management policy. Interest rate risk is remote as the interest rates on the Company's short term investment have fixed interest rates.

**WESTERN POTASH CORP.**  
**Notes to Interim Consolidated Financial Statements**  
**March 31, 2010**

*Exhibit "D"*  
*Continued*

**14. Financial Instruments and Risk Factors: (Continued)**

d) Market risk (Continued)

ii) Foreign currency risk

The Company's functional currency for the parent company is the Canadian dollar and major expenditures are transacted in Canadian dollars. However, the Company is subject to foreign exchange risk for transactions in its Brazilian subsidiary as at March 31, 2010.

iii) Commodity price risk

The Company is exposed to price risk with respect to commodity. 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, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, 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 as commercial quantities of potash may be produced in the future, a profitable market will exist for them. A decline in the market price of potash may also require the Company to reduce 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 March 31, 2010. Therefore, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.