



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Period Ended

June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED JUNE 30, 2011

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Western Potash Corp. ("the Company" or "WPX") for the period ended June 30, 2011. It has been prepared as of August 15, 2011 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the unaudited consolidated financial statements and notes thereto of the Company for the interim three month period ended June 30, 2011. All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and all dollar amounts are expressed in Canadian dollars.

The Company's MD&A contains forward-looking statements such as the Company's future plans, objectives and goals. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and resources, exploration and development results and future plans and objectives of Western Potash Corp. are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and information. Except as required under securities legislation, the Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise (see pages 20-21 for other risks and uncertainties).

Overview:

On April 26, 2011, the Company announced the receipt of an undated NI 43-101 compliant Mineral Resource Estimate for its Milestone property in southern Saskatchewan which substantially increases the extractable Potash Resource to 64 million tonnes of Measured Resource (contained KCI), 180 million tonnes of Indicated Resource, and 701 million tonnes of Inferred Resource.

Description of Business:

Western Potash Corp. was incorporated April 5, 2007 under the British Columbia *Business Corporation Act* as 787604 BC Ltd. The Company changed its name to Western Potash Corp. on July 10, 2007.

The Company is a mineral exploration company engaged in the acquisition, evaluation, exploration and development of potash mineral properties in Western Canada. Its potash properties are located in Southwest Manitoba and Southern Saskatchewan. The Company's objectives are to discover, define and develop a world-class potash deposit. The Company's properties are in the pre-feasibility phase and have no mineral production that yields any revenues.

Selected Annual Information:

The following table presents financial information for the years ended September 30, 2010, September 30, 2009 and September 30, 2008.

	For the Year Ended September 30, 2010	For Year Ended September 30, 2009	For Year Ended September 30, 2008
Total revenues	\$ -	\$ -	\$ -
Interest income	116,197	287,606	685,719
Net loss and comprehensive loss	12,133,627	3,453,850	8,030,459
Basic and diluted loss per share	0.12	0.03	0.116
Total assets	39,595,478	43,241,798	45,680,184
Total long-term liabilities	-	-	-
Total current liabilities	607,461	952,675	1,091,776
Cash dividends	-	-	-

Review of Financial Results:

Net Loss, Comprehensive Loss and Deficit

During the three months ended June 30, 2011, the Company incurred a net loss of \$4,712,032 (\$0.031 per common share) and a cumulative deficit of 33,965,461 as compared to a net loss of \$2,095,798 (\$0.045 per common share) and a cumulative deficit of 14,842,939 for the three months ended June 10, 2010.

General and Administrative

General and administrative expenses (“G&A”) increased by \$2,756,405 from \$2,066,755 for the three month period ended June 30, 2010 to \$4,823,160 for the three month period ended June 30, 2011. The increase in “G&A” was primarily the result of an increase of \$2,292,308 for stock based compensation. Stock based compensation increased from \$788,849 for the three months ended June 30, 2010 to \$3,081,157 for the three months ended June 30, 2011. The increase was attributable to the Black-Scholes valuation related to stock-based compensation related to options granted to the Company's management, directors, employees and consultants. Consulting fees increased \$181,420 from \$416,251 for the three months ended June 30, 2010 to \$597,671 for the three months ended June 30, 2011. Salary expenses increased \$69,108 from \$58,434 for the three months ended June 30, 2010 to \$127,542 for the three months ended June 30, 2011. These increases were primarily due to the Company commencing its pre-feasibility study related to its Milestone property and the requirement to retain additional staff and consultants to ensure the study is completed efficiently and within the budgeted timeline. Travel expenses increased \$201,404 from \$224,610 for the three months ended June 30, 2010 to \$426,014 for the three months ended June 30, 2011. Investor relations expenses decreased \$61,198 from \$273,271 for the three months ended June 30, 2010 to \$212,073 for the three months ended June 30, 2011. The changes in these accounts were due to the Company completing its exploration stage and entering the pre-feasibility stage. The Company is commencing exploratory negotiations with various interested parties related to possible joint venture / partnership arrangements that would allow for the eventual development of the Milestone property.

Other Income and Loss

Interest income was \$39,699 for the three months ended June 30, 2011 compared to \$17,959 the three months ended June 30, 2010. The increase was due to an increase in cash, cash equivalents and term deposits from financing activities in the first quarter as well as the exercising of warrants and options.

Other income was \$71,429 for the three months ended June 30, 2011 compared to \$nil for the three months ended June 30, 2010 due to the sale of mining data.

Summary of Quarterly Results:

The following table reports selected financial information for the eight most recent quarters.

	Three months ended June 30, 2011	Three months ended March 31, 2011	Three months ended December 31, 2010	Three months ended September 30, 2010
Other Items – Income (Loss)	111,128	33,327	\$ 22,876	\$ (408,217)
Operating Expenses	4,823,160	2,121,188	3,487,886	8,501,242
Net Income (Loss)	(4,712,032)	(2,087,861)	(3,465,010)	(8,909,459)
Earnings (Loss) per share	(0.031)	(0.014)	(0.032)	(0.080)
Fully diluted earnings (loss) per share	(0.031)	(0.014)	(0.032)	(0.080)

	Three months ended June 30, 2010	Three months ended March 31, 2010	Three months ended December 31, 2009	Three months ended September 30, 2009
Other Items – Income (Loss)	\$ 12,224	\$ 413,922	\$ 42,613	\$ 10,816
Operating Expenses	2,066,755	747,550	878,622	1,397,003
Net Income (Loss)	(2,054,531)	(333,628)	(836,009)	(1,434,286)
Earnings (Loss) per share	(0.002)	(0.003)	(0.008)	(.014)
Fully diluted earnings (loss) per share	(0.002)	(0.003)	(0.008)	(0.14)

Quarterly numbers have been adjusted where applicable to reflect adjustments made by the Company's auditors during the September year end audits.

Liquidity and Capital Resources:

Cash Resources and Liquidity

As at June 30, 2011, the Company had cash and cash equivalents of \$28,162,668 and working capital of \$30,709,523 compared to cash and cash equivalents of \$2,209,311 and working capital of \$6,870,198 as at September 30, 2010. The Company has no debt or other long term obligations outstanding impacting liquidity or future cash flows. The Company at this stage of operations depends on equity markets to raise funds for acquisition of assets and to carry out its exploration and development operations.

Future cash requirements depend primarily on the stage and the extent of exploration and development the Company is planning to implement. Subsequent exploration or development programs will depend on the cost and duration of work planned and on the results from previous programs. As of the date of this report, the Company is sufficiently funded to maintain its current properties and to carry out the planned pre-feasibility and feasibility programs for 2011.

Financing Activities

The Company has raised approximately \$86 million since its inception net of issuance costs through the non-brokered private placement of common shares, exercise of general and brokers' warrants, exercise of compensation options and its Initial Public Offering as at the date of this report.

On December 21, 2011, the Company closed its previously announced private placement bought deal offering. The Company sold 18,182,000 units at a price of \$1.10 per unit, for aggregate gross proceeds to the Company of \$20,000,200. The Offering was underwritten by a syndicate of underwriters co-led by Mackie Research Capital Corporation and Scotia Capital Inc.

As of April 21, 2011, 37,306,800 of the Company's \$0.75 share purchase warrants that were granted in conjunction with financings and share/unit issuances on October 15, October 22 and December 21, 2007 as well as January 14, 2008 were exercised during the period of October 1, 2010 to April 15, 2011. The exercise of these warrants added \$27,980,100 to the Company's treasury, which has been utilized to develop the Milestone project and will be used to complete the feasibility process already underway and for general working capital. On April 16, 2011, the remaining 2,921,800 of the \$0.75 share purchase warrants expired.

The Company reported working capital of \$30,709,523 as at June 30, 2011, compared to working capital of \$6,870,198 as at September 30, 2010, representing an increase in working capital of \$23,839,325. The Company had net cash on hand of \$28,162,668 as at June 30, 2011, compared to \$2,209,311 as at September 30, 2010. Net cash on hand increased by \$25,953,357 primarily from the financing mentioned above.

Investment Activities:

Mineral properties and deferred exploration cost totaled \$45,701,327 as at June 30, 2011, compared to \$31,036,031 as at September 30, 2010. The increase reflects the Company's continued exploration and pre-feasibility activities at its Milestone property in Saskatchewan, where \$6,257,441 in exploration and prefeasibility costs and \$8,407,855 in acquisition expenditures were incurred. There were no exploration activities on the Company's Brazilian or Russell-Miniota property in Manitoba during the quarter. See also Mineral Properties below.

Investments totaled \$160,463 as at June 30, 2011 compared to \$839,475 as at September 30, 2010. The \$679,012 decrease was the result of the Company's disposition of its remaining Sirius Exploration PLC shares during the first quarter.

Additional Disclosures:

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. The Company also charged the companies, related by common directors, rental income for sharing office space it sub-leased at West Georgia, Vancouver, BC.

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010
Management, consulting, rental and accounting fees	\$ 279,500	\$ 208,250

Accounts payable balances at June 30, 2011 were outstanding to related companies in the amount of \$52,000 (June 30, 2010: \$53,175).

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 Commitments and Contractual Obligations below.

Commitments and Contractual Obligations:

On August 1, 2007, as amended January, 2011 the Company entered into a two-year 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 \$20,000 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.

On October 29, 2008, the Company agreed to sublease a premises located at 701 West Georgia Street, Vancouver BC, commencing January 1, 2009 and expiring June 29, 2014. The premises consists 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 applicable taxes.

On May 4, 2010, the Company agreed to sublease another premises located at 701 West Georgia Street, Vancouver BC, commencing July 1, 2010 and expiring June 30, 2014. The premises consists of 3,260 square feet of rentable area and has a basic rental fee of \$32.00 per square feet per annum plus applicable taxes.

On November 5, 2009, the Company agreed to sublease a premises located at 1545B McAra St., Regina, Saskatchewan, commencing November 15, 2009 and expiring November 14, 2014. The premises consists of 1,800 square feet of rentable area and has a minimum monthly rental fee of \$2,200 plus applicable taxes.

Commitments and Contractual Obligations: (Continued)

The minimum lease payments for the fiscal years ended September 30 are as follows:

2011	433,704
2012	411,704
2013	407,304
2014	305,478

Off Balance Sheet Arrangements:

The Company has no off balance sheet arrangements.

Subsequent Events:

There were no subsequent events as of the date of this report.

Critical Accounting Policies and Estimates:

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), WPX Land Holdings Corp. (a company incorporated in the province of Saskatchewan), and 0907414 BC Ltd. (a company incorporated in the province of B.C.) and its wholly owned subsidiary 101178726 Saskatchewan Ltd. (a company incorporated in the province of Saskatchewan). All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

As of January 28, 2010, Discovery Harbour Resources Corp.'s ("Discovery Harbour") financial statements, a previously 100% owned subsidiary, are no longer consolidated as a result of the issuance of shares to outside interests decreasing the Company's ownership percentage to 10.46%.

Cash and Cash Equivalents

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

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%

Leasehold improvements are being amortization on a straight line basis over the term of the lease.

Equipment (Continued)

For the year of acquisition, the rate is one half of that shown above with the exception of leasehold improvements. 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 loss and deficit.

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 period 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.

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.

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 periods presented.

For the periods ended June 30, 2011 and June 30, 2010 potentially dilutive common shares relating to options and warrants outstanding totaling 25,457,740 at June 30, 2011 (June 30, 2010: 50,033,600) were not included in the computation of loss per share because their effect was anti-dilutive.

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.

Stock-based Compensation (Continued)

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.

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.

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 deposit	Held-for-trading
Account and other receivables	Loans and receivables
Loan receivable	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 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. The fair value of substantially all investments is determined by quoted market prices, except for those investments that do not have a quoted market price in an active market, which are measured at cost. Loans and receivables and other financial liabilities are measured at amortized cost.

Financial Instruments (Continued)

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.

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.

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 June 30, 2011 and September 30, 2010, the Company has not incurred any asset retirement obligations related to the exploration of its mineral properties.

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.

Capital Disclosures

The AcSB issued CICA Handbook Section 1535 "Capital Disclosures" 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.

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

Use of Estimates (Continued)

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.

Recent Released Canadian Accounting Standards:

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 October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS as well as certain presentation differences. The Company has begun assessing the adoption of IFRS for 2011 and has discussed its plan in the Company’s Management’s Discussion and Analysis for the period ended June 30, 2011.

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.

Mineral Properties:

Saskatchewan

The 100% owned Milestone property is located 30 kilometers southeast of Regina, and southeast of Mosaic's Belle Plaine Mine, one of the largest producing potash solution mines in the world. The potash permits are adjacent to potash permits held by BHP-Billiton, Vale and JSC Acron. The Milestone project includes more than 87, 500 acres of Crown held Mineral Leases. The renewable 21 year lease was granted by ministerial order and provides the company with full and exclusive power and right to mine Crown owned subsurface minerals, including potash, within the lease area, subject to the provisions outlined by The Saskatchewan Subsurface Mineral Regulations, 1960. The Company has completed the drilling of nine potash exploration wells on the property, and purchased and acquired of several hundred line kilometers of 2D and 3D seismic data. The Company has filed an NI 43-101 compliant Mineral Resource Estimate for the Milestone property, which consists of 64 million tonnes of Measured Resource (contained KCl), 180 million tonnes of Indicated Resource, and 701 million tonnes of Inferred Resource.

The Company has engaged AMEC Americas Limited as the Lead Engineering Consultant for the Feasibility Study Process on the Milestone Project. This process begins with the commencement of a Prefeasibility Study ("PFS"). The PFS includes all the facilities required for the development of a new potash solution mining operation. The PFS scope incorporates prefeasibility level engineering for all facets of the project required in order to reach the target plant capacity. The exact plant capacity for the feasibility study will reflect the most profitable throughput possible for a plant with two optimized trains of evaporation and crystallization. Both primary and secondary cavern production will be included in the solution mining methodology. The PFS will also provide for the mitigation of environmental impact and for ultimate closure. Specific elements of the PFS include:

- * An updated NI 43-101 Resource Calculation and Technical Report will to be completed by Agapito Associates Inc. ("AAI"), and will incorporate additional Crown and private mineral rights acquired by the Company. This Updated Resource Estimate will be the Resource AMEC will use to complete the PFS;
- * Tradeoff studies are a critical focus of the Milestone PFS, and include, energy, water supply options and demand, evaporation process technology, marketing, multi-level solution mining, as well as, salt backfilling options analysis;
- * Drilling program and well field development, including clusters and pads, piping, pumping, and storage;
- * Solution Mining methodology to be completed by AAI, including, cavern design, and subsidence modeling;
- * Rock mechanics and dissolution laboratory testing;
- * Evaporation and crystallization processes;

Saskatchewan (Continued)

- * Product drying, compaction and glazing selection ;
- * Product storage, load out and rail loading for transportation, including weighing, application of de-dusting oil and amines, screening and reject recovery;

- * Port options;

- * Infrastructure, facilities required to support a fully functioning operation, including buildings, rail and road access, gas and power supply and distribution, boiler plant, water treatment, waste handling;

- * Salt storage area;

- * Water supply facilities;

- * Utilities negotiation (energy, water);

- * CAPEX estimate, OPEX estimate, and economic analysis; and,

- * Marketing studies.

AMEC previously completed the Milestone Potash Project Scoping Study. The Study confirmed that the Milestone resource shows significant positive economics, and that the asset is of sufficient size and grade to support solution mining for more than forty years at a production rate of 2.5Mt/yr. Work by AAI will update the current NI 43-101 Technical Report titled “Updated Technical Report Concerning Mineral Resource Estimates Subsurface Mineral Permits KP 408 and KP 409, Saskatchewan”. Golder Associates Ltd. of Saskatoon, Saskatchewan continues to assist the Company with environmental baseline studies and the preparation of an Environmental Impact Statement (“EIS”) for the Milestone project. This work remains on schedule and on budget, with an anticipated EIS submission date of Q3 2012. AMEC will include the work of all consultants in the final report. Initial schedules indicate that the PFS will be completed sometime during the fourth quarter 2011.

On April 26, 2011, the Company announced the receipt of an updated NI 43-101 compliant Mineral Resource Estimate for the Milestone project. This substantially increased the Milestone extractable Potash Resource to 64 million tonnes of Measured Resource (contained KCl), 180 million tonnes of Indicated Resource, and 701 million tonnes of Inferred Resource. The updated resource estimate at Milestone was prepared by Agapito Associates Inc. (“AAI”) of Grand Junction, Colorado and filed on SEDAR on June 10, 2011.

Saskatchewan (Continued)

Mineral Resources for the potential solution mining intervals (Patience Lake, Belle Plaine, and Esterhazy Members excluding interbeds) are estimated to be as follows:

- Measured Resource: 637 Mt in place sylvinitic grading 30.47% KCl (64 Mt of recoverable KCl)
- Indicated Resource: 1,857 Mt in place sylvinitic grading 30.35% KCl (180 Mt of recoverable KCl)
- Inferred Resource: 8,907 Mt in place sylvinitic grading 30.31% KCl (701 Mt of recoverable KCl)

Mineral Resources reported here represent significant expansions in tonnage compared with the Mineral Resources previously reported in the NI43-101 Technical Report filed by the Company in July 2010*. These resource expansions are as follows:

- **Measured Resources expanded by 55%**
- **Indicated Resources expanded by 34%**
- **Inferred Resources expanded by 25%**

In calculating the initial mineral resource AAI incorporated historical information available from public sources as well as new resource information obtained from exploration conducted by Western Potash between January 2009 and March 2011. Exploration conducted during that time included the purchasing and/or acquisition, processing and interpretation of 474.5 line km of 2D and over 98 square kilometers of 3D seismic data, and the completion of ten exploration wells totaling 18,240 meters completed within the KLSA 008 Crown Lease area. All ten of the wells drilled, spanning some 18 kilometers of strike length, penetrated the potash-bearing beds and have sufficient assayed core to allow for the calculation of potash mineralization thickness and grade.

The updated and expanded Resource Calculation will now be incorporated into the Solution Mining Plan, part of the integrated Feasibility process ("PFS + FS") currently being completed by AMEC Americas Limited ("AMEC") as reported via press release dated January 19, 2011. The integrated Feasibility process remains on schedule and on budget, with an estimated "PFS" completion date sometime during the fourth quarter 2011.

Saskatchewan (Continued)

Table 1. Measured Mineral Resource within Crown and Leased Freehold Areas Only*

Bed	Average KCL Grade (%)	In-Place Tonnage (Mt)	In-Place KCL Tonnage (Mt)	KCL Resource**(Mt)
Patience Lake	28.66	314.27	90.06	29.60
Belle Plaine	30.13	131.70	39.68	13.04
Esterhazy	33.71	190.71	64.28	21.13
Total	30.47	636.68	194.02	63.77

* Search Radius of 800 m used; Mt = million tonnes; K₂O grade > 15%; Density = 2.08, KCl = 1.58303 K₂O.

** Resource accounts for geologic anomalies (5%), and extraction ratio (34.6%).

Table 2. Indicated Mineral Resource within Crown and Leased Freehold Areas Only*

Bed	Average KCL Grade (%)	In-Place Tonnage (Mt)	In-Place KCL Tonnage (Mt)	KCL Resource**(Mt)
Patience Lake	28.60	930.41	266.09	83.78
Belle Plaine	29.97	391.00	117.20	36.90
Esterhazy	33.66	536.03	180.44	59.31
Total	30.35	1,857.45	563.731	179.99

* 8.0 km radius used; Mt = million tonnes; K₂O grade > 15%; Density = 2.08, KCl = 1.58303 K₂O.

** Resource accounts for geologic anomalies (25%), extraction ratio (34.6%).

** Resource accounts for geologic anomalies (9%), extraction ratio (34.6%).

Saskatchewan (Continued)

Table 3. Inferred Mineral Resource within Crown and Leased Freehold Areas Only*

Bed	Average KCL Grade (%)	In-Place Tonnage (Mt)	In-Place KCL Tonnage (Mt)	KCL Resource**(Mt)
Patience Lake	28.68	4,349.59	1,247.56	323.74
Belle Plaine	29.88	2,030.82	606.71	157.44
Esterhazy	33.47	2,526.82	845.61	219.44
Total	30.31	8,907.24	2,699.89	700.62

* 8.0 km radius used; Mt = million tonnes; K2O grade > 15%; Density = 2.08, KCl = 1.58303 K₂O.

** Resource accounts for geologic anomalies (25%), extraction ratio (34.6%).

On June 21, 2011, the Company announced that it had completed the purchase of a large parcel of surface lands, advancing the development of the plant site facility for the Milestone project. The land acquisition program successfully secured over 2,550 acres at the Company's preferred plant site location. Securing the plant site location is an important aspect of the Milestone feasibility process as the environmental and regulatory approval processes and project schedules are dependent on it. The site is large enough to house all intended plant site facilities for the contemplated life of the mine.

The Company has completed water, soil, vegetation, and wildlife baseline studies over the site as part of its Environmental Approval process. The Company has also completed airborne geophysical surveys, satellite imagery acquisition, and geotechnical drilling as part of this process. Data from these studies was used to complete a detailed constraints assessment as part of the land acquisition process. The site was selected based on the following parameters:

- Proximity to the potash resource
- Motivated and engaging landownership
- Lack of surface streams
- Lack of subsurface aquifers
- Favorable surficial and hydro-geology characteristics
- Low geotechnical risk
- Proximity to road, rail and utility infrastructure

The plant site will support all maintenance, administration, processing, product storage, and load out facilities. The site will further be large enough to accommodate salt storage, brine cooling ponds, and all utility infrastructure. The site is of sufficient size to allow for increased potash production beyond the anticipated mining rate of 2.5 million tonnes of KCl product per year.

Qualified Persons:

The in-house qualified persons responsible for the review of the technical content of this Management Discussion and Analysis are J. Patricio Varas, P. Geo., President and CEO and director and Dean Pekeski, P. Geo., Vice President Explorations of Western Potash Corp.

Outstanding Share Data:

The following details the share capital structure as of August 15, 2011:

a) Authorized -

Unlimited Common shares without par value.

b) Issued and Fully Paid -

	Number	Amount
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	-	392,369
Balance September 30, 2010	104,271,383	\$ 45,827,012
Brokered private placement @ \$1.10 *	18,182,000	20,000,200
Share issuance costs *	-	(1,675,550)
Exercise of options @ \$0.50 per share	1,185,000	592,500
Exercise of warrants @ \$0.75 per share	37,306,800	27,980,100
Fair value of options transferred from contributed surplus	-	429,372
Fair value of warrants transferred from contributed surplus	-	6,976,177
Balance, August 15, 2011	160,945,183	\$100,129,811

* On December 21, 2010, the Company sold 18,182,000 units at a price of \$1.10 per unit, for aggregate gross proceeds to the Company of \$20,000,200. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share of the Company at an exercise price of \$1.75 at any time up to and including the close of business on June 21, 2013, being the day which is 30 months from the closing of the offering. All securities issued under the offering are subject to a hold period ending April 22, 2011. The net proceeds received by the Company from the sale of the Units will be used to advance the Company's Milestone Potash Development Project located in the Province of Saskatchewan, and for general working capital purposes. In consideration for their services, the underwriters, Mackie Research Capital Corporation and Scotia Capital Inc. have received a cash commission of 6.0% of the aggregate gross proceeds of the Offering. In addition, the Underwriters received an aggregate of 1,272,740 non-transferable common share purchase warrants each exercisable to acquire one Unit at a price of \$1.10 per compensation warrant at any time up to and including the close of business on June 21, 2013, being the day which is 30 months from the closing of the offering.

c) Share Purchase Warrants -

- i) As at August 15, 2011, the Company had warrants outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
1,272,740	\$ 1.10	June 21, 2013
9,091,000	1.75	June 21, 2013
10,363,740		

- ii) A Summary of the Company's issued and outstanding share purchase warrants as at August 15, 2011, September 30, 2010 and 2009 and changes during those years is presented below:

Warrants	Weighted Average Outstanding	Exercise Price
Balance, September 30, 2009	42,410,050	\$ 0.74
Granted	-	-
Exercised	(1,235,000)	(0.50)
Expired	(946,450)	(0.50)
Balance, September 30, 2010	40,228,600	\$ 0.75
Granted *	10,363,740	1.67
Exercised	(37,306,800)	(0.75)
Expired	(2,921,800)	(0.75)
Balance, August 15, 2011	10,363,740	\$ 1.67

- * On December 21, 2010, the Company granted 10,363,740 common share purchase warrants and brokers' warrants with its offering.

d) Stock Based Compensation Plan

- i) As at August 15, 2011 the Company had compensation and stock options outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
6,970,000	\$ 0.50	May 6, 2013
660,000	0.50	May 19, 2014
990,000	0.50	June 1, 2015
2,500,000	1.10	December 29, 2015
100,000	1.13	January 16, 2016
425,000	1.34	February 3, 2016
3,449,000	1.16	May 20, 2016
15,094,000		

d) Stock Based Compensation Plan (Continued)

- ii) A summary of the status of the Company's stock options as at August 15, 2011, September 30, 2010 and September 30, 2009, and changes during those years is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance September 30, 2009	8,405,105	\$ 0.54
Granted *	2,000,000	0.50
Expired	(600,105)	(1.10)
Balance September 30, 2010	9,805,000	\$ 0.50
Granted **	6,474,000	1.10
Exercised	(1,185,000)	(0.50)
Balance August 15, 2011	15,094,000	\$ 0.78

- * On December 1, 2009, the Company granted 1,000,000 stock options at an exercise price of \$0.50 to its consultant, exercisable at any time on or before December 1, 2014. The fair value of these stock options is determined to be \$338,500 using the Black-Scholes option pricing model using the current assumptions of risk free interest rates of 2.38%, expected life of 5 years, expected volatility of 117.56% and a dividend rate of 0%.

On June 1, 2010, the Company granted 1,000,000 stock options at an exercise price of \$0.50 to its employees and consultants, exercisable at any time on or before June 1, 2015. The fair value of these stock options is determined to be \$353,983 using the Black-Scholes option pricing model using the current assumptions of risk free interest rates of 2.61%, expected life of 5 years, expected volatility of 110.66% and a dividend rate of 0%.

- ** On December 29, 2010, the Company granted 2,500,000 stock options at an exercise price of \$1.10 to its employees and consultants, and directors exercisable at any time on or before December 29, 2015. The fair value of these stock options is determined to be \$2,235,579 using the Black-Scholes option pricing model using the current assumptions of risk free interest rates of 2.45%, expected life of 5 years, expected volatility of 104.66% and a dividend rate of 0%.

On January 16, 2011, the Company granted 100,000 stock options at an exercise price of \$1.13 to its employee exercisable at any time on or before January 16, 2016. The fair value of these stock options is determined to be \$104,925 using the Black-Scholes option pricing model using the current assumptions of risk free interest rates of 2.56%, expected life of 5 years, expected volatility of 103.95% and a dividend rate of 0%.

On February 3, 2011, the Company granted 425,000 stock options at an exercise price of \$1.34 to its employees and consultants exercisable at any time on or before February 3, 2016. The fair value of these stock options is determined to be \$437,492 using the Black-Scholes option pricing model using the current assumptions of risk free interest rates of 2.66%, expected life of 5 years, expected volatility of 103.36% and a dividend rate of 0%.

d) Stock Based Compensation Plan (Continued)

On May 20, 2011, the Company granted 3,449,000 stock options at an exercise price of \$1.16 to its employees and consultants and directors exercisable at any time on or before May 20, 2016. The fair value of these stock options is determined to be \$3,081,157 using the Black-Scholes option pricing model using the current assumptions of risk free interest rates of 2.45%, expected life of 5 years, expected volatility of 100.61% and a dividend rate of 0%.

e) Escrow shares

As of August 15, 2011, September 30, 2010, and 2009 the Company had nil shares held in escrow for various directors.

Risks and Uncertainties:

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is attributable to HST/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.

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 June 30, 2011, the Company had a cash and cash equivalents balance of \$28,162,668 to settle current liabilities of \$800,684. 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.

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.

a) 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.

b) 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 August 15, 2011.

c) 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 August 15, 2011. 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.

Transition to International Financial Reporting Standards:

In February 2008, The CICA Accounting Standards Board ("AcSB") confirmed the changeover to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS effective October 1, 2011 to be in line with its September 30 year-end and will be required to restate, for comparative purposes, amounts reported by the Company for its year ended September 30, 2011.

Approach:

There are five phases that will be followed to ensure compliance with IFRS as follows: (1) identification of key accounting issues (2) analysis of accounting standards (3) determination of accounting policies (4) implementation and (5) post implementation review. The implementation team consists of an external consultant and internal resources. The implementation team will report to the CFO and the Audit Committee on the progress towards IFRS convergence.

Training:

Members of the Company's finance department have taken steps to become proficient in IFRS, including participating in IFRS training sessions.

Accounting policies impacted:

The detailed analysis of the accounting policies impacted by the IFRS convergence has been completed and great effort will be put in the financial statements presentation, as IFRS requires more disclosure. Based on the analysis of expected accounting differences conducted so far, the following is a non-exhaustive list of the IFRS accounting policies that could have a potential impact on the financial statements of the Company.

First time adoption (IFRS 1)

IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment (IAS 36, IAS 6)

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss). IFRS requires reversal of impairment losses where previous adverse circumstances have changed; this is prohibited under Canadian GAAP. Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

Transition to International Financial Reporting Standards: (Continued)

Mineral property interests, exploration and evaluation costs (IFRS 6)

Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment. Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

Information systems:

The accounting processes of the Company are simple and no major challenges are expected. The Company expects that no historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1. As the Company will perform its accounting under Canadian GAAP from October 2010 to September 2011, it will generate dual accounting under IFRS for this period so that it has the comparatives available at the changeover date.

Impact on the business:

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company does not expect that IFRS will have an impact on the requirements or business processes when it enters in flow-through financing. The Company has no compensation arrangements that will be affected by the IFRS implementation. The Company's Stock Option Plan is not affected by ratios or financial targets. Business processes will be monitored through 2011 to detect unsuspected impact.