



**Annual Information Form**

**For the year ended December 31, 2012**

**Dated as of March 27, 2013**

## TABLE OF CONTENTS

A CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS .....	2
CONVERSION .....	3
PRESENTATION OF FINANCIAL MATTERS .....	3
POTASH RIDGE CORPORATION .....	3
GENERAL DEVELOPMENT OF THE BUSINESS .....	4
RISK FACTORS .....	10
DESCRIPTION OF THE BLAWN MOUNTAIN PROJECT .....	19
DESCRIPTION OF SHARE CAPITAL .....	44
DIVIDEND POLICY .....	45
MARKET FOR SECURITIES .....	46
PRIOR SALES .....	46
DIRECTORS AND EXECUTIVE OFFICERS .....	46
AUDIT COMMITTEE DISCLOSURE .....	52
ESCROWED SECURITIES .....	53
MATERIAL CONTRACTS .....	54
LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	55
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	55
TRANSFER AGENT AND REGISTRAR .....	55
INTERESTS OF EXPERTS .....	55
ADDITIONAL INFORMATION .....	55
GLOSSARY OF TERMS .....	56
APPENDIX A .....	60

## A CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual information form ("AIF") contains forward-looking statements reflecting management's expectations regarding future growth, results of operations, performance and business prospects of the Corporation. These forward-looking statements may include statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates", "guidance" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to, the future financial or operating performance of the Corporation and its subsidiaries and its mineral projects; the anticipated results of exploration activities; the estimation of mineral resources; the realization of mineral resource estimates; capital, development, operating and exploration expenditures; costs and timing of the development of the Corporation's mineral projects; timing of future exploration; requirements for additional capital; climate conditions; government regulation of mining operations; anticipated results of economic and technical studies; environmental matters; receipt of the necessary permits, approvals and licenses in connection with exploration and development activities; appropriation of the necessary water rights and water sources; changes in commodity prices; recruiting and retaining key employees; construction delays; litigation; competition in the mining industry; reclamation expenses; reliability of historical exploration work; reliance on historical information acquired by the Corporation; optimization of technology to be employed by the Corporation; title disputes or claims, dilution to the Common Shares and the limitations of insurance coverage and other factors described herein under the heading "*Risk Factors*".

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein. Such assumptions include, but are not limited to, the following: that general business, economic, competitive, political and social uncertainties remain favourable; that agriculture fertilizers are expected to be a major driver in increasing yields to address demand for premium produce, such as fruits and vegetables, as well as diversified protein rich diets necessitating grains and other animal feed; that actual results of exploration activities justify further studies and development of the Corporation's mineral projects; that the future prices of minerals remain at levels that justify the exploration and future development and operation of the Corporation's mineral projects; that there is no failure of plant, equipment or processes to operate as anticipated; that accidents, labour disputes and other risks of the mining industry do not occur; that there are no unanticipated delays in obtaining governmental approvals or financing or in the completion of future studies, development or construction activities; that the actual costs of exploration and studies remain within budgeted amounts; that regulatory and legal requirements required for exploration or development activities do not change in any adverse manner; that input cost assumptions do not change in any adverse manner, as well as those factors discussed in the section entitled "*Risk Factors*" herein. Accordingly, readers are cautioned not to place undue reliance on such statements.

All forward-looking information herein is qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this AIF and the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.

This AIF uses the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral

Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

### CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Feet	Meters (m)	0.305
Meters (m)	Feet	3.281
Miles	Kilometers (km)	1.609
Kilometers (km)	Miles	0.621
Tons	Tonnes	0.907
Tonnes	Tons	1.1023

### PRESENTATION OF FINANCIAL MATTERS

Unless otherwise indicated, herein all references to "\$" are to the lawful currency of Canada and all references to "US\$" are to the lawful currency of the United States.

The closing, high, low and average exchange rates for one US\$ (based on the noon spot rate of exchange) in terms of Canadian dollars for each of the three years ended December 31, 2012, 2011 and 2010, as reported by the Bank of Canada, were as follows:

	2012	2011	2010
	\$	\$	\$
<b>Closing</b> .....	0.9949	1.0170	0.9946
<b>High</b> .....	1.0418	1.0604	1.0778
<b>Low</b> .....	0.9710	0.9449	0.9946
<b>Average<sup>(1)</sup></b> .....	0.9996	0.9891	1.0299

Note:

(1) Calculated as an average of the daily noon spot rates for each period.

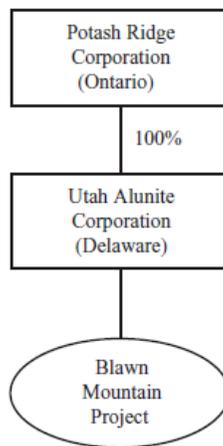
### POTASH RIDGE CORPORATION

#### Corporate Structure

Potash Ridge Corporation ("**Potash Ridge**" or the "**Corporation**") was incorporated as "0903095 B.C. Ltd." under the *Business Corporations Act* (British Columbia) by articles of incorporation dated February 16, 2011. On May 24, 2011, the Corporation changed its name to "New Earth Potash Corp". Pursuant to articles of continuance dated October 21, 2011, the Corporation continued under the *Business Corporations Act* (Ontario) (the "**OBCA**") under the name "Potash Ridge Corporation". On December 4, 2012, the Corporation amended its articles to create a class of non-voting shares (the "**Non-Voting Shares**") having the terms described under "*Description of Share Capital — Non-Voting Shares*". The registered and principal office of the Corporation is located at Suite 600, 3 Church Street, Toronto, Ontario, M5E 1M2.

The Corporation has one wholly-owned subsidiary, Utah Alunite Corporation, a Delaware corporation incorporated on April 17, 2012. On May 8, 2012, Utah Alunite Corporation amalgamated with Utah Alunite, LLC, a Utah limited liability company formed on September 8, 2008. Pursuant to certain purchase and sale agreements dated April 18, 2011 (the "**Utah Alunite Acquisition Agreements**"), the Corporation acquired all of the interests in Utah Alunite, LLC from its founding members (the "**Vendors**") for an aggregate purchase price of US\$160,000, of which US\$60,000 was paid on April 18, 2011. Pursuant to the terms of the Utah Alunite Acquisition Agreements, Potash Ridge was to pay to the Vendors in the aggregate an additional US\$100,000 (the "**Deferred Payment**") of which US\$25,000 was to be paid on April 18, 2012 and a further US\$75,000 was to be paid on April 18, 2014, subject to certain conditions. The Corporation and the Vendors agreed to waive the conditions to the final payment and on April 5, 2012, Potash Ridge paid to the Vendors the Deferred Payment in satisfaction of all of its obligations under the Utah Alunite Acquisition Agreements. In connection with the transactions contemplated by the Utah Alunite Acquisition Agreements, on April 1, 2011 the Corporation advanced US\$262,370 to Utah Alunite, LLC in order for Utah Alunite, LLC to acquire its exclusive right to explore potash, metalliferous minerals and clay minerals and an option to lease the Blawn Mountain Project.

The following chart identifies Potash Ridge's corporate structure.



As used herein, unless the context indicates or requires otherwise, the terms "Potash Ridge", "Corporation", "we", "us" and "our" mean Potash Ridge Corporation and its subsidiary Utah Alunite Corporation. The term "Utah Alunite" means Utah Alunite Corporation, together with its predecessor, Utah Alunite, LLC.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Overview

Potash Ridge's principal business is the exploration, development and production of mineral resources and is currently focused on exploring for alunite in order to produce sulphate of potash ("**SOP**"), co-product sulphuric acid and, potentially, by-product bauxite-type material. The Corporation's principal mineral project is the Blawn Mountain project (the "**Blawn Mountain Project**" or the "**Project**"), comprised of 18.5 sections of land owned by the State of Utah, acting by and through the School and Institutional Trust Lands Administration ("**SITLA**"), and covering approximately 11,549.2 acres (4,673.8 hectares) of land located in Beaver County, Utah. Pursuant to an agreement dated April 1, 2011 as amended on June 4, 2012 and August 21, 2012 (the "**Exploration and Option Agreement**"), the Corporation acquired from SITLA the exclusive right until March 31, 2014 (the "**Option Period**") to explore the Blawn Mountain Project for potash, metalliferous minerals and clay minerals. Management considers the Blawn Mountain Project to be the only material project for purposes of National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

Alunite is a naturally occurring volcanic mineral containing potassium, sulphur and alumina. The Corporation intends to mine surface alunite deposits on the Blawn Mountain Project to extract and produce SOP, co-product

sulphuric acid and, potentially, by-product bauxite-type material. SOP is primarily used as a specialty fertilizer providing essential potassium to high-value, chloride-sensitive crops, including nuts, fruit, vegetables, tea, tobacco and turf grass. It is most widely used in China, Europe and the United States and typically sells at a premium over traditional muriate of potash ("**MOP**") because of its favourable impact on crop yield and quality and its superior performance over MOP. The residue remaining after the extraction of SOP and co-product sulphuric acid from the alunite mined from the Blawn Mountain Project may be used as a bauxite-type material feedstock for refineries that produce smelter-grade alumina. While not critical to the production of SOP, the Corporation is evaluating alternatives for this residue.

### **Initial Public Offering and Concurrent Private Placement**

On December 5, 2012, the Corporation announced that it closed its initial public offering (the "**IPO**") of 14,944,746 Common Shares of the Corporation at a price of \$1.00 per Common Share for aggregate gross proceeds of \$14,944,746. The Common Shares were listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "PRK" on December 5, 2012.

On November 27, 2012, the Corporation and Sprott Resource Partnership ("**SRP**") entered into an agreement (the "**SRP Subscription Agreement**") pursuant to which the Corporation agreed to issue to SRP, and SRP agreed to subscribe for, 5,055,254 units of the Corporation (the "**Private Placement Units**") pursuant to an exemption from the prospectus requirements under applicable securities laws (the "**Concurrent Private Placement**") for an aggregate subscription price of \$5,055,254. The Concurrent Private Placement closed concurrently with the IPO. Each Private Placement Unit consists of one Non-Voting Share and one warrant to acquire one Non-Voting Share exercisable at a price of \$1.00 for a period of two years following the closing date of the IPO.

### **Blawn Mountain Project**

In 1970, Earth Sciences Inc. ("**Earth Sciences**") began to explore for alunite in Blawn Mountain including on the tracts of land contained within the Blawn Mountain Project. Earth Sciences referred to its project as the NG alunite property. The primary objective of Earth Sciences was to develop its NG alunite property as a domestic source of alumina. In 1970, Earth Sciences entered into a joint venture arrangement with Southwire Company ("**Southwire**") and National Steel Corporation ("**National Steel**") to open an alunite mine as a source of alumina to supply the National Steel/Southwire jointly owned aluminum plant in Kentucky. The joint venture between Earth Sciences, National Steel and Southwire was called the Alumet Company. The Alumet Company significantly advanced the NG alunite property during the 1970s. However, by the early 1980s, the NG alunite property had lost momentum as a collapse in alumina prices and economic conditions made financing difficult. The NG alunite property was eventually relinquished in 1998. See "*Description of the Blawn Mountain Project — History of the Project*".

The Blawn Mountain Project is located in the southern Wah Wah Mountains of Beaver County, Utah, about 290 km south-southwest of Salt Lake City, Utah. The Project is located approximately 50 km southwest of Milford and 90 km northwest of Cedar City. The Blawn Mountain Project is entirely composed of Utah State-owned land managed by SITLA. The lands immediately around the Project are predominantly federal lands managed by the United States Department of the Interior, Bureau of Land Management (the "**BLM**") along with additional SITLA managed tracts.

Pursuant to the Exploration and Option Agreement with SITLA, the Corporation acquired the exclusive right to explore the Blawn Mountain Project for potash, metalliferous minerals and clay minerals during the Option Period. In connection with this exclusive right to explore, the Corporation has paid to SITLA US\$341,689 pursuant to the terms of its agreement and is required to pay to SITLA an additional payment of US\$69,300 on April 1, 2013.

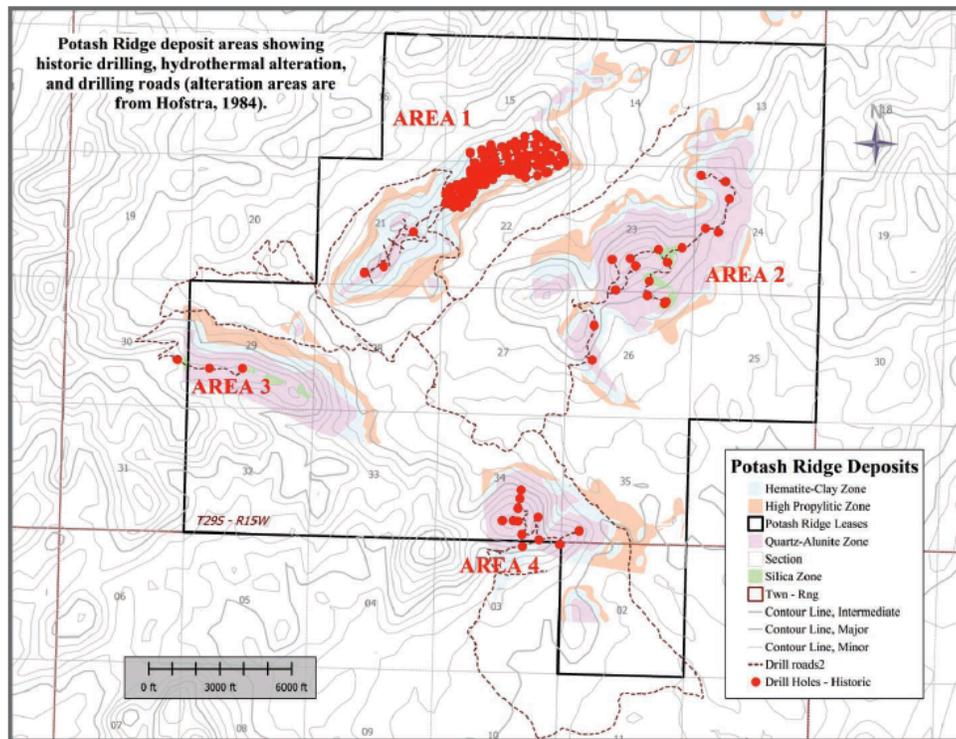
On April 27, 2011, Potash Ridge acquired from a third-party certain historical information pertaining to the NG alunite property, including data on drilling results, resource estimates, pilot plant testing, permitting, mine plan, a feasibility study and engineering work performed or commissioned by Earth Sciences. This historical information focused on the exploration and development of an alumina mine with a SOP by-product, however the Corporation expects that much of the documentation will be helpful in expediting the exploration and development of the Project. For example, historical drilling results were used in preparing the technical reports and management

believes that much of the flowsheet developed by the Alumet Company with respect to mining, extraction and crystallization of SOP will not be significantly modified by the Corporation for purposes of the Project.

Pursuant to the Exploration and Option Agreement, the Corporation acquired an option (the "**Lease Option**") to convert its exclusive exploration right into a mineral lease at any time during the Option Period provided that it first obtains SITLA's approval of a positive pre-feasibility study for the development of the Blawn Mountain Project. The Corporation may exercise the Lease Option upon payment to SITLA of US\$1,020,000. Upon exercise of the Lease Option, a mineral lease will be granted to the Corporation over the Blawn Mountain Project for an initial term of ten years (the "**Initial Term**"). The mineral lease will remain in effect beyond the Initial Term as long as the Corporation is producing minerals profitably from, or demonstrates diligent exploration, development or operations on, the Blawn Mountain Project. Prior to commencing surface disturbing operations, the Corporation must first obtain the consent of SITLA and SITLA's approval of a plan of operations for the leased premises under the mineral lease.

If and when production begins at the Blawn Mountain Project, the Corporation must pay SITLA a production royalty of 5% of the gross value of potash and clay minerals and 4% of the gross value of metalliferous minerals sold. The mineral lease also establishes annual rental and minimum royalty payments to be paid in advance by the Corporation. The annual rental payment is US\$1 for each acre of land leased, subject to a minimum rental payment of US\$500. The minimum royalty payment is US\$4 per acre of land leased, increasing by US\$1 per acre per year beginning in the sixth year of the lease. The annual rental and minimum royalty payments will be set-off against actual royalties payable for a given lease year.

As delineated on the map below, there are four main zones of exploration and development identified by Potash Ridge within the Blawn Mountain Project. Area 1 is located along a northeast trending ridgeline in the northwest portion of the property ("**Area 1**"). Area 2 is located on another ridgeline, parallel to Area 1, extending from the centre of the property towards the northeast corner ("**Area 2**"). Area 3 is located in the southwest corner of the property ("**Area 3**"). A fourth zone, Area 4, is located east of Area 3 and south of Area 2 ("**Area 4**").



Potash Ridge has the exclusive right to explore the Project for potash pursuant to the Exploration and Option Agreement. On January 7, 2013, the Corporation entered into a new exploration lease with SITLA and acquired the

exclusive right to explore an additional 480 acres (194 hectares) of land adjacent to the Project for metalliferous minerals and water. There is an existing 155 acre tract located within Area 2 included in the Exploration and Option Agreement that represents the central portion of Area 2 (approximately 25%) and is the subject of an existing mining claim of a third-party. This third-party claim does not include the right to explore for potash but does include the right to explore for certain other minerals such as alumina. The Corporation is evaluating its options to acquire these third-party rights.

### **Business Objectives and Strategy**

The business objective of the Corporation is to advance the exploration, development and production of the Blawn Mountain Project in order to become a leading low-cost producer of 750,000 tons (680,000 tonnes) per year of SOP. To achieve this objective, the Corporation is focussing on the exploration and development of the Project.

Since entering into the Exploration and Option Agreement, Potash Ridge has achieved the following milestones in respect of the Blawn Mountain Project:

- A confirmation drilling program for Area 1 was completed in early 2012 and Norwest Corporation ("**Norwest**") issued a technical report in compliance with NI 43-101 that provided mineral resource estimates for Area 1 of the Blawn Mountain Project. In September 2012, based on the recommendations contained in this technical report, the Corporation completed a second phase drilling program in Area 2 and the south-western part of Area 1.
- Norwest issued an updated technical report dated November 5, 2012 entitled "Preliminary Economic Assessment — Blawn Mountain Project — Beaver County, Utah" in compliance with NI 43-101 (the "**Technical Report**") that includes a preliminary economic assessment for the Blawn Mountain Project (that portion of the Technical Report which would constitute a preliminary economic assessment which is a study, other than a pre-feasibility study or feasibility study, that includes an economic analysis of the potential viability of Mineral Resources, the "**Preliminary Economic Assessment**").
- Hazen Research, Inc. ("**Hazen**") has performed confirmatory bench testing on the process proposed to be used by the Corporation to recover SOP and the sulphuric acid by-product from alunite. See "**Description of The Blawn Mountain Project — Mineral Processing**".
- Norwest and Stoel Rives LLP have been engaged by the Corporation to assist with the permitting process and securing water rights.
- Utah Alunite and SITLA (as co-applicants) have submitted an application with the Utah Division of Water Rights to appropriate and obtain the necessary water rights for the Project. See "**Description of the Blawn Mountain Project — Permits and Authorizations**".
- The Corporation believes that it has developed strong relationships with Project stakeholders and expects to continue to develop and expand these relationships as the Project develops.
- In February 2013, the Corporation completed its phase three drilling program comprised of 18 infill drill holes, 16 of which were located in Area 2, with the remaining two holes located in Area 1.
- The Corporation commenced a metallurgical testing program to support the preparation of a pre-feasibility study and, assuming the completion of a positive pre-feasibility study, a feasibility study using drill core samples collected during the Phase 2 drilling program. The objective of the testing program will be to confirm the most favourable process flowsheet and to develop process design parameters, including required particle size, flotation conditions, roasting temperatures and leach times to select process equipment types and sizes.

Over the next 24 months the Corporation intends to:

- Conduct additional infill drilling focused on Areas 1 and 2.
- Continue additional confirmatory bench testing and confirmatory pilot scale testing.

- Work with Norwest to complete a pre-feasibility study during the first half of 2013 and, during the second quarter of 2014, complete a feasibility study, assuming a positive pre-feasibility study.
- Obtain required construction and operating permits and secure water rights.
- Pursue potential offtake and partnership arrangements.
- Pursue project and other financing, as required.
- Investigate enhancements to the SOP production process to allow the expected alumina residue remaining after the extraction of SOP and co-product sulphuric acid from the alunite to be mined from the Blawn Mountain Project to be used as bauxite-type material and fed directly into a conventional Bayer Process to produce smelter-grade alumina.
- Conduct additional exploration and exploration drilling throughout the Project.

Assuming a positive pre-feasibility study, positive feasibility study and that the Corporation is able to secure the necessary financing, detailed engineering and construction of the mine and process facilities is anticipated to commence during the second half of 2014, with commissioning of the process facilities occurring in the second half of 2016 and commercial operations commencing thereafter, subject to the receipt of all necessary permits, water rights, the consent of SITLA and the development of necessary water sources.

### **Prior Financings**

Prior to the completion of the IPO, the Corporation raised aggregate gross proceeds of approximately \$19 million through the following private placements of Common Shares and warrants.

On February 16, 2011 and April 5, 2011, the Corporation completed private placements for a combined total of 22,000,000 Common Shares at a price of \$0.05 per share for aggregate gross proceeds of \$1,100,000.

On May 2, 2011, the Corporation completed a private placement of 650,000 Common Shares at a price of \$0.05 per share for aggregate gross proceeds of \$32,500.

On August 8, 2011, the Corporation completed a private placement of 21,575,000 units (the "**Units**") at a price of \$0.25 per Unit for aggregate gross proceeds of \$5,393,750. Each Unit consists of one Common Share and one half-warrant. Each whole warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.50 per share on or before the second anniversary of the date on which the Corporation becomes a reporting issuer. In connection with the transaction, the Corporation issued 1,685,600 broker unit options. Each broker unit option entitles the holder thereof to acquire one Unit at a price of \$0.25 per Unit on or before the second anniversary of the date on which the Corporation becomes a reporting issuer in any province or territory of Canada.

On November 17, 2011, the Corporation completed a private placement of 6,000,000 Common Shares at a price of \$0.25 per share for aggregate gross proceeds of \$1,500,000.

On December 5, 2011, the Corporation completed a private placement of 2,000,000 Common Shares at a price of \$0.25 per share for aggregate gross proceeds of \$500,000.

On December 29, 2011, the Corporation completed a private placement of 13,990,966 Common Shares at a price of \$0.75 per share for aggregate gross proceeds of \$10,493,225. In connection with this transaction, the Corporation issued 839,458 broker warrants. Each broker warrant entitles the holder thereof to purchase one Common Share for \$0.75 on or before December 29, 2021.

Proceeds raised under these financings have largely been allocated to the acquisition of the Blawn Mountain Project, confirmation drilling, completion of the Technical Report, bench testing of samples, preliminary engineering work, development and commencement of a permitting strategy and market studies.

## **Environmental Regulation**

All phases of the Corporation's operations are subject to environmental regulation in the jurisdictions in which it operates. Compliance with such regulation can require significant expenditures or result in operational restrictions. Breaches of such regulatory requirements may result in suspension or revocation of necessary licenses and authorizations, potential civil liability and the imposition of fines and penalties, all of which might have a significant negative impact on the Corporation. See "*Risk Factors — Environmental Risks and Hazards*". The Corporation intends to maintain a policy of operating its business in compliance with all environmental regulations.

## **Marketing Strategy**

Potash Ridge will develop a marketing plan for the sale of SOP and by-product sulphuric acid.

### *SOP*

Typically, farmers and growers do not buy SOP as a single product. Rather, SOP reaches these consumers most often as a component of a balanced fertilizer blend containing specific amounts of nitrogen, phosphorus, potassium and sulphur, along with secondary nutrients, such as magnesium. While SOP only accounts for about 10% of the overall potash market, the Corporation believes that new production will be absorbed by the market through demand growth, displacement of higher cost secondary SOP producers, and the substitution of other fertilizers containing potassium and/or sulphur with SOP.

The most likely strategy for the sale of SOP by the Corporation is to enter into offtake agreements with fertilizer companies that serve the various global markets. These firms may sell the SOP directly to end users, or blend the SOP with other ingredients to create fertilizer blends targeted for specific crops and general agricultural conditions.

### *Sulphuric Acid*

Management intends to target the sale of any co-product sulphuric acid to the following three market segments:

1. Existing sulphuric acid consumers who obtain their sulphuric acid from trade sources in the general region of the Project.
2. Displacing sulphuric acid production from sulphur burners.
3. Creating new demand either from the expansion of existing mines or stimulating mining activity with a stable sulphuric acid price and source through mine expansion or commencing operations.

Management of the Corporation intends to target areas of the Western United States with easy rail access from the Project as the primary geographic market for the sale of the sulphuric acid expected to be produced by the Corporation. This primary geographic market includes the states of Utah, Nevada, Arizona, New Mexico, Idaho and Wyoming.

The secondary geographic market to be targeted by management includes the West Coast states of California, Oregon and Washington State as well as Texas (excluding the Gulf Coast) if these markets have sufficient demand for the sulphuric acid expected to be produced by the Project. Selling sulphuric acid in these markets may be challenging as their access to seaports introduces an additional level of competition.

### *Bauxite-type Material*

Management is evaluating potential markets for the sale of bauxite-type material by-product that maybe produced at the Project. The two uses of bauxite-type material anticipated to have the greatest potential market are: raw material for alumina production and refractory proppant for the shale oil industry.

### **Competitive Conditions**

The mineral exploration and mining business is competitive in all phases of exploration, development and production. Potash Ridge competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

The Corporation believes that it is well positioned to compete in its market segment given the strategic location of the Project and its experienced management team and directors. The Corporation believes that the Blawn Mountain Project has the potential to be one of the leading producers of SOP, however, this Project is still in the exploration and development stage and the Corporation has not commenced any commercial production or recorded any revenues from its operations. See "*Risk Factors — Competition in the mining industry may adversely affect the Corporation*".

### **Legal Proceedings**

The Corporation is not party to any legal proceedings.

### **Employees**

As of the date hereof, the Corporation had twelve full-time employees. The Corporation recently hired a Vice-President of Government and Regulatory Affairs to guide the development and implementation of permitting and environmental processes.

## **RISK FACTORS**

Investing in the Corporation involves significant risk that should be carefully considered. Investors should carefully consider the following risk factors and all of the other information contained herein. If any event arising from these risks occurs, the Corporation's assets, liabilities, business, prospects, financial condition, results of operations and/or cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Corporation, or that are currently considered immaterial, may also materially and adversely affect the Corporation's business operations.

### **Risks Related to the Corporation's Business**

In addition to the other information disclosed herein, the following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities.

*Potash Ridge has negative operating cash flow and might not be able to continue as a going concern*

While the Corporation's consolidated financial statements as at and for the period ended December 31, 2012 have been prepared on a going-concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, there are material uncertainties relating to certain conditions and events that cast substantial doubt on the Corporation's ability to continue as a going-concern.

The Corporation has not yet achieved profitable operations. The Corporation is an early-stage exploration company with no source of operating cash flow, has not recorded any revenues from its operations to date, nor does it expect to generate any revenues from its operations for several years. The Corporation has had negative operating cash flow since its inception and expects to continue to have negative operating cash flow for the foreseeable future.

The Corporation incurred a net loss for the year ended December 31, 2012 of \$4,773,319 and reported an accumulated deficit of \$5,902,684 as at December 31, 2012. As at December 31, 2012, the Corporation had \$22,775,890 in cash, cash equivalents and short-term deposits which it believes may not be sufficient to finance its currently planned operating, exploration and evaluation expenditures. The exploration and development of the

Blawn Mountain Project will require the commitment of substantial resources to conduct time-consuming development programs. The Corporation also expects to continue to incur losses until such time as the Blawn Mountain Project enters into commercial production and generates sufficient revenues to fund its continuing operations.

The Corporation's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. There can be no assurance once a decision is made with respect to future activities that the Corporation will be able to execute on its plans. The consolidated financial statements of the Corporation do not include any adjustments related to the carrying values and classification of assets and liabilities should the Corporation be unable to continue as a going concern.

There can be no assurance that the Corporation will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate and that significant additional losses will not occur in the near future. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and other factors, many of which are beyond the Corporation's control.

*The Corporation will require additional capital in the future and no assurance can be given that such capital will be available at all or on terms acceptable to the Corporation*

The Corporation will have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at the Project, continues to develop the Project, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. The continued exploration and future development of the Project may therefore depend on the Corporation's ability to obtain additional required financing. In particular, any potential development of the Blawn Mountain Project requires substantial capital commitments, which the Corporation cannot currently quantify (other than by way of estimation) and does not currently have in place. The Corporation can provide no assurance that it will be able to obtain financing on favourable terms or at all. If financing is not available, it could result in a delay or indefinite postponement of development or production on the Project, or in a loss of Project ownership or earning opportunities by the Corporation. The Corporation currently has no source of funding for the financing of the capital needs of its business and future activities, other than by the issuance of additional securities of the Corporation. If the Corporation is unable to generate revenues or obtain additional financing, any investment in the Corporation may be lost. Where the Corporation issues securities in the future, such issuance will result in the then existing shareholders of the Corporation sustaining dilution to their relative proportion of the equity in the Corporation. The Corporation may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs.

*Potash Ridge has a limited operating history and no history of mineral production*

The Corporation has a very limited history of operations and is in the early stage of exploration and development. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. Potash Ridge currently has no advanced exploration or development projects. The Blawn Mountain Project is an early-stage exploration project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Potash Ridge has no experience with development-stage mining operations and Potash Ridge can provide no assurance that the necessary expertise will be available if and when it seeks to place the Blawn Mountain Project into development. Potash Ridge has no experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel. There can be no assurance that Potash Ridge will have available to it the necessary expertise when and if it places the Blawn Mountain Project into production.

*The Corporation has not yet demonstrated the economic feasibility of the Project*

The Corporation has not completed pre-feasibility or feasibility level work and analysis that would allow it to declare proven or probable mineral reserves at the Project, and no assurance can be given that the Corporation will ever be in a position to declare a proven or probable mineral reserve on the Project. While a Preliminary Economic Assessment of the Project has been prepared, it is an early stage estimate that does not have sufficient certainty to constitute a pre-feasibility study or a feasibility study, and thereby enable the Corporation to declare mineral reserves. In particular, the Preliminary Economic Assessment contains the Corporation's estimated capital costs and operating costs which are based upon anticipated tonnage and grades of resources to be mined and processed, the expected recovery rates and other factors, none of which have been completed to date to a pre-feasibility study or a feasibility study level. Whether the Corporation completes a feasibility study on the Project and thereby delineates proven or probable mineral reserves depends on a number of factors, including: (i) the particular attributes of the deposit (including its size, grade, geological formation and proximity to infrastructure); (ii) commodity prices, which are highly cyclical; (iii) government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and (iv) environmental protection considerations. The Corporation cannot determine at this time whether any of these estimates will ultimately be correct or that the Project will prove to be economically viable. Therefore, it is possible that mineral reserves will never be identified at the Project, which would inhibit the Corporation's ability to develop the Project into a commercial mining operation, and in turn would have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

*Dependence on the Blawn Mountain Project*

The only material property interest of the Corporation is its interest in the Blawn Mountain Project. As a result, any adverse developments affecting the Blawn Mountain Project could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all.

The Corporation will need to acquire from a third-party rights to explore for alumina in respect of a tract of land within the Project in order to develop the Blawn Mountain Project as currently planned by the Corporation. There can be no assurances that the Corporation will be able to acquire the rights on terms that are satisfactory to it or at all. See "*Description of The Blawn Mountain Project — Project Description and Location*".

*Uncertainty of inferred and estimated mineral resources and historical information*

The figures for mineral resources contained herein are estimates only based on a number of assumptions in respect of the Project and, in particular, Areas 1 and 2. No assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral resources could be mined or processed profitably. The estimation of mineral resources is a subjective process and the accuracy of estimates is a function of quantity and quality of available data, the accuracy of statistical computations and the assumptions and judgments made in interpreting engineering and geological information. Such figures are estimates, and until the mineral resources are actually mined and processed, no assurance can be given that the indicated level of mineral resources will be produced. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Corporation's control. Fluctuations in the price of potash or by-products may render mineral resources containing lower grades of mineralization uneconomic. Market price fluctuations of potash may render the present mineral resources unprofitable for periods of time.

Fluctuation in potash prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimates. If the Corporation's actual mineral resources are less than its estimates, the Corporation's results of operations and financial condition may be materially impaired and there could be an adverse effect on the value of the Common Shares.

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. The estimates of mineral resources contained herein contain estimates of inferred mineral resources. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

The historical information acquired by the Corporation in respect of the NG alunite property relates to the development and production of an alumina mine and therefore not all of the information may be comparable for the purposes of SOP production. This information may also be incomplete and out of date. The historical resource estimates relating to the NG alunite property relied on by the Corporation for the Blawn Mountain Project may not be accurate and are difficult to relate to current resource assessments primarily due to the focus of past programs on alumina production with potash as a secondary product. Historical cut-off grades were based on  $Al_2O_3$  content and therefore skew the  $K_2O$  estimates contained herein since potassium was not optimized. None of the historical resource estimates are NI 43-101 compliant.

*The Corporation will employ a combination of technologies and processes*

The Corporation will employ a combination of proven technologies to produce SOP. Between 1973 and 1976, the Alumet Company undertook pilot plant testing of a similar process with a view to producing alumina as the primary product from alunite and SOP as a by-product. The Corporation plans to carry out pilot-scale testing on select process equipment types and sizes with the objective of optimizing the process whereby SOP will be the primary product. Management of the Corporation is not aware of a similar combination of processes currently being used by any producer of SOP. There can be no assurances that the pilot-scale testing will result in the expected optimization of the process. Depending on the outcome of this testing, the Corporation may need to alter the proposed process which could result in unanticipated and potentially significant costs to the Corporation or a delay in the development of the Project.

*The Corporation requires approvals, licenses and permits in connection with its current exploration and future development activities that may be delayed or may not be obtained*

Governmental approvals, licenses and permits are currently, and may in the future be, required in connection with the Project. To the extent such approvals, licenses and permits are delayed or not obtained, the Corporation may be delayed, curtailed or prohibited from proceeding with planned exploration, development or operation of the Project. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, and parties that were engaged in operations in the past, may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or the more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration and development expenses, capital expenditures or production costs or abandonment or delays in development of new mining properties.

*The Corporation requires the necessary water rights and water sources to support the proposed Blawn Mountain Project and those rights and sources may not be obtained*

The Corporation requires water rights to make use of the waters of the State of Utah for the Blawn Mountain Project. In addition, the Corporation will need to develop ground water resources sufficient to satisfy the needs of the Project. To the extent such water rights and water sources are required and not obtained, the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of the Project.

*Governmental and regulatory requirements could adversely impact the development of the Corporation's projects*

The mineral exploration activities (as well as the potential for eventual mining, processing and development activities) of the Corporation are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Government approvals, approval of aboriginal people and permits are currently, and may in the future be, required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties. Further, in connection with Beaver County's right of way ("**ROW**") application, if as a result of the Environmental Assessment ("**EA**") performed in connection therewith, the BLM determines that there is significant potential environmental effect, the BLM may proceed to conduct an Environmental Impact Statement ("**EIS**") which could delay the receipt of the ROW.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulators in the United States have the authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Corporation's mineral exploration and mining activities in the United States may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Corporation and could have a substantial adverse impact on the Corporation.

*Title to the Corporation's mineral properties cannot be assured*

The acquisition of the right to explore and/or exploit mineral properties is a detailed and time-consuming process. Although the Corporation is satisfied it has taken reasonable measures to acquire unencumbered rights to explore the Blawn Mountain Project, no assurance can be given that such property interests are not subject to prior unregistered or unrecorded agreements or interests or to undetected or other claims or interests which could be material or adverse to the Corporation.

The Blawn Mountain Project is the Corporation's only significant mineral property. There is no guarantee that the Corporation will exercise or be in a position to exercise the Lease Option. Until such time as the Lease Option has been exercised under the Exploration and Option Agreement and a lease issued, the Corporation's activities on the Project are limited to the terms and conditions contained in the Exploration and Option Agreement.

The potash prospecting permit applications previously filed on behalf of the Corporation for the Project do not allow any surface disturbing activities until such time as the prospecting permit applications have been approved. There is no guarantee that the prospecting permit applications will be approved. In order for a preference right lease to be issued on the basis of the exploration conducted under a prospecting permit, it must be determined that the lands are chiefly valuable for potash. There is no guarantee that a potash lease will ultimately be issued on the basis of the pending potash prospecting permit applications.

*Infrastructure and logistic requirements have not been fully determined*

Infrastructure and logistic requirements for the Project, which include roads, rail, port facilities, dams, dumps, stockpiles, leach pads, tailings disposal, power and pipelines, have not been fully determined and designed. The current condition of such infrastructure necessary to support the Project may not be adequate and there is no assurance that such infrastructure can be upgraded to meet the needs of the Project in a timely or cost-effective manner or at all.

*Resource exploration and development is a speculative business and involves a high degree of risk*

The marketability of natural resources which may be acquired or discovered by the Corporation will be affected by numerous factors beyond the control of the Corporation. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

*The extraction of minerals from a deposit may not be economically viable*

Substantial expenditures are required to develop a mine. No assurance can be given that mineral reserves will be discovered, or that mineral resources will be upgraded to mineral reserves, in sufficient quantities or grades to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all. It is also possible that the actual capital cost, operating costs, other economic parameters and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

There can be no assurance that the Corporation will be able to commence and complete development of the Blawn Mountain Project on time, on budget or at all due to, among other things, and in addition to those factors described above, a decline in potash prices, changes in input prices such as natural gas; changes in the economics of the Blawn Mountain Project; delays in receiving required consents including obtaining permits and licenses; the delivery and installation of plant and equipment; cost overruns; governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection; or that the Corporation's personnel, systems, procedures and controls will be adequate to support operations. Should any of these events occur, it would have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

*Commodity prices may affect the Corporation's value*

The potential viability of the Corporation's operations and the corresponding value of the Common Shares will be significantly impacted by changes in potassium chloride, potassium sulphate and sulphuric acid prices. Commodity prices fluctuate widely and are affected by numerous factors beyond the Corporation's control. The market prices for potash are affected by supply and demand rates, and may also be affected by a variety of unpredictable international economic monetary and political considerations. Macroeconomic considerations include: expectations of future inflation rates, the strength of and confidence in the U.S. dollar, the currency in which the price of potash is generally quoted and other currencies, interest rates, global or regional economic events and competition from other types of fertilizers. These and other factors will have an impact on the viability of the Blawn Mountain Project, including the Corporation's ability to secure additional financing that will be necessary for continued exploration activities.

*The Corporation may have difficulty recruiting and retaining key employees*

Recruiting and retaining qualified personnel will be critical to the Corporation's success. The Corporation's future success will depend, in large part, on attracting and retaining persons skilled raising development and construction capital and in the acquisition, exploration and development of mining properties. The availability of persons with these skill sets is limited and competition to retain such individuals is intense. As its business activity grows, the Corporation will require additional key financial, administrative, geological and mining personnel as well as additional operations staff. There can be no assurance that the Corporation will be successful in attracting, training and retaining qualified personnel with the skills necessary to meet its business objectives relating to the Project. The Corporation does not have key-man insurance in effect for management, and has no current plans to purchase any such policies. If the Corporation is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its business, financial condition and results of operations.

*Environmental risks and hazards*

All phases of the Corporation's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on and management requirements for the generation, transportation, storage and disposal of solid and hazardous waste. Environmental regulation is evolving in a manner which may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Potash Ridge cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect Potash Ridge. The completion of historical environmental studies on the Project does not guarantee that further environmental studies will not be required or that the environmental impacts of the exploration and development of the Project will be the same as those noted in such historical studies.

*The Corporation may become subject to litigation which may have a material adverse effect on its performance*

Although the Corporation is not currently subject to any litigation, it may become involved in disputes with other parties in the future which may result in litigation, the outcome of which cannot be predicted with certainty. If the Corporation were unable to resolve such disputes favourably, the resulting litigation could adversely affect the Corporation's financial performance, cash flow and results of operations.

*Construction schedule delays may adversely impact the financial position of the Corporation*

Delays in construction for a variety of reasons including availability of equipment, personnel, engineering complexity, permitting delays, financing delays, adverse weather conditions or other unforeseen circumstances may result in commissioning and start up delays that would negatively impact the Corporation's financial performance.

The Corporation is dependent on various supplies and equipment to carry out its exploration activities. The shortage of supplies, equipment and parts could have a material adverse effect on its ability to carry out its exploration activities and therefore limit or increase the cost of exploration and related activities. An increase in demand for services and equipment could cause exploration costs to increase materially, could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment. Any such material increase in costs could adversely affect the Corporation's financial condition.

*Climate conditions may cause delays and cost over-runs and inhibit future production*

Major weather events may result in delays in the development and construction of the Project, cost over-runs and may inhibit future production, any of which could have a material adverse effect on the Corporation's business, operations and financial results.

*The Corporation does not maintain insurance against all possible risks*

Although the Corporation maintains insurance against certain risks in amounts which management considers to be reasonable, its insurance may not cover all potential liabilities associated with its operations. The nature of liabilities for mining companies are such that liabilities may exceed policy limits, certain liabilities and hazards might not be insurable, or the Corporation might decide not to insure against certain liabilities because of high premiums or other reasons. Should such liabilities occur, the Corporation could incur significant costs that could have a material adverse effect upon its results of operations or otherwise affect its insurability and reputation in the market.

*Certain directors and officers may have conflicts of interest*

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development. To the extent that such other companies may participate in ventures in which the Corporation may participate, there exists the possibility for such directors and officers to be or come into a position of conflict.

*Global financial conditions may adversely affect the Corporation's financial position*

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk of economic shocks resulting from uncontrolled movements in the price of commodities, geopolitical instability or natural disasters. Governments may have limited resources to respond to future crises, and in some cases are burdened by considerable deficit creation or increasing sovereign default risk, including within the European Union. Interest rate increases implemented by central banks to contain inflation may further deteriorate businesses' ability to fund growth. These factors could impact Potash Ridge's ability to obtain equity or debt financing in the future on favourable terms. In such an event, there could be a material adverse impact on Potash Ridge's operations and financial condition.

*The Corporation has a foreign subsidiary*

The Corporation conducts its operations through Utah Alunite, its United States subsidiary. Therefore, the Corporation is dependent on the cash flows of Utah Alunite to meet its obligations. The ability of Utah Alunite to make payments to the Corporation may be constrained by the following factors: (i) the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which Utah Alunite operates; and (ii) the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

*Some of the Corporation's directors, officers and experts are resident outside of Canada*

Some of the Corporation's directors, officers and experts named herein are resident outside of Canada, and a majority of their assets are located outside of Canada. As a result, it may be difficult for investors to effect service of process within Canada upon those directors, officers or experts who are not residents of Canada, or to realize in foreign jurisdictions upon judgments obtained in Canada.

*Future sales of Common Shares by existing shareholders*

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares.

*If securities or industry analysts do not publish research or reports about the Corporation, if they change their recommendations regarding the Corporation adversely, or if the Corporation's operating results do not meet their expectations, the share price and trading volume could decline*

The trading market for the Common Shares is influenced by the research and reports that industry or securities analysts publish about the Corporation. If one or more of these analysts cease coverage or fail to regularly publish reports, the Corporation could lose visibility in the financial markets, which in turn could cause the share price or trading volume to decline. Moreover, if one or more of the analysts downgrade the Corporation or its shares or if the Corporation's operating results do not meet their expectations, our share price could decline.

*The Corporation has no record of paying dividends and does not expect to do so in the foreseeable future*

The Corporation has not declared or paid any dividends since the date of its incorporation and does not currently anticipate that dividends will be declared in the short or medium term. Any determination to pay dividends in the future will be at the discretion of the Board of Directors and will depend upon, among other things, the Corporation's results of operations, financial condition, contractual restrictions, capital expenditure and working capital requirements, restrictions imposed by applicable law and other factors the Board of Directors deems relevant.

### **Risks Relating to the Potash Industry**

*Risks and hazards inherent in the mining industry*

Mining exploration, development and operations are highly speculative and are characterized by a number of significant inherent risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and may result in the inability to develop a project. Some of these risks include but are not limited to environmental hazards, industrial accidents, labour disputes, unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, unanticipated ground or water conditions, cave-ins, flooding, rock bursts, fires, power outages and unfavourable operating conditions. There is no assurance that the foregoing risks will not occur and inhibit, delay or cease the development of the Blawn Mountain Project or other exploration or development activities, all of which would have a material and adverse impact on the Corporation's business, results of operations and financial condition.

Should any of these risks and hazards adversely affect the Corporation's future mining operations or exploration activities, it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue, it may require the Corporation to write down the carrying value of one or more mines or a property, it may cause delays or a stoppage in mineral exploration, development or production, it may result in damage to or destruction of mineral properties or processing facilities, and may result in personal injury or death or legal liability, all of which may have a material adverse effect on the Corporation's financial condition, results of operation, and future cash flows and could have an adverse effect on the value of the securities of the Corporation.

*Competition in the mining industry may adversely affect the Corporation*

The potash mining industry is intensely competitive. The Corporation competes with other local and global mining companies, many of which have greater resources and experience. Competition in the potash mining industry is primarily for properties which can be developed and can produce economically, the technical expertise to find, develop, and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Such competition may result in the Corporation being unable to acquire desired properties, to develop and integrate new technologies, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Corporation's inability to compete with other mining companies for these resources would have a material adverse effect on the Corporation's business and results of operations.

In the future, the Corporation may also compete with other mining companies in exporting and marketing its potash to foreign and domestic markets. The Corporation may also compete with other producers of sulphuric acid. Any inability to compete with established competitors for markets and in implementing advanced technologies would have a material adverse effect on the Corporation's business and results from operations.

*Demand for potash tends to be cyclical in nature*

Potash demand, as with demand for other commodities, tends to be cyclical in nature. During periods of increased demand, potash producers often engage in expansion and development projects to capitalize on favourable potash prices, leading to an increased supply for potash products. Such supply growth increases until supply exceeds demand, putting downward pressure on potash prices until the cycle repeats itself. Supply-demand imbalances may have a material adverse effect on the Corporation's business, financial performance and results of operations.

Potash demand is driven by a number of macroeconomic factors, including changes in global population, the availability of arable land, changes in diet and income growth. As the global population grows, demand for meat (which requires grain and other animal feed) and crops increase, which in turn drives demand for potash that can help increase yields from arable land. Future population growth in countries that are major potash importers, such as China, Brazil and India, will therefore be important to continued future demand for potash. Although it is expected that the amount of arable land per capita may decrease as the global population grows, deforestation activities or the cultivation of non-arable land for farming may mitigate this decrease or even increase the amount of arable land per capita, thereby reducing the need for potash and other fertilizers to maximize crop yields from existing arable land. Increasing incomes and strong economic conditions drive demand for meat and increase the ability of farmers to purchase potash products. Because economic conditions are cyclical in nature, economic downturns, such as the recent global recession, could have a material adverse effect on demand for potash and the Corporation's business, financial condition and results of operations.

*Weather patterns and natural disasters may affect future demand*

Adverse weather conditions, such as natural disasters, crop disease, pests and other anomalies in regional weather conditions may have a significant and unpredictable impact on the demand for potash that may impact future revenue. Agricultural production, at the regional level, is highly seasonal and farmers have narrow windows of time in a given season to cultivate and harvest crops. Should adverse weather cause unfavourable growing conditions and decreased agricultural production during these seasonal windows, the Corporation's revenues could be materially impacted.

## **DESCRIPTION OF THE BLAWN MOUNTAIN PROJECT**

### **Qualified Persons**

Steven B. Kerr, CPG, P.Ge., Lawrence D. Henchel, P.Ge., Jason N. Todd, QP, Robert I. Nash, P.Eng., and L. Ravindra Nath, QP of Norwest prepared for the Corporation the Technical Report. The Technical Report has been prepared in compliance with NI 43-101. Each of Steven B. Kerr, CPG, P.Ge., Lawrence D. Henchel, P.Ge., Jason N. Todd, QP, Robert I. Nash, P.Eng., and L. Ravindra Nath, QP, is a "**Qualified Person**" and independent of Potash Ridge within the meaning of NI 43-101. Portions of the text below are derived from or are a direct extract of the Technical Report. Readers should consult the Technical Report to obtain further information regarding the Blawn Mountain Project. The Technical Report is available for review on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Project Description and Location**

The Blawn Mountain Project is located in the southern Wah Wah Mountains in a rural area of Beaver County, southwest Utah, approximately 290 km from Salt Lake City. The nearest town, Milford (population of approximately 1,500), is approximately 50 km northeast of the Blawn Mountain Project and Cedar City (population of approximately 29,000) is located in Iron County and is approximately 90 km southeast of the Blawn Mountain Project. The Blawn Mountain Project consists of 18.5 sections of land owned by SITLA covering approximately 11,549.2 acres (4,673.8 hectares). The Project is entirely comprised of Utah State-owned land managed by SITLA. The lands immediately around the Project are predominantly federal lands managed by the BLM along with additional SITLA managed lands.



Utah is located at the convergence of three distinct geological regions: the Rocky Mountains, the Great Basin and the Colorado Plateau. It covers an area of almost 220,000 km<sup>2</sup> and is known for its natural diversity with features ranging from arid deserts with sand dunes to thriving pine forests in mountain valleys. Utah is the 10th least densely populated State in the United States and approximately 80% of the State's 2.8 million residents live along the Wasatch Front, centering on Salt Lake City, leaving vast expanses nearly uninhabited.

Mining has always played a major role in Utah's economy. Minerals mined in the State include potash, copper, gold, silver, molybdenum, zinc, lead and beryllium. Fossil fuels including coal, petroleum and natural gas also play a major role in Utah's economy. A Fraser Institute survey of mining companies published in February 2012 ranked Utah in the top quartile of jurisdictions to do business. Utah ranked highly with respect to labour relations and regulations, political stability, infrastructure, mineral potential, fiscal regime, legal, compliance and socio-economic issues. A study by Forbes Magazine in November of 2011 ranked Utah as the best State for business in the United States. The study measured six categories: costs, labour supply, regulatory environment, current economic climate, growth prospects and quality of life.

In April 2011, the Corporation entered into the Exploration and Option Agreement with SITLA which provides the Corporation with the exclusive right to explore potash, metalliferous minerals and clay minerals on a tract of land covering 11,549.2 acres (4,673.8 hectares). The Exploration and Option Agreement was amended on June 4, 2012 to include certain adjoining lands that became available for leasing and on August 21, 2012 to address the water right application filed by Utah Alunite and SITLA. Pursuant to the Exploration and Option Agreement, the Corporation acquired the Lease Option to convert its exclusive exploration right into a mineral lease at any time during the Option Period provided that it first obtains SITLA's approval of a positive pre-feasibility study for the development of the Blawn Mountain Project and subject to the payment to SITLA of US\$1,020,000. If and when production begins at the Blawn Mountain Project, the Corporation must pay SITLA a production royalty of 5% of the gross value of potash and clay minerals and 4% of the gross value for metalliferous minerals mined thereon. The mineral lease also establishes annual rental and minimum royalty payments to be paid in advance by the Corporation. The annual rental payment is US\$1 for each acre of land leased, subject to a minimum rental payment of US\$500. The

minimum royalty payment is US\$4 per acre of land leased, increasing by US\$1 per acre per year beginning with the sixth year of the lease. The annual rental and minimum royalty payments will be set-off against actual royalties payable for a given lease year.

There are four main zones of exploration and development identified by the Corporation within the Blawn Mountain Project. Area 1 is located along a northeast trending ridgeline in the northwest portion of the Project. Area 2 is located on another ridgeline, parallel to Area 1, extending from the centre of the Project towards the northeast corner. Area 3 is located in the southwest corner of the Project. The fourth zone, Area 4, is located east of Area 3 and south of Area 2.

Potash Ridge has the exclusive right to explore the Project for potash pursuant to the Exploration and Option Agreement. On January 7, 2013, the Corporation entered into new exploration leases with SITLA and acquired the exclusive right to explore an additional 480 acres (194 hectares) of land adjacent to the Project for metalliferous minerals and water. There is an existing 155 acre tract located within Area 2 included in the Exploration and Option Agreement that represents the central portion of Area 2 (approximately 25%) and is the subject of an existing mining claim of a third-party. This third-party claim does not include the right to explore for potash but does include the right to explore for certain other minerals such as alumina. The Corporation is evaluating its options to acquire these third-party rights.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Blawn Mountain Project is accessible by secondary roads maintained by Beaver County and located near highway and rail transportation. State Highway 21 passes 19 km to the north of the Project, connecting Milford, Utah with Ely, Nevada to the northwest. State highways SR-21 and SR-130 pass about 48 km east of the property connecting Milford, Utah to Cedar City, Utah to the south. Interstate 15 is located approximately 100 km to the east-southeast accessed via SR-21 and SR-130. The Union Pacific Railroad route connecting Salt Lake City, Utah to Las Vegas, Nevada passes approximately 32 km to the east of the Blawn Mountain Project. Two energy corridors pass to the east of the Blawn Mountain Project both of which trend roughly north-south. The first, located 35 km east of the Project, contains the Utah Nevada (UNEV) Gas Pipeline, the Intermountain Power Project electric transmission line, and the federally designated, multimodal West-wide Energy Corridor. The second, located approximately 40 km east of the Project, contains the Kern River gas pipeline. The West-wide Energy Corridor follows State Highway 21, 19 km north of the Blawn Mountain Project.

The Corporation will utilize an existing county-maintained road to access the Project to bring necessary utilities to the Project and initially to transport product to a rail load-out located close to the town of Milford, Utah. In its current condition, the road is not adequate to accommodate the type and amount of vehicles needed to support the Blawn Mountain Project. Additionally, the road is not wide enough to include the necessary utilities, which triggers the need to upgrade the road. The land adjacent to the road is managed by the BLM and impacts to this land required for expansion will require a right-of-way from the BLM. See "*— Regulatory Environment*" and "*— Permits and Authorizations*". Infrastructure and logistic requirements for the Project, which may include roads, rail, port facilities, dams, dumps, stockpiles, tailings disposal, power, and pipelines, have not been fully determined and designed.

Topographically, the Blawn Mountain Project is situated in a typical Basin and Range setting. The ranges, consisting of north-south trending mountains, are generally steep and rugged with mountaintop elevations up to 2,407.9 m above sea level. The ranges are separated by fault graben basins with deeply incised drainages. Pine Valley lies to the west of the Wah Wah Range and Wah Wah Valley lies to the east. The Blawn Mountain Project deposits occupy three of the smaller ridges in the southern Wah Wah Range. The mineral tracts include substantial low relief areas that have potential to support mine and plant facilities.

The Blawn Mountain area is semi-arid with hot, dry sunny summers of low humidity and cold winters. The average mean temperatures at Milford based on 30 years of observation range from  $-3.5^{\circ}\text{C}$  in January to  $23.5^{\circ}\text{C}$  in July. Extremes range from a record low of  $-37^{\circ}\text{C}$  to a record high of  $41^{\circ}\text{C}$ . Maximum temperatures in summer frequently exceed  $32^{\circ}\text{C}$ . Cold spells in winter with temperatures below  $-18^{\circ}\text{C}$  occur from time to time but seldom last for more than a few days. Temperatures at the Project would be cooler throughout the year than at Milford because Blawn Mountain is at higher elevation. Average annual precipitation at Milford is 213 mm with the wettest month being

March and the driest month being July. Snow does not generally persist in the valleys but can blanket the mountains through the winter season.

The Blawn Mountain Project is located in the pinyon-juniper community as defined by the BLM. This flora community is characterized by occurrence of Utah Juniper, single-leaf and double-leaf Pinyon Pine. Occasional patches of Mountain Mahogany, Gamble Oak, Ponderosa Pine, and Aspen occur at higher elevations with greater rain fall amounts. The valleys of the area have been extensively chained to remove Juniper and Pinyon and improve grass growth for grazing. Vegetation in the valleys is mixed shrub-grass community characterized by seven shrubs: Big Sagebrush, Black Sagebrush, Big Rabbitbrush, Small Rabbitbrush, Greasewood, Winterfat and Matchweed. Galleta, Indian Ricegrass and Cheatgrass are the most common grasses across the Project. An inventory by the BLM revealed no threatened or endangered species of vegetation.

The Blawn Mountain Project has no perennial streams. Water to support mining and milling will need to be sourced from ground water. US Geological Survey studies indicate substantial groundwater resources are present in the Wah Wah and nearby Pine Valley drainages. Acquiring sufficient water rights is one of the most significant issues for the Project. The Corporation has been pursuing sufficient water rights for the Project based upon the estimated water requirements (493-740 hectare metres) from preliminary design information. An application to appropriate the necessary water rights has been filed with the Utah State Engineer's Office by Utah Alunite and SITLA based upon estimated water requirements of the Project.

Construction of a mining operation and processing plant at the Blawn Mountain Project would require local resources of contractors, construction materials, employees, housing for employees and energy resources. The Milford area offers construction material such as sand and gravel from several sources, crushed limestone from the Graymont Limited lime plant in the Cricket Mountains to the north of Milford, crushed stone from a railroad ballast quarry just north of Milford and Portland cement from the Ashgrove Cement Company plant at Leamington approximately 145 km away. The nearby towns of Delta, Milford, Fillmore and Cedar City could provide mine and plant workers and furnish housing for the Corporation's employees. There are two nearby electrical corridors and there is sufficient electricity being supplied within the region from coal, geothermal and wind power plants.

### **History of the Project**

In 1970, Earth Sciences began to explore for alunite in Blawn Mountain including on the tracts of land contained within the Blawn Mountain Project. Earth Sciences referred to its project as the NG alunite property. The primary objective of Earth Sciences was to develop its NG alunite property as a domestic source of alumina. In 1970, Earth Sciences entered into a joint venture arrangement with Southwire Company and National Steel to open an alunite mine as a source of alumina to supply the National Steel/Southwire jointly owned aluminum plant in Kentucky. The joint venture of Earth Sciences, National Steel and Southwire was called the Alumet Company.

During Earth Sciences' ownership of the NG alunite property, the land and minerals in the Blawn Mountain area were managed by the BLM. In January 2001, control of large parcels of land and minerals, including the Blawn Mountain Project, were granted by the federal government to the State to provide a source of revenue from the management of surface use or mineral development. These "State sections" and other lands obtained through additional grants or exchanges from the federal government are managed by SITLA.

Earth Sciences records indicate a total of 320 drill holes were completed on the NG alunite property. 287 holes were completed at Area 1, 18 holes at Area 2, 12 holes at Area 3 and three holes at Area 4.

Earth Sciences used air-track percussion drilling and conventional rotary drilling in its exploration efforts. Air-track drilling was primarily used as a prospecting tool to test the ground where there were poor bedrock exposures. Rotary drilling was used to define subsurface geology and collect samples for analysis.

A mine plan for the first 25 years of projected operation at the NG alunite property was prepared in 1975. The location of the deposits on ridges and continuous mineral resources allowed for relatively simple quarry-type mining operations. The focus of the mine plan was the northern part of Area 1, where the bulk of drilling occurred.

From 1972 to 1976, Hazen conducted metallurgical work in respect of the NG alunite property. Bench testing took place in 1972 and, between 1973 and 1976, around 11 tonnes per day of alunite from Area 1 was processed at a pilot plant based in Golden, Colorado. The pilot plant incorporated alunite roasting technology acquired from the Soviet Union based on a pre-existing commercially operated alunite processing plant in Azerbaijan.

In 1975, Alumet Company completed a feasibility study for an alunite processing complex that was to be situated near Area 1. The feasibility study contemplated that the pit run alunite would be crushed near the pit and transported by conveyor belt to the processing plant. At the processing plant, the alunite was to be dehydrated and reduced with hot gases to drive off SO<sub>2</sub> for conversion to sulphuric acid. At the time, there was no ready market for sulphuric acid in the region; accordingly, this feasibility study incorporated the construction of a phosphate mine in Idaho where phosphate rock was to be combined with the sulphuric acid to produce phosphatic fertilizers. The alunite would then be water leached to dissolve out SOP and the leach residue and treated by a modified Bayer Process to produce alumina.

Environmental studies in respect of the NG alunite property were carried out by the Alumet Company and an Environmental Impact Statement was submitted in 1974. The BLM published a final environmental statement on August 26, 1977 (the "**ES Environmental Statement**"). The ES Environmental Statement addressed an alunite mine and processing plant complex that would produce approximately 453,600 tonnes of alumina and up to 335,650 tonnes of SOP. Approximately 3.6 million tonnes per year of alunite was to be utilized. There was to be a 240-acre (97.1 hectares) open pit alunite mine, a 175-acre (70.8 hectares) waste rock pile, a power plant, a tailings pond, a 32.2 km railroad spur, a 14.5 km access highway, a water well field and other support components. The socioeconomic and air quality impacts on nearby communities were also examined and comments sought and received from a variety of federal and local agencies. The ES Environmental Statement led to the issuance of potassium leases in February 1983 by the BLM.

By the early 1980s, however, the project had lost momentum, as a collapse in alumina prices and economic conditions made financing the project difficult. Earth Sciences acquired 100% of the project in 1986, however, it did not have sufficient capital to further advance the project and the leases were eventually relinquished in 1998.

## **Mineral Resources Estimates**

### Current Resource Estimates

Only Area 1 and Area 2 have sufficient geologic and analytical data to support resource estimation at this time. Areas 3 and 4 are defined by a limited number of historical holes, respectively, along with surface mapping. Areas 3 and 4 are recognized as future exploration targets.

Norwest has estimated resources from three dimensional geological block models ("**3DGBMs**") constructed in MineSight<sup>®</sup>, a software package developed by Mintec Inc. The estimate was prepared in compliance with NI 43-101 requirements for the definition of Mineral Resources. The 3DGBMs are based on the assays and lithologies of the current drilling database and on a series of 30 interpreted geological cross sections constructed through Area 1 and 29 cross sections constructed through Area 2.

A total of 403 drill holes including 34 twin validation holes in Area 1 and 50 infill holes in Area 2 have been completed. The geologic models are built from the assays and records of 222 drill holes. 147 of the drill holes were not used in the geologic database. A majority of these holes were air-track holes. The air-track drill was often used to prospect for bedrock under alluvium or to spot rotary holes. There are insufficient records for these holes to include them in the geologic model.

A number of criteria were established for determination of resources:

1. The validation process indicated from recent laboratory results that constituent values were as much as 20% higher than historical results for Area 1. It was therefore decided to utilize only the historical results for Area 1. This established more conservative analytical values but also ensured that a larger number of control points of common program origins would be incorporated into the quality

characterization of the deposit. By adopting this approach 60 holes were used to establish mineral grades for Area 1.

2. A statistical review of analytical results through the construction of a series of correlograms determined that there was no appreciable preferred orientation of grades for K<sub>2</sub>O and Al<sub>2</sub>O<sub>3</sub>. Down-hole variograms were also prepared and showed that there were no significant nugget effects or directionality to the data that would require more robust kriging approaches.
3. Analytical results were based on composites developed over 3 m intervals in each hole.
4. Four lithologic domains are represented in the geologic block models: Alunite, Clay, Dolomite and Silica.
5. The geologic block model for Area 1 has the overall dimensions of 1,798.3 m west to east, 1,188.7 m north to south and 426.7 m elevation range. The geologic block model for Area 2 has overall dimensions of 2,682.2 m west to east, 3,645.4 m north to south and 518.2 m elevation range. All units are in Utah State Plane — South coordinates, NAD27.
6. A standard cubic block size of 6.1 m, X-dimension, by 6.1 m, Y-dimension, by 6.1 m, Z-dimension, was used in both the Area 1 and Area 2 block models.
7. First pass data search radii for K<sub>2</sub>O estimation were 106.7 m and Al<sub>2</sub>O<sub>3</sub> were 76.2 m for both models. Second pass data search radii for K<sub>2</sub>O and Al<sub>2</sub>O<sub>3</sub> were 304.8 m for Area 1 and 609.6 m for Area 2. The larger search radii for the Area 2 model was used to account for the more widely spaced drilling.
8. Topographic data for the Area 1 block model is sourced from a US Geological Survey digital terrain model. The digital terrain model has a 10 m resolution. Topographic data for the Area 2 block model is sourced from a Utah Automated Geographic Reference Center digital elevation model. The digital elevation model has a 5 m resolution.
9. Resource classification is based on set distances from drillhole sample intervals in 3D space. These distances were based on semi-variogram analysis of K<sub>2</sub>O and Al<sub>2</sub>O<sub>3</sub> sample data as shown in the following table:

<b>Classification Criteria</b>			
	<b>Measured</b>	<b>Indicated</b>	<b>Inferred</b>
K <sub>2</sub> O.....	< 45.7 m	< 106.7 m	< 304.8 m
Al <sub>2</sub> O <sub>3</sub> .....	< 45.7 m	< 76.2 m	< 304.8 m

10. The assumed density of alunite and waste was established at 2.464 tonnes / m<sup>3</sup> as derived from estimates used previously by Earth Sciences (1974). Norwest believes that this bulk density factor is reasonable for this deposit type.
11. The boundaries of the deposit were defined by the applied radii of influence of drill holes or interpreted structural controls such as known bounding fault systems and alteration limits.
12. Both visual and calculated validation of model block values to posted drill assay values show strong correlation.

Resource classification is based on the CIM Standards on Mineral Resources and Reserves, a set of definitions and guidelines established by the Canadian Institute of Mining and Metallurgy and Petroleum. The following table shows the classified resource estimate for Areas 1 and 2 using a 1.00% cut-off grade:

NI 43-101 Compliant Resources								
	Measured and Indicated Resources				Inferred Resources			
Area	Resource Tons (000's)	Alunite Grade	SOP Tons (000's)	SOP Grade <sup>(1)</sup>	Resource Tons (000's)	Alunite Grade	SOP Tons (000's)	SOP Grade <sup>(1)</sup>
1	156,285	37.6%	9,315	15.8%	392	46.5%	24	13.1%
2	464,442	35.6%	26,395	15.9%	250,768	34.7%	13,476	15.5%
<b>Areas 1 &amp; 2</b>	<b>620,727</b>	<b>36.1%</b>	<b>35,710</b>	<b>15.9%</b>	<b>251,160</b>	<b>34.7%</b>	<b>13,500</b>	<b>15.5%</b>

Note:

(1) Calculated SOP content of alunite mineral.

In Area 1, at a 1% K<sub>2</sub>O cutoff grade, there is a combined measured plus indicated resource of 156 million tons (141.5 million tonnes) of material carrying an average grade of 3.22% K<sub>2</sub>O and 13.90% Al<sub>2</sub>O<sub>3</sub>. The calculated potassium sulfate grade (K<sub>2</sub>SO<sub>4</sub>) at a 1% K<sub>2</sub>O cut-off grade is 5.96%. This cut-off grade maximizes the tons while providing a quantity of K<sub>2</sub>SO<sub>4</sub> deemed suitable by current processing studies. Increasing the cut-off to 3% K<sub>2</sub>O reduces the combined tons of material to 81 million tons (73 million tonnes). Average grade at a 3% K<sub>2</sub>O cut-off is 4.20% K<sub>2</sub>O and 15.35% Al<sub>2</sub>O<sub>3</sub> with a calculated equivalent grade of 7.77% K<sub>2</sub>SO<sub>4</sub>. Approximately 66% of the identified resources are classified as measured and 34% as indicated resource.

In Area 2, at a 1% cut-off grade, there is a combined measured plus indicated resource of 464 million tons (421 million tonnes) of material carrying an average grade of 3.07% K<sub>2</sub>O and 13.16% Al<sub>2</sub>O<sub>3</sub>. The calculated potassium sulfate grade (K<sub>2</sub>SO<sub>4</sub>) at a 1% K<sub>2</sub>O cut-off grade is 5.68%. This cut-off grade maximizes the tons while providing a quantity of K<sub>2</sub>SO<sub>4</sub> deemed suitable by current processing studies. Increasing the cut-off grade to 3% K<sub>2</sub>O reduces the combined tons of material to 260 million tons (236 million tonnes). Average grade at a 3% K<sub>2</sub>O cut-off is 3.74% K<sub>2</sub>O and 13.95% Al<sub>2</sub>O<sub>3</sub> with a calculated equivalent grade of 6.92% K<sub>2</sub>SO<sub>4</sub>. Approximately 15% of the identified resources are classified as measured, 50% as indicated resource and 35% as inferred resource.

There are no mineral reserve estimates associated with the Technical Report.

#### Historic Resource Estimates

The following table presents historical resource estimates prepared by Earth Sciences in 1974 for Areas 3 to 4 that were part of the NG alunite property. The historic resources are not NI 43-101 compliant although reasonable methodologies were applied at the time. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves. The Corporation is not treating the historical estimates as current mineral resources or mineral reserves, the estimates are conceptual in nature, as there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. Previous estimates are difficult to relate to the current assessment for several reasons: historical estimates centered on alumina as the primary product with potash as a secondary product; cut-off grades were based on Al<sub>2</sub>O<sub>3</sub> rather than K<sub>2</sub>O and therefore skew the K<sub>2</sub>O estimates since potassium was not optimized; historical estimates for K<sub>2</sub>O and K<sub>2</sub>SO<sub>4</sub> were calculated by Norwest based on historical Al<sub>2</sub>O<sub>3</sub> contents by applying a multiplier of 0.2809 to Al<sub>2</sub>O<sub>3</sub> to derive K<sub>2</sub>O content; and potassium sulphate, K<sub>2</sub>SO<sub>4</sub>, was calculated from K<sub>2</sub>O using a factor of 1.8493. See "*Risk Factors — Uncertainty of inferred and estimated mineral resources and historical information*".

Non NI 43-101 Compliant Calculated Historic Resources								
	Measured and Indicated Resources				Inferred Resources			
Area	Resource Tons (000's)	Alunite Grade	SOP Tons (000's)	SOP Grade <sup>(1)</sup>	Resource Tons (000's)	Alunite Grade	SOP Tons (000's)	SOP Grade <sup>(1)</sup>
3	11,600	44.0%	987	19.3%	281,400	44.0%	23,950	19.3%
4	51,700	36.5%	3,667	19.4%	49,200	38.0%	3,645	19.5%
<b>Total: Areas 3 &amp; 4</b>	<b>63,300</b>	<b>37.9%</b>	<b>4,654</b>	<b>19.4%</b>	<b>330,600</b>	<b>43.1%</b>	<b>27,595</b>	<b>19.3%</b>

Note:

(1) Calculated SOP content of Alunite mineral.

### Preliminary Economics

The Preliminary Economic Assessment has been prepared for the Blawn Mountain Project. Production volume is planned at 750,000 tons (680,000 tonnes) of SOP per year for the expected 30 year life of the Project. Future studies are recommended to expand the resource base and extend the life of the Project beyond the expected 30 year mine life provided for in the Preliminary Economic Assessment.

As a result of the SOP production process, 1.8 million tons (1.6 million tonnes) of sulphuric acid are expected to be produced annually. This will require an annual average of 17.1 million tons (15.5 million tonnes) of alunite which fluctuates within a small range depending on the grade being mined in a given year. Over the expected 30 year life of mine of the Project, it is expected that 22.6 million tons (20.5 million tonnes) of SOP and 54.2 million tons (49 million tonnes) of sulphuric acid could be produced based on the Preliminary Economic Assessment.

The Preliminary Economic Assessment envisions a two year construction period for the Project. Pre-production cash outflows are expected to total US\$1.3 billion over this period. Cash flows after payback are expected to average US\$288 million per year for a total expected net cash flow of US\$7.2 billion over the life of the Project.

Assuming a long term average price of US\$640 per ton for SOP and US\$130 per ton of sulphuric acid, the Preliminary Economic Assessment indicates a net present value at a 10% discount rate of US\$1.3 billion (after tax). This estimate includes the expected capital costs to construct a sulphuric acid plant. The internal rate of return for the Project is expected to be 21.3% and payback is expected to occur seven years after the commencement of the two year construction phase. The expected total cash cost per unit is expected to be US\$92 per ton of SOP and sulphuric acid produced.

*The Preliminary Economic Assessment is preliminary in nature, and includes inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in the Preliminary Economic Assessment will be realized.*

### Infrastructure, Capital and Operating Costs

#### Infrastructure

As the Blawn Mountain Project is a greenfield project, it will require the development of new infrastructure to conduct mining and processing operations.

A county road which begins at SR-21 will be the main access road to the Project site. Currently, the road is an unpaved, dirt surface road, which is maintained by the Beaver County Road Department. Improvements to this road will be necessary to accommodate vehicles transporting material to and from the Project. Improvements may include

increasing the width of the road, raising the existing grade, installing drainage culverts and roadside drainage ditches, and providing a gravel or asphalt paved driving surface.

The Corporation anticipates that a railway terminal will be required to transport the SOP and sulphuric acid produced by the Corporation. The railway terminal may also be necessary to deliver the diesel fuel required to operate machinery and equipment at the Project. Alternatively, diesel fuel can be transported to the Project by tanker truck. The Corporation expects that it will build a new rail siding including the required storage and loading facilities along the rail line to the north or south of Milford. Large volumes of sulphuric acid will be transported by truck to the rail terminal. Discussions with Union Pacific will be required to identify equipment availability and supply requirements, storage and facility location, yard and mainline operation and other associated railway related issues.

Based on an initial review of the availability of electrical power for the Project, the Corporation expects that initial power for the Project will be supplied by a stand alone on-site power plant.

### Financial and Sensitivity Analysis

The internal rate of return for the Project is expected to be 21.3%. Expected after tax net present values for the Project at discount rates of 8%, 10%, and 12% are shown in the following table:

<b>Net Present Value Results</b>			
<b>Discount Rate</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>
After Tax Net Present Values	US\$1.9 billion	US\$1.3 billion	US\$0.9 billion

The table below shows the expected sensitivity of the Project's economics to changes in selling price, direct operating costs and capital costs. The expected economics of the Project are more sensitive to selling price than changes in capital or operating costs.

<b>Sensitivity Analysis</b>			
<b>Discount Rate</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>
Base Case	US\$1.9 billion	US\$1.3 billion	US\$0.9 billion
10% Increase in Selling Price	US\$2.3 billion	US\$1.7 billion	US\$1.2 billion
10% Decrease in Selling Price	US\$1.5 billion	US\$1.0 billion	US\$0.7 billion
10% Increase in Operating Costs	US\$1.8 billion	US\$1.2 billion	US\$0.8 billion
10% Increase in Capital Costs	US\$1.8 billion	US\$1.2 billion	US\$0.8 billion

### Capital Costs

The Corporation estimates that it will incur capital costs of approximately US\$1.3 billion to develop, construct and bring the Blawn Mountain Project into commercial production. Sustaining capital expenditure is estimated to amount to an additional US\$162 million spread over the 30 year mine life, inclusive of a contingency. Capital costs for both the processing plant and mine are summarized in the following table:

<b>Total Project Capital Estimate (in millions of USD)</b>					
	<b>Year -2</b>	<b>Year -1</b>	<b>Total Construction and Development Capital</b>	<b>Sustaining Capital</b>	<b>Total Life of Project Capital</b>
Processing Plant	\$547	\$548	\$1,095	\$87	\$1,182
Mining Operation		\$40	\$40	\$65	\$105
Contingency	\$80	\$85	\$165	\$10	\$175
<b>Total</b>	<b>\$627</b>	<b>\$673</b>	<b>\$1,300</b>	<b>\$162</b>	<b>\$1,462</b>

The estimate excludes the capital costs required to construct third party facilities such as a powerhouse and water treatment facility as the Corporation anticipates that these facilities may be constructed under build-own-operate or joint venture arrangements, thereby mitigating the requirement for the Corporation to fund their construction. However, the estimate does include capital costs for a sulphuric acid plant. The Preliminary Economic Assessment for the Project includes the capital and operating costs for the sulphuric acid plant, but only the operating costs for the powerhouse and water treatment plant. The rates used are assumed to cover operating costs, return on capital for the operator, recovery of capital and operating expenses. The estimated cost for the powerhouse services is approximately US\$160 million, the sulphuric acid plant is approximately US\$180 million and the water treatment plant is approximately US\$40 million. These estimates have an indicative accuracy range of -30% / +50%.

The following table summarizes the estimated capital costs for the Project by area:

<b>Cost Breakdown by Area (in millions of USD)</b>	
<b>Description</b>	<b>Total Cost</b>
<b>Direct Cost Summary</b>	
Primary Crushing	\$16.6
Alunite Stockpile-and-Reclaim	\$24.2
Wet Grinding and Classification	\$76.7
Flotation and Flotation Concentrate, Solid/Liquid Separation	\$34.2
Flotation Concentrate and Tailings Dewatering	\$31.7
Concentrate Drying and Calcination.	\$198.5
Calcine Leaching and Solid/Liquid Separation	\$21.5
Crystallization and SOP Product Solid/Liquid Separation	\$192.9
Product Drying, Compaction, Storage and Load Out	\$36.6
Auxiliary Services — Fire Protection	\$3.2
<b>Total Direct Costs</b>	<b>\$636.0</b>
<b>Indirect Cost Summary</b>	
Engineering Procurement and Construction Management Cost	\$127.2
Construction Related Cost	\$139.9
Contingency and Tax	\$172.1

<b>Total Indirect Cost</b>	<b>\$439.2</b>
<b>Subtotal Project Cost</b>	<b>\$1,075.2</b>
<b>Third Party Cost Summary</b>	
Third Party Power House Services	\$160.0
Third Party Sulfuric Acid Plant.	\$180.0
Third Party Water Treatment Plant	\$40.0
<b>Total Third Party Cost</b>	<b>\$380.0</b>
<b>Total Installed Project Cost</b>	<b>\$1,455.2</b>

### Operating Costs

Expected average annual operating costs for the processing and mining operation are shown in the following table. All costs are stated in constant 2012 dollars, there is no provision for inflation.

<b>Average Annual Plant and Mine Direct Operating Costs (in millions of USD)</b>	
<b>Direct Plant and Mine Operating Costs</b>	<b>Life of Plant Annual Average</b>
<b>Mining</b>	
Labour and Benefits	\$12
Materials and Consumables	\$21
<b>Total Mining</b>	<b>\$33</b>
<b>Processing Plant</b>	
Labour and Benefits	\$27
<b>Materials and Consumables</b>	
Crushing and Grinding	\$15
Floatation	\$11
Calcination	\$47
Leaching and Crystallization	\$4
Drying and Compaction	\$3
Powerhouse	\$23
Water Treatment Plant	\$3
Acid Plant	\$4
Contingency	\$18
<b>Total Processing Plant</b>	<b>\$155</b>
<b>Total Direct Operating Costs</b>	<b>\$188</b>

### Cash Production Costs

Additional cash production costs include site general and administrative expenses, property taxes and insurance, corporate overhead and royalties. The total cash cost is estimated to be US\$92 per ton of SOP and sulphuric acid on average over the life of the mine. These costs, except royalties, were estimated by management of the Corporation. Royalties are based on the Exploration and Option Agreement which provides for a royalty of 5% and 4% of the selling price for SOP and sulphuric acid respectively. Total cash production costs are shown in the table below.

<b>Total Cash Production Summary</b>		
<b>Total Cash Production Costs</b>	<b>Unit</b>	<b>Life of Plant Annual Average (in millions of USD)</b>
SOP Tons Sold	750,000 tons	
Sulphuric Acid Tons Sold	1.8 million tons	
	(USD)	
Direct Plant and Mine Cash Production Costs	\$73 per ton	\$188
Royalties	\$13 per ton	\$33
Site General and Administrative Expenses	\$2 per ton	\$5
Property Taxes and Insurance	\$3 per ton	\$6
Corporate Overhead	\$1 per ton	\$3
<b>Total Cash Production Costs</b>	<b>\$92 per ton</b>	<b>\$235</b>

### Markets and Contracts

The SOP produced from the Blawn Mountain Project is expected to be marketed to the global fertilizer industry, which is a large component of the global chemicals industry. Fertilizers consist of essential plant nutrients which are applied to farmed crops in order to achieve favourable quality and yield. They replace the nutrients that crops remove from the soil, thereby sustaining the quality of crops, and are considered the most effective means for growers to increase yield. The key components of agricultural fertilizers are nitrogen (anhydrous ammonia and urea), phosphates (ammonium phosphates and superphosphates derived from phosphate rock), and potassium (potash). Sulphur has gained increased attention in the fertilizer industry over the past several years due to the realization that crops were becoming sulphur deficient. Sulphur is necessary for the production of protein, fostering activity and the development of enzymes and vitamins. Global fertilizer demand is expected to increase greatly in the coming years due to world population growth accompanied by decreasing arable land per capita, changes in diet and growth in alternative fuels which use crops as feedstock.

### Environmental, Social and Community

The Corporation has not to date identified any significant environmental, social or community risks.

### Taxes

Income taxes applicable to the Project include both U.S. Federal and State of Utah corporate taxes. The Preliminary Economic Assessment assumed a blended tax rate of 38.25% applicable to the Project and applied this rate to estimated taxable income from the Project. For purposes of the Preliminary Economic Assessment, tax depreciation was calculated based on U.S. Federal tax regulations and percentage depletion was also taken as a deduction in computing taxable income.

## Regulatory Environment

Mining and processing operations in the United States must comply with all applicable federal and state regulations. Operations located in Utah require compliance with federal as well as state mining and environmental regulations. Utah has primacy over major environmental disciplines including mining, air and water permitting. The Project is located in southwestern Utah on State controlled land. As a result, most of the permits that the Corporation will need to develop, build and operate the Project will be sought from State agencies. Nonetheless, vast amounts of land in Utah are managed by the BLM due to the presence of either federally-controlled surface land or federal mineral ownership. The lands surrounding the Project are predominately federally managed by the BLM.

When federal lands (minerals or surface) are impacted by a project, federal approvals are required from the applicable land management agency, most commonly the BLM. Federal actions requiring permits or approvals trigger an environmental review under the National Environmental Policy Act ("NEPA"). The level of scrutiny a project receives is based upon the land management agencies' discretion and the significance of impacts to the environment. When impacts are potentially more significant, an EIS may be required. This process can take several years and involves multiple agencies and extensive public input. When impacts are less significant, the federal permit or approval can be substantiated with an EA, which is an abbreviated process that generally can be accomplished within six to 12 months. Regardless of the process that applies, environmental impacts of any project on federal land must be evaluated prior to receiving federal authorization to proceed.

The Project is located on SITLA controlled mineral and surface land. Because SITLA controls both surface and mineral resources on the parcel, the potential for federal involvement under NEPA is minimal.

## Permits and Authorizations

The following table identifies the major permits and authorizations that the Corporation expects to be required prior to the development, construction and start-up of the Blawn Mountain Project. In addition to the permits noted below, other ancillary environmental authorizations may need to be obtained including, spill control and response plans, solid and/or hazardous waste management authorizations, hazardous materials transportation authorizations, authorizations for the use of low level radioactive sources and hazardous chemical training for employees.

Any delays in obtaining the permits and authorizations discussed below could result in significant delays to the development of the Project. See "Risk Factors".

<b>Major Required Permits</b>	
<b>Major Permits or Approvals</b>	<b>Issuing Agency</b>
Federal Right-of-Way	United States Bureau of Land Management
Mining Permit	Utah Division of Oil, Gas and Mining
Water Appropriations	Utah Division of Water Rights
Groundwater Discharge Permit	Utah Division of Water Quality
Air Approval Order (Prevention of Significant Deterioration)	Utah Division of Air Quality
Title V Air Permit	Utah Division of Air Quality
Construction and Industrial Storm Water Permit	Utah Division of Water Quality
Dredge and Fill Permit	United States Army Corps of Engineers
County Conditional Use Permit	Beaver County

### *Federal Right of Way*

An existing county maintained road (Wah Wah Valley Road) provides access to the Project. Potash Ridge will utilize this road to access the Project to bring necessary utilities to the area and initially to transport product to a rail load-out located close to the town of Milford some 48 km away. In its current condition, the road is not adequate to accommodate the type and amount of vehicles needed to support the Project. Additionally, the road is not wide enough to include the necessary utilities, which triggers the need to upgrade the road. The land adjacent to the road is managed by the BLM and impacts to this land required for expansion will require a ROW from the BLM.

The Wah Wah Valley road provides access to the Blawn Mountain Project and several other SITLA parcels, and also provides access to areas with potential for renewable energy project development. To help encourage these development opportunities, Beaver County has applied for the ROW on the basis that improvement of the road for future uses will enhance economic development in the county as well as adjacent counties. The ROW is being pursued by Beaver County under a separate action under NEPA not directly connected to the Project. The BLM is currently preparing an EA to evaluate the potential impacts from the ROW. The ROW is expected to be granted in the first half of 2013.

### *Utah Division of Oil, Gas and Mining — Notice of Intent*

All hardrock mining operations, such as the Blawn Mountain Project, that disturb more than five acres (two hectares) of land must file a Notice of Intent ("NOI") and obtain approval from the Utah Division of Oil, Gas and Mining ("DOG M") prior to beginning operations. Permit applications must contain a complete description of the environmental resources and impact analysis in the area to be mined, a description of mining methods, a comprehensive reclamation plan and a financial security instrument acceptable to DOGM to cover the costs of reclamation to be completed by an independent third- party.

Potash Ridge needs to complete the environmental baseline studies for the Project, and complete the mining and reclamation plan. Preparation, submittal and approval of the NOI can typically be completed within one year assuming sufficient planning is integrated into the baseline data collection schedule, a comprehensive, well organized application is submitted, and the project is not highly controversial. Mining permit approval time is typically nine to 12 months. NOI approvals can be challenged by interested parties which can extend final authorization.

### *Utah Division of Water Rights — Water Appropriations*

Acquiring sufficient water rights is a key issue for the Blawn Mountain Project. The Corporation has been actively pursuing sufficient water rights for the Project based upon the estimated water requirements (493-740 hectare metres per year) from preliminary design information. More accurate projections will be developed as part of the next level of engineering. Management is strongly focused on reducing water consumption for the Project. An application to appropriate the necessary water rights has been filed with the Utah State Engineer's Office by Utah Alunite and SITLA based upon current estimated water requirements of the Project. The State Engineer's Office is currently reviewing the application. A small number of protests have been received regarding the application, including protests from federal and county agencies. One protester has requested a formal hearing regarding the application. Although it is early in this process, these protests are not expected to impact the receipt of the necessary water appropriations for the Project or the timing of such receipt. The State Engineer's Office does not have a fixed timeline to respond to applications, however, a permit decision is expected by mid-2013.

### *Utah Division of Water Quality — Groundwater Discharge Permit*

Mining projects that include a potential source of contamination to groundwater resources must complete a groundwater discharge permit application. The Utah Division of Water Quality will review the application and determine if a permit is required as, in some cases, a permit is not required. If a permit is required, points of compliance and effluent limits will be negotiated for the various potential sources of compliance.

Groundwater discharge permit applications will require the Corporation to complete sufficient groundwater investigations to be able to evaluate potential impacts to the resource and, if necessary, provide sufficient mitigation. As part of the Corporation's exploration drilling program, it will complete a sufficient number of groundwater wells to develop a sound understanding of the hydrogeology of the region. To date, five groundwater wells were completed to help characterize the hydrologic conditions of the lease area. The hydrologic interpretation will be included in the groundwater permit application. Actual permit processing time is based upon the thoroughness and level of organization of the application and whether there are sensitive groundwater issues (source and quality) in the area where the Project is located. Groundwater permit applications typically are processed in approximately nine to 12 months.

#### *Utah Division of Air Quality — Air Quality Permit*

In Utah, all sources that emit certain regulated pollutants are required to obtain an Approval Order from the Utah Division of Air Quality ("UDAQ"). The Project is located in an Attainment Area which is a designation assigned to air sheds that meet the National Ambient Air Quality Standards. The Project is also located in relatively close proximity, approximately 160 km, to at least one Federal Class I air shed, Zion National Park. Federal Class I air sheds include most National Parks or other pristine air sheds where air quality values that enhance the visitors experience are protected. Permitting requires sources to establish baseline meteorological data and background concentrations for certain regulated pollutants, and conduct modeling to predict the dispersion of emissions from the source.

In addition to the required Approval Order, sources that emit certain regulated pollutants in excess of certain levels are deemed "major sources" and are required to obtain a Title V air permit. Sources that emit more than 227 tonnes per year of certain regulated pollutants are considered to be major sources under the Clean Air Act. For purposes of classifying the Blawn Mountain Project, its emissions are projected, based upon preliminary plant design calculations, to exceed 227 tonnes per year for several pollutants including SO<sub>2</sub>, NO<sub>x</sub>, O<sub>3</sub>, and coarse and fine particulates. The Corporation's preliminary estimates of greenhouse gas emissions are projected to exceed 90,700 tonnes per year, which triggers the need to include those pollutants within the Title V permit.

Potash Ridge has been proactive in addressing the regulatory requirements to obtain the needed air quality permits by meeting with the UDAQ and identifying the level of investigation required to obtain the permits. A monitoring plan was prepared by Potash Ridge and approved by UDAQ. In September 2012, an air monitoring station was installed near the Project and a particulate monitoring station was installed closer to Milford, Utah at a location approved by the UDAQ. This monitoring station will gather air quality data for approximately one year.

The air quality permits will be the longest lead-time permits based upon the requirement to collect background air quality data and drive the overall environmental permitting schedule for the Project. After gathering the one year of baseline data, the application preparation and approval can take between 12 and 15 months. The timeline for permit approval can be reduced by submitting a thoroughly complete and technically correct application, and by supporting the UDAQ efforts to coordinate approval with the Federal Land Manager for Class I airsheds. Early submittal of modeling results prior to submitting the entire application can also help expedite this process.

#### *Utah Division of Water Quality — Storm Water and Point Source Discharge Permit*

Project construction requires a National Pollutant Discharge Elimination System ("NPDES") storm water permit for construction activities to control off-site sedimentation. In addition, the ongoing operations will require a NPDES storm water permit for industrial activities. Utah has obtained full jurisdiction from the Environmental Protection Agency for implementing NPDES requirements. The storm water pollution prevention plan will be developed from the mining and reclamation plan. The storm water pollution prevention plan must be fully developed and permit coverage for the construction activities granted prior to breaking ground at the Project. Once the Project is on-line and point sources (sediment ponds) are required, the NPDES permit for industrial activities for these sources will be required.

Both the storm water pollution prevention plan and the NPDES design requirements will be developed as part of the drainage control plan for the mine. If impoundments are larger than 2.5 hectare metres in capacity or exceed 6 vertical metres from base elevation on the downstream side, a Dam Safety Certification will be required from the

State and Mine Safety and Health Administration. These authorizations are common to the industry and will evolve from design work associated with the Project.

Lead times for the NPDES and Dam Safety Certification approvals typically take six to nine months.

#### *Army Corps of Engineer's — Dredge and Fill Permit*

The United States Army Corps of Engineers ("ACOE") regulates Section 404 of the Clean Water Act. Section 404 permits under the Clean Water Act are required to fill or dredge "jurisdictional" waters or waterways of the United States. Permits or approvals granted by the ACOE require NEPA compliance because it constitutes a federal action. Mining-related small scale impacts to jurisdictional waters, less than 0.5 acres, may qualify under a Nationwide Permit which would not require a NEPA analysis.

A preliminary determination of ACOE jurisdictional waters for the proposed access road to the Project was completed. Though some areas along the road corridor may fall within categories for which ACOE generally will assert jurisdiction, the Corporation plans to avoid these areas entirely, or to keep the disturbance level below 0.5 acres (0.2 hectares), to qualify for a Nationwide Permit.

A follow-up preliminary determination of jurisdictional waters was completed for lands within the SITLA tract boundary. This work did not constitute a formal, approved jurisdictional determination which the ACOE is required to endorse, but was completed to establish areas with potential jurisdictional waters. This assessment evaluated a few small areas of potential jurisdiction. The Corporation expects to avoid these areas, or to maintain disturbance to less than 0.5 acres (0.2 hectares) required for a Nationwide Permit.

#### *Beaver County — County Conditional Use Permit*

The Corporation will be required to obtain from Beaver County a Conditional Use Permit ("CUP") for the Project. CUPs focus on direct impacts to the social fibre of the community and the impacts to infrastructure. The CUP will require an analysis of the impacts on social programs including schools, medical facilities, law enforcement and employee housing, as well as traffic and noise. Anticipated time for processing a CUP is expected to be two to three months, once all the supporting studies have been completed.

### **Geological Setting**

#### Regional Geology

The Blawn Mountain Project is located in the southern Wah Wah Mountains, of the eastern Basin and Range province, in an area characterized by a thick Paleozoic sedimentary section that was (i) thrust faulted during the Sevier orogeny, (ii) buried under a thick layer of regionally distributed Oligocene volcanic rocks and locally derived volcanic rocks, (iii) extended to the west by the Basin and Range event, (iv) altered by H<sub>2</sub>S rich hydrothermal alteration related to a postulated shallow laccolithic intrusive which domed and altered the overlying calc-alkaline volcanic rock, and (v) affected by continual erosion of the ranges contributing to colluvial and alluvial deposition in the valleys. The Blawn Mountain Project is located along the Blue Ribbon lineament within the Pioche mineral belt, a tectonic, structural, and igneous zone that contains a large number of metallic mineral mining districts with almost two dozen associated alunite veins and replacement deposits.

Regional rock strata underlying the Wah Wah and Blawn Mountain areas are Proterozoic to Cenozoic Era in geologic age. Rock strata consist of varying types of volcanic tuffs, rhyolites, mafic flows, basalts, quartzites, limestones, dolomites, sandstones and shales. Also present are brecciated zones associated with volcanic and faulting activity.

During the Late Cretaceous Sevier orogeny the Blawn Mountain Project region was subjected to thrust faulting and folding. Major thrust faults are the Wah Wah, Teton, Dry Canyon and Blue Mountain. The Wah Wah thrust emplaced upper Proterozoic and overlying Cambrian strata over Ordovician to Pennsylvanian strata. The Teton thrust emplaced Ordovician and Silurian strata over Silurian and Devonian carbonates and the Dry Canyon thrust

emplaced Silurian and Devonian carbonates over Pennsylvanian and Mississippian strata. The Blue Mountain thrust emplaced Cambrian and younger age carbonates over Jurassic strata.

Regionally there are four sets of normal faults that relate to Basin and Range block faulting. These faults generally trend west-northwest, northeast, northwest and north-south. The Blawn Wash area is a graben bounded by west-northwest and northeast faults and the bounding volcanic ridges that host the alunite mineralization. Within the Project are several minor normal faults that offset the alunite deposit.

### Property Geology

The Wah Wah Range is partly composed of a thick section of marine, Paleozoic and Triassic quartzites and carbonates deposited in the miogeocline of the western continental shelf. This area was covered by ocean until the Jurassic Period when it was uplifted during the Sonoma orogeny. The first major deformation of this area was during the Cretaceous/Tertiary Sevier orogeny which thrust older basement rocks over younger rocks along both the Wah Wah and Blue Mountain thrusts contributing to the folding of the sediments associated with the upper thrust plate (Ordovician to Pennsylvania Age strata).

Regional volcanism deposited a thick layer of calc-alkaline volcanic rocks across the area presently occupied by the southern Wah Wah Mountains. The Basin and Range extensional event created much of the current topography of the area by stretching the region about 64 km westward; creating mountains with intervening valleys separated by range-bounding, normal faults that rotate at depth into a regional décollement. Local bimodal (calc-alkaline and basaltic) volcanism also occurred in the southern Wah Wah Mountains, associated with Basin and Range extension which began about 26 million years ago.

### **Exploration**

Since acquiring the exploration right in respect of the Project in 2011, Potash Ridge initiated a validation drilling program on Area 1 primarily to validate the previous exploration efforts of Earth Sciences. Under the guidance of North American Exploration Company ("NAE"), a combination of 19 core holes and 15 reverse circulation holes were completed on Area 1 between October 2011 and February 2012. During Norwest's first site visit in February 2012, additional recommendations were made to the validation drilling program that included the two final reverse circulation holes and some adjustments to the sample preparation procedures. All 34 drill holes were twinned to locations of previous drill holes completed by Earth Sciences. The Area 1 validation program was followed by an infill drilling program for Area 2. Under the guidance of NAE, a combination of three slim-core holes (HQ-size), three large diameter cores and 44 reverse circulation holes were completed on Area 2 between July 11, 2012 and September 17, 2012.

On January 10, 2013, the Corporation commenced its phase three drilling program comprised of 18 infill drill holes, 16 of which were located in Area 2, with the remaining two holes located in Area 1. The objective of this drilling program is to convert certain inferred resources into measured and indicated resources for a pre-feasibility study, anticipated to be completed in the second quarter of 2013. Drilling activities were completed on February 14, 2013 and the results of the program are in the process of being analyzed.

### **Mineralization**

Alunite mineralization is found on four ridges which occur within Potash Ridge's exploration tracts. Acid sulfate alteration associated with a shallow, possibly laccolithic intrusion altered the silicic-alkalic rhyolite porphyries, flows and tuffs belonging to the Miocene Blawn Formation and the Oligocene Needles Range Group. Alteration tends to be in linear bodies reflecting the role of normal faults in controlling the mineralization. Alteration is zoned away from the point of hydrothermal fluid upwelling. The mineralized ridges are erosional remnants of a once larger altered area.

The Silica Cap is a zone of intense silicification believed to be the near-surface manifestation of the hydrothermal channelways. The silica is typically buff, dense, and massive but may be quite porous and vuggy locally and resemble a siliceous sinter. On the surface the Quartz-Alunite alteration zones are composed of white to cream to

buff to gray to pink, generally fine grained, punky to dense, intermixed alunite and silica with only minor amounts of other impurities, mainly iron. Alunite also occurs locally as coarse (>12.7 mm), lathy, typically pink crystals in veins. Kaolinite becomes increasingly important, at the expense of alunite, in the Quartz-Alunite zone near the boundary with the Hematite-Clay zones and also where the Quartz- Alunite zones are cut by faults. Dickite (a high-temperature member of the kaolinite group) is reported in the Quartz-Alunite zone.

The extremely erosion resistant Silica Cap forms the tops of peaks and the underlying highly erosion resistant Quartz-Alunite facies forms the steepest parts of the ridges. In cross section the alteration zones have two basic forms, a nested-cone geometry and a relatively flat-lying form. The cone-shaped (narrow end at the base) zones are interpreted as the primary area of strong hydrothermal upwelling and the adjoining flat-bottomed zones are recognized as permeability-controlled areas above the paleo-ground-water table where steam-heated H<sub>2</sub>S is oxidized to H<sub>2</sub>SO<sub>4</sub>. Only the central portion Area 1 at the Blawn Mountain Project is clearly a funnel- shaped zone. The other flat bottomed alunite zones are strongly controlled by higher porosity and permeability of the host volcanic rocks, while the hydrothermal cones are largely independent of these factors. The control of permeability on the degree of alteration intensity is most important near the margins of Quartz-Alunite altered zones. Alteration is pervasive and unaffected by variations in the permeability of the host rocks. The alteration zones tend to be thicker in cone-shaped areas than in flat-lying areas. It is possible that there were more cone-shaped feeder zones but they were eroded or are buried under valley fill.

While there is no known formal industrial mineral ore deposit model for alunite, the local alunite deposit has been described as hydrothermal alteration of calc-alkaline volcanic rocks.

## **Drilling**

### Historic Drilling

Earth Sciences records indicate a total of 320 drill holes were completed on the NG alunite property. 287 holes were completed at Area 1, 18 holes at Area 2, 12 holes at Area 3 and three holes at Area 4.

Earth Sciences used air track percussion drilling and conventional rotary drilling in its exploration efforts. Air track drilling was primarily used as a prospecting tool to test the ground where there were poor bedrock exposures. Rotary drilling was used to define subsurface geology and collect samples for analysis.

There are numerous drill site locations where multiple holes were drilled. This was due to:

- Air track drilling being first used at several sites where there were poor surface exposures to identify sites to be followed with rotary drilling.
- Adverse drilling conditions were encountered at several sites that required abandoning a drill hole, moving over a few feet on the drill pad and making another attempt.
- Several locations where holes were re-entered or drilled a second time to collect additional information.

Earth Sciences completed its drilling in three stages as described below.

1. Reconnaissance drilling in 1971, completing 10 holes for a total of 807.7 m. Three holes were completed at Area 1, four holes at Area 2 and three holes at Area 3.
2. Exploration drilling in 1972 completing an additional 42 drill holes. 16 holes were completed at Area 1 for a total of 1,352.7 m, 14 holes were completed at Area 2 for a total of 878.3 m, nine holes were completed at Area 3 for a total of 789.4 m and three holes were completed on a fourth area outside the current Potash Ridge lease for a total of 225.6 m.
3. Development drilling in 1973 and 1974 on Area 1. Drilling was roughly aligned to a 300 (NW-SE) by 500 (NE-SW) grid pattern oriented to the ridgeline. A total of 268 air track and rotary holes were completed for a total of 14,102.2 m. Earth Sciences did not maintain complete records for most of the

air track drill holes and some of the abandoned holes. Complete records were only maintained for holes with assays.

### Confirmation Drilling

Potash Ridge completed a validation drilling program on Area 1 between October 2011 and February 2012. All drill sites were twinned to locations of previous drill holes completed by Earth Sciences and were oriented to provide adequate spatial representation of the deposit. 19 of the Potash Ridge holes were drilled using wire-line coring methods, continuously collecting HQ (63.5 mm diameter) core. A total 2,062 m of drilling was accomplished through core drilling with an average recovery of 91 percent. The remaining 15 drill holes were completed using reverse-circulation drilling equipped with either a down-hole hammer or deep-hole bit. A total of 2,454 m were completed with RC drilling. Norwest concluded that the Corporation's validation drilling program had adequately tested the Area 1 deposit, both spatially and in the number of twinned drilling locations.

NAE managed logistics, logging, and sampling for the Potash Ridge drilling program. Two different drilling contractors were used in the reverse-circulation drilling. The first drilling contractor completed seven reverse-circulation holes for a total of 1,283.2 m. None of the samples from these seven holes have been used or incorporated by Potash Ridge in their evaluation of the Blawn Mountain Project. The second drilling contractor completed eight holes for a total of 1,170.4 m. Samples and data from these holes are being used by Potash Ridge in their evaluation of the deposit.

### Area 2 Infill Drilling

Following the validation drilling program in Area 1, Potash Ridge completed an infill drilling program in Area 2 between July and September, 2012. All drill sites were oriented to provide adequate spatial representation of the deposit. Three of the Corporation's holes were drilled using wire-line slim coring methods, continuously collecting HQ (2.5 inch diameter) core. A total of 328.6 m of drilling was accomplished through slim core drilling with an average recovery of 92%. Three of the Corporation's holes were drilled using wire-line large diameter coring methods, continuously collecting PQ (3.4 inch diameter) core. A total of 275.4 m of drilling was accomplished through large diameter core drilling with an average recovery of 94%. The remaining 44 drill holes were completed using reverse-circulation drilling equipped with either a down-hole hammer or deep-hole bit. A total of 4,597.9 m were completed with reverse circulation drilling.

### **Sampling and Analysis**

From 1969 through 1974, Earth Sciences collected samples from rotary drilling on 3 m intervals. Earth Sciences also collected extensive outcrop and trench samples. For drilled samples, the material penetrated (alunite, clay, dolomite, non-alunite) was reported in 3 m increments along with analytical results. In some drill holes, lab analysis was only performed on samples at every 9.1 to 15.2 m or on composite samples from four 3 m intervals. For surface samples, the alumina analysis of the sample was typically plotted by location on a resource plate.

Potash Ridge's validation drilling program logistics, logging and initial sample preparation has been managed by NAE following recommendations made by Norwest. NAE maintained chain of custody for all samples from the time of collection at the drill sites through initial sample preparation to delivery of samples at the ALS Minerals facility in Winnemucca, Nevada where they underwent further preparation for analysis. For Potash Ridge's validation drilling program, NAE collected samples on 3 m intervals for core holes and on 1.5 m intervals for reverse circulation holes. Geologic logs have been maintained for all drill holes and include descriptions for lithology, alteration and recovery. In addition, core logs provide detail on fractures and orientations. Following logging, core was transported to a preparation facility set up by NAE where the core was cut longitudinally into half and quarter-core sections. Core samples submitted for analyses are comprised of 10-foot (3 m) quarter-core sections. Each sample weighs approximately 4.5 to 5 kg. The remaining half and quarter-core sections are stored in traditional waxed cardboard core boxes, in a secure storage facility in Milford. For reverse circulation drilling, samples were collected on 1.5 m intervals. Cuttings coming up through the central return discharge hose, passed through a cyclone and then through a Jones splitter. The splitter was set to a 50/50 split with one split being retained. Samples were collected continuously at 1.5 m intervals. Each 1.5 m sample weighed approximately 8 to 11 kg.

## Security of Samples

Earth Sciences determined both the elemental and mineralogical content of a large number of samples. Some of the mineralogy was done by X-ray diffraction. The most critical analytical number for Earth Sciences was the  $\text{Al}_2\text{O}_3$  content of the alunite and was determined by three methods simultaneously: i) indirectly by measuring the  $\text{SO}_3$  content through a LECO furnace determination of the sulfur content; ii) by determining the soluble  $\text{Al}_2\text{O}_3$  content, presumably by wet chemical methods; and iii) by indirectly determining the Na and K content. Earth Sciences also measured  $\text{K}_2\text{O}$  and  $\text{Na}_2\text{O}$  by an unspecified method. Earth Sciences documentation provides results achieved by different techniques and different analytical laboratories. Laboratories listed were Earth Sciences, Alumet Company, Hazen, Skyline Labs and National Southwire Aluminum Corporation. Though Earth Sciences did evaluate their internal analytical testing with outside labs and the results are available in the historical documents Potash Ridge has obtained, there is little information relating to actual sample procedures or quality control methods.

Slim core and reverse circulation samples from Potash Ridge's validation and infill drilling programs were shipped directly by NAE personnel to the ALS Minerals sample preparation facility in Winnemucca, Nevada. NAE delivered 760 slim core samples and 2,386 reverse circulation samples including 194 blind duplicate samples to evaluate analytical precision.

At the ALS Minerals sample preparation facility samples are prepared through the following steps:

- Samples were initially weighed and entered into the ALS Minerals tracking system.
- Samples were completely crushed to  $70\% < 2 \text{ mm}$ .
- Samples were then passed through a riffle splitter to create 1000 g representative samples.
- The 1000 g samples were then pulverized to  $85\% < 75\mu\text{m}$ .
- Prepared samples were then forwarded onto the ALS Minerals laboratory in Vancouver, B.C. for geochemical analysis.

All reject material following splitting was saved and returned to Potash Ridge for potential future testing.

Potash Ridge selected two analytical packages to use on all samples from the validation drilling program. The first package is a whole rock analysis for major oxides using Ion Couple Plasma- Atomic Emission Spectroscopy ("ICP-AES") following a lithium metaborate fusion. Under this procedure determinations are made for  $\text{SiO}_2$ ,  $\text{Al}_2\text{O}_3$ ,  $\text{Fe}_2\text{O}_3$ ,  $\text{CaO}$ ,  $\text{MgO}$ ,  $\text{K}_2\text{O}$ ,  $\text{Cr}_2\text{O}_3$ ,  $\text{TiO}_2$ ,  $\text{MnO}$ ,  $\text{P}_2\text{O}_5$ ,  $\text{SrO}$ ,  $\text{BaO}$  and loss on ignition. Reporting levels are to 0.01%. The second analytical package is an ICP-AES package for major, minor and trace elements using a four acid digestion. Determinations in the second analytical package include Al, Ca, Fe, K, Mg, Na, S and Ti reported to 0.01% levels and Ag, As, Ba, Be, Bi, Cd, Co, Cr, Cu, Ga, La, Mn, Mo, Ni, P, Pb, Sb, Sc, Sr, Th, Tl, U, V, W and Zn all reported in ppm concentrations.

For the infill drilling program on Area 2, the ICP-AES whole rock analytical package is being used on all samples from the HQ core drilling and the reverse-circulation drilling. The HQ core samples are also tested for minor trace elements using the four-acid ICP-AES procedure and will undergo mineral analysis using X-ray Diffraction.

Selected core samples from the HQ core holes being drilled in Area 1 will also undergo geotechnical testing. Large diameter core samples (PQ size) have been retained for later metallurgical testing.

## Data Verification

For purposes of preparing the Technical Report, Norwest conducted four site visits to the Blawn Mountain Project. Mr. Kerr and Mr. Henchel visited the Project on October 30, 2012. Mr. Kerr first performed a site visit on February 9, 2012 and has made several site visits to the property since that time. The site visits confirmed the location and access routes of previous and current exploration activities. During the first site visit, Potash Ridge's validation drilling program was still in progress with both the core and reverse circulation rigs operating. Norwest was able to observe drilling, logging and sampling procedures at the drill sites. Norwest also visited and observed the core cutting procedures and sample storage facilities being employed by NAE in Milford. At the time of the first

site visit, none of the drill samples had yet been shipped to ALS Minerals for sample preparation and analysis. At the request of Norwest, blind duplicate samples of core were added into the sample sequence as one step of quality control.

During subsequent site visits, Norwest has been able to observe and confirm both alunite and non-alunite lithologies, alterations, geologic contacts and a few of the major structures that bound the Area 1 deposit. Norwest has maintained an onsite presence throughout the infill drilling program on Area 2, ensuring logging, data collection and sampling procedures are being followed in a consistent manner and maintaining a chain of custody.

The drill program carried out by Potash Ridge in 2011 and 2012 for Area 1 was designed to validate the previous drilling data collected by Earth Sciences between 1969 and 1974. The Potash Ridge drill hole locations were twinned to Earth Sciences drill holes.

Norwest has examined and compared the  $K_2O$  and  $Al_2O_3$  values from 27 of the Potash Ridge drill holes with their respective twin Earth Sciences drill holes. The comparison covers 639 assay intervals or 1,947.7 m of drilling. On an interval per interval basis there is poor correlation for  $K_2O$  and  $Al_2O_3$  concentrations between the two sets of data. However, composite intervals for each hole show that the Potash Ridge drill holes have concentrations that range from 9 to 19.2% higher than the Earth Sciences data. Poor correlation between the two sets of data can be attributed to different drilling methods and most likely different analytical techniques. Earth Sciences used conventional rotary drilling methods. Rotary samples tend to be prone to dilution and wall-rock contamination compared to core and reverse circulation drilling. Though it is not specified in the Earth Sciences documents,  $K_2O$  was most likely determined by traditional spectrometry such as atomic absorption or flame photometry versus the ICP-AES analyses completed by ALS Minerals.

Although there was no targeted twin-hole drilling for Area 2, Norwest has compiled comparative average grade data for  $K_2O$  and  $Al_2O_3$  values from historic versus current drill holes collared less than 30.5 m apart. These comparisons suggest that the current versus historic  $K_2O$  and  $Al_2O_3$  grade data is similar for Area 2 despite different drilling methods (rotary versus reverse circulation) discussed earlier and most likely different analytical techniques.

The samples sent to ALS Minerals from both Area 1 and Area 2 included 194 blind duplicates. Comparison of  $K_2O$  and  $Al_2O_3$  concentrations between the original and duplicate samples shows good correlation with mean differences 4.61% and 0.04% respectively.

A set of 12 sample pulps was forwarded to Activation Laboratories Limited ("**Actlabs**") for comparative analysis for the Area 1 twin hole program. For this set of 12 samples there are two sets of analyses from ALS Minerals, original and duplicates, plus the one set of analyses from Actlabs. Actlabs analyses compare very closely to ALS Minerals for the 12 samples. Correlation between the two sets of analyses for  $K_2O$  and  $Al_2O_3$  exceeds 98%.

A comparison was made during the Potash Ridge validation drilling program in Area 1 to evaluate analytical results between core and reverse circulation drilling. Two reverse circulation holes were twinned to two of the core holes. Between the two twinned locations there are 103.6 m of analyses to compare between the two types of drilling. There is a 75% correlation for  $K_2O$  between matched sets data between the core and reverse circulation data.  $Al_2O_3$  has a lower correlation of 50%. Core samples generally return slightly higher grades for  $K_2O$  and  $Al_2O_3$  than drill cuttings for the respective intervals.

Norwest believes the Potash Ridge validation and infill drilling programs for Area 1 and Area 2 respectively have adequately tested the deposit both spatially and in number of twinned drilling locations. Norwest is satisfied with the procedures established by NAE in data collection and sampling. The duplicate samples and comparative analyses returned favourable results that would indicate reliable analyses from ALS Minerals for the validation drilling program. While the ALS results show higher concentrations than previously indicated in the Earth Sciences drilling data, the ALS Minerals analyses confirm the presence of mineralization and indicate grades determined from the Earth Sciences drilling data are conservative estimations.

## Mining Methods

Mining operations at the Blawn Mountain Project will utilize conventional truck/shovel mining techniques employing a large hydraulic backhoe as well as a front-end-loader to load end-dump mining trucks to remove alunite and waste material from mining areas. The mining areas developed for the Technical Report were defined mainly by the geologic resources and extents of the alunite body as well as the potassium oxide grade. The targeted mining production levels are defined by the amount of  $K_2SO_4$  required to meet project plant production levels. On a steady-state basis,  $K_2SO_4$  requirements are 750,000 tons per year (680,000 tonnes per year) which equates to roughly 17.2 million tons (15.6 million tonnes) of run-of-mine alunite. Run-of-mine production requirements vary depending on the grade of  $K_2O$  being released from mining operations.

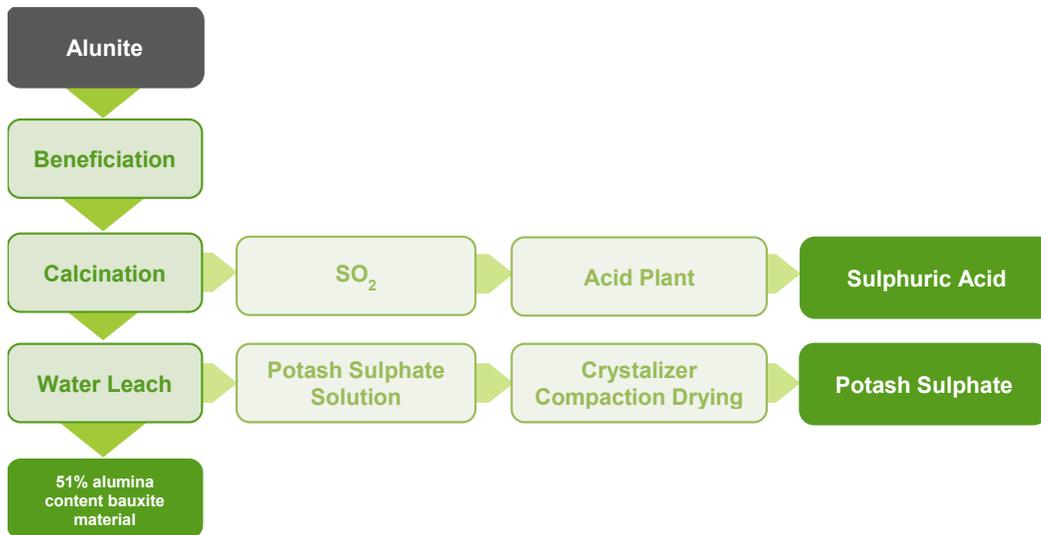
Future operations at the Blawn Mountain Project will begin mining in Area 1 and transition to Area 2 once the targeted alunite has been exhausted from Area 1. Alunite and waste will be removed using area and bench mining techniques utilizing multiple lifts and mining faces to assist with in-pit material blending efforts.

At this stage of development, the anticipated mine life is 30 years, including a two year ramp-up period. The material removed during the ramp up period is considered part of the 30 year mine life. The strip ratio over the mine life averages approximately 0.12:1 (cubic yards of waste: run-of-mine alunite tons). Waste material consists primarily of overburden and mineralized zones of insufficient quality to process.

As alunite is mined, it will be transported to either the stockpile area or directly to the primary crusher. Waste that is generated from mining will initially be placed in out-of-pit piles. As mining progresses and sufficient area becomes available, it is anticipated that waste material will be placed back into prior excavations. In a general sense, the majority of waste from Area 1 will be placed out-of-pit and waste from Area 2 will be hauled and placed into the Area 1 mine void.

## Mineral Processing

If and when the Corporation exercises its Option Lease and begins production, the following combination of processes will be employed in the production of SOP, sulphuric acid and a leach residue that may be used by a refinery as bauxite-type material to produce smelter grade alumina. The individual unit processes used in the production of SOP and sulphuric acid are commonly used in other mineral processing facilities.



Management expects the processing plant will be designed to produce 750,000 tons (680,000 tonnes) per year of SOP as the primary product. The plant is expected to produce a granular product at a minimum product grade of 50 weight percent  $K_2O$  that can be used on its own or is suitable for bulk blending with other fertilizer components.

The design of the processing facility uses a combination of proven technologies and relies on previous metallurgical test work conducted by Hazen, on previous engineering work, pilot plant testing and other studies performed by the Alumet Company during the 1970s and on more recent metallurgical test work conducted by Hazen for Potash Ridge.

It is expected that alunite will be primarily crushed at the mine site and transferred to the crushed alunite stockpile at the processing plant. The alunite will then be fed to the processing plant where it is further crushed and ground before feeding into the flotation circuit to separate out the silica. After separation, the beneficiated alunite (flotation concentrate), will be fed to the calcination process.

The calcination process is expected to cause the ground alunite to break down to potassium sulphate, aluminum oxide and sulphur dioxide. The sulphur dioxide off gas will be converted in the acid plant into sulphuric acid. Management estimates the plant will produce 1.8 million tons (1.6 million tonnes) of sulphuric acid per year. The alunite discharging from the calcination will be leached in a hot water solution and the dissolved SOP will be crystallized from the leachate. The SOP will then be recovered, dried and compacted to produce the required granular product.

The residue from leaching will initially be stockpiled but may be used as a bauxite-type material feedstock for a refinery to produce smelter-grade alumina.

### **Metallurgical Testing**

Alunite is a naturally occurring semi-soluble salt mineral which occurs as a hydrothermal-alteration product in feldspathic (orthoclase feldspar-rich) igneous rocks. It contains potassium, sulfur, and alumina. Potash Ridge will mine alunite, or hydrous potassium aluminum sulfate,  $KAl_3(SO_4)_2(OH)_6$ , from the Blawn Mountain deposits in Utah. The alunite will be processed for the production of 750,000 short tons per year (680,000 tonnes per year) of fertilizer-grade (92.5%) potassium sulfate ( $K_2SO_4$ ), also called SOP, approximately 1,800,000 tons per year of co-product concentrated (98 wt.%) sulfuric acid ( $H_2SO_4$ ), and approximately 3,620,000 tons per year of an alumina/silicate  $(AlO)_2SiO_3$  product consisting of a mixture of alumina, silica, and oxygen containing approximately 50%  $Al_2O_3$ . It is anticipated that the stockpiled alumina/silicate product will eventually be re-processed into an alumina ( $Al_2O_3$ ) product.

The recovery methods for extracting potassium as SOP from the alunite, as envisioned, consists of the following major unit operations:

- Crushing and grinding of run-of-mine alunite.
- Conditioning with flotation reagents the finely-ground alunite pulped with water.
- Multi-stage flotation to recover alunite concentrate and tailing as slurry.
- Thickening and clarification of alunite concentrate and tailings slurry.
- Filtration of concentrate thickener underflow to obtain alunite filter cake.
- Pumping tailings to impoundment.
- Reuse of thickener overflow and tailings pond water for water conservation.
- Drying and Calcining alunite concentrate obtained as filter cake.
- Recovery of alunite-bearing dust in calciner off-gases.
- Routing sulfur oxides-rich calciner off-gases as feed to sulfuric acid plant.
- Production of concentrated sulfuric acid as by-product.
- Leaching calcines with hot water to extract SOP.
- Filtration of water-leached slurry to recover SOP-rich solution.

- Stockpiling alumina/silicate-rich filter cake for alumina recovery at a later date.
- Evaporation-Crystallization of SOP crystals from SOP-rich solution.
- Compacting for densification of SOP product crystals.
- Packaging, storage and load out of product SOP.
- Bleed stream treatment for controlling impurity buildup.

## **Recommendations**

### Development Drilling

The results of the 2012 drilling program should be included in the geological database and a new geological model produced for Area 1. The infill drilling will be providing additional grade data that is consistent with current laboratory standards as well as providing geotechnical data and bulk sample material for alunite processing simulations. This data will provide the necessary information for prefeasibility level mine planning and higher-level engineering.

A large number of drill holes that define the block model in Area 1 terminate in mineralized material, suggesting the potential to define additional resources at greater depths. Norwest recommends drilling 30 holes that will specifically attempt to identify mineralization to greater depths. Projected drill depths range from 121.9 to 304.8 m for a total of 6,400.8 m using a 213.4 m average hole depth. To support mine planning and design, Norwest recommends drilling ten of the proposed holes as continuous core holes from surface to collect samples for geotechnical characterization and gather detailed geochemistry and mineralogy information. This will provide vital information that will support mine planning and process design.

On January 10, 2013, the Corporation commenced its phase three drilling program comprised of 18 infill drill holes, 16 of which were located in Area 2, with the remaining two holes located in Area 1. The objective of this drilling program is to convert certain inferred resources into measured and indicated resources for a pre-feasibility study, anticipated to be completed in the second quarter of 2013. Drilling activities were completed on February 14, 2013 and the results of the program are in the process of being analyzed.

### Mine Planning and Processing Refinement

Additional detailed planning and study is recommended for the mine planning and processing components for the Project. This will result in a more accurate recoverable reserve base. This work should initially be completed at the prefeasibility level of project evaluation. Norwest estimates the cost of this additional work would be in the range of US\$3.0 million to US\$4.0 million. Assuming positive results are received from the prefeasibility study, a full feasibility study is recommended and an estimate of costs associated with that work would be between US\$6.0 million and US\$8.0 million. Concurrent with the prefeasibility study, Norwest recommends additional metallurgical and pilot scale testing to aid in the detailed design of the processing facility and to provide better estimates of recoveries. The cost of this work is estimated at US\$3.1 million.

The work performed in these studies would cover all aspects of the project including optimized mine planning, infrastructure and processing facilities design as well as the capital and operating costs associated with these activities.

On January 14, 2013, the Corporation commenced its second phase metallurgical testing program focused on further confirmation of historical testing and pilot plant studies previously performed on the Project, which will be used for the pre-feasibility study. Following completion of this test work for the pre-feasibility study, the Corporation plans to commence pilot plant and additional test work in order to optimize the production process for the feasibility study, scheduled for completion around the end of the second quarter of 2014.

### Geotechnical Studies

Geotechnical sampling and detailed core logging should be conducted in conjunction with any drillcore activities to build a current rock mechanics database. Some of this work is already underway as part of the 2012 drilling programs.

Full investigations of the foundation materials around the processing and surface facilities areas as well as the stockpile and impoundment areas are required. The pitwall and dump design parameters are unknown at this point and should be adequately characterized as further studies proceed. Anecdotal information was used in this design study using best practices, although site construction will require further study.

#### Water Supply — Hydrology

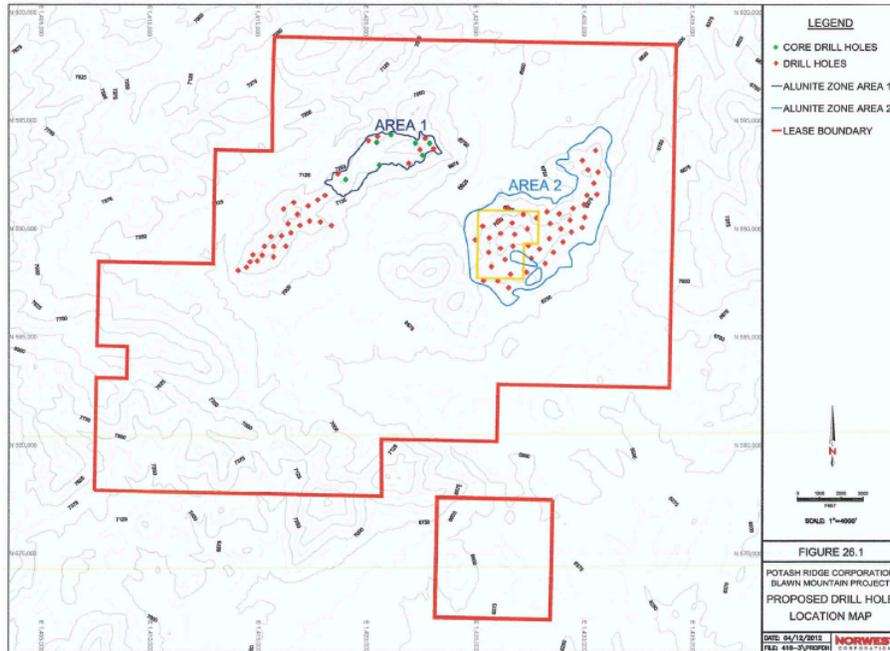
Additional work on the property pertaining to hydrological characterization should continue. This work has already begun and data from these efforts will be used in developing permit applications. Well completions and pump tests to define groundwater characteristics will be required prior to beginning further levels of project evaluation.

In addition to characterizing the hydrologic conditions of the project site, additional investigation has been completed to identify sources of water required for the project. Supply water studies completed by previous investigators were reviewed, and preliminary field studies were conducted to confirm the results of these earlier findings.

A water supply plan has been developed for the Project. It includes obtaining approvals from the State for diverting groundwater. Aquifer testing needs to be completed to confirm the estimated productivity of the water bearing strata adjacent to the project in Wah Wah Valley. Groundwater supply wells can be developed within the boundaries of SITLA controlled land. Additionally, the presence of several large (16" diameter) existing groundwater wells has been confirmed. The development of new water supply wells for a project of this size can be significant. In order to minimize these costs, Potash Ridge will continue to explore approval to use the wells located off of SITLA controlled land. Permits and infrastructure to connect these wells to the project will still need to be obtained and constructed. Aquifer testing and developing new supply wells for the project was estimated to cost between US\$2.5 and US\$3.0 million. Obtaining approval to use existing wells in the area would reduce this cost significantly even if additional permitting and infrastructure is required.

#### Permitting

Norwest has developed a permitting plan for Potash Ridge for the Project. The plan includes a schedule to obtain all of the major permits (mining, air quality, groundwater discharge, etc.) required prior to start-up. Some preliminary field studies have been conducted, and monitoring of baseline air quality is underway. Environmental studies, including an expansion of the hydrologic investigation program required for these major permits are planned for the 2013 field season. Collection of air quality baseline data will continue through the 2013 field season as well. Once the field studies are completed, permit applications will be developed and submitted to the appropriate agencies for action. A permitting budget of US\$1.5 to US\$2.0 million has been submitted for the work. Ramp-up to begin this work will occur in the first quarter of 2013 and take approximately two years to complete.



### SOP Residual Material

As a result of the production of SOP, an alumina rich SOP residue is expected to be produced after the extraction of SOP and sulphuric acid from the alunite mined from the Blawn Mountain Project. Management estimates that 2.8 million tonnes of this residue containing approximately 51% alumina will be produced per year. This estimated production per year is based on the recovery rates referred to in the Technical Report and the assumption that the Project will produce at least 680,000 tonnes of SOP per year. The Corporation intends to investigate possible enhancements to the SOP production process to allow the alumina rich SOP residue to be used as a bauxite-type material and fed directly into a conventional Bayer Process used to produce smelter-grade alumina. If no enhancements are made to the SOP production process that could produce a suitable bauxite-type material, it is expected that the SOP residual material would be stockpiled on site.

### DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares and 50,000,000 Non-Voting Shares of which 81,303,778 Common Shares and 5,055,254 Non-Voting Shares were issued and outstanding as at December 31, 2012.

#### Common Shares

Holders of Common Shares are entitled to receive notice of and attend and be heard at all meetings of the shareholders of the Corporation and to vote at all such meetings with each holder of Common Shares being entitled to one vote per Common Share held at all such meetings. The Board may at any time or from time to time declare dividends to the holders of Common Shares and Non-Voting Shares in such amounts as the directors at such time or times determine, out of moneys of the Corporation properly applicable to the payment of dividends. The Common Shares and Non-Voting Shares rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation must be declared in equal amounts per share and at the same time on all Common Shares and Non-Voting Shares then outstanding, without preference or distinction.

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares and the holders of the Non-Voting Shares shall participate rateably, share and share alike, without

any further preference or distinction. Neither the Common Shares nor the Non-Voting Shares can be subdivided, consolidated, reclassified or otherwise changed unless the other class is changed in the same manner.

### **Non-Voting Shares**

Holders of the Non-Voting Shares are entitled to participate equally with holders of the Common Shares with respect to the payment of dividends and the distribution of assets of the Corporation on the liquidation, dissolution or winding up of the Corporation. Neither the Common Shares nor the Non-Voting Shares can be subdivided, consolidated, reclassified or otherwise changed unless the other class is changed in the same manner.

The holders of Non-Voting Shares are entitled to receive notice of and to attend and be heard at all meetings of the shareholders of the Corporation and are entitled to receive all notices of meetings, information circulars and other written information from the Corporation that the holders of Common Shares are entitled to receive from the Corporation but not to vote at such meetings, unless otherwise required by law. Further, the holders of the Non-Voting Shares are not permitted to vote separately as a class upon a proposal to amend the articles of the Corporation to: (i) increase or decrease any maximum number of authorized Non-Voting Shares, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Non-Voting Shares; (ii) effect an exchange, reclassification or cancellation of the Non-Voting Shares or (iii) create a new class or series of shares equal or superior to the Non-Voting Shares.

The Non-Voting Shares will automatically convert into Common Shares on a one-for-one basis upon the occurrence of any of the following events: (i) upon any sale, transfer, disposition, assignment or similar transaction involving the direct or indirect transfer of ownership of or control over (a "**Transfer**") any Non-Voting Shares to a person that is not an Affiliate (as such term is defined in the Securities Act (Ontario)) of such holder of Non-Voting Shares; (ii) immediately on the fifth anniversary of the issuance of such Non-Voting Share; (iii) upon any Transfer of Common Shares, other than to an Affiliate, by a holder of Non-Voting Shares, a corresponding number of such holder's Non-Voting Shares shall be converted into Common Shares, provided that, in the case of SRP, a lesser number of Non-Voting Shares will be converted into Common Shares such that, after giving effect to such conversion of Non-Voting Shares and Transfer of Common Shares, SRP will not be a "control person" (as defined in the Securities Act (Ontario)); and (iv) each outstanding Non-Voting Share shall be deemed to be automatically converted into a Common Share in connection with the consummation of a merger, reorganization, amalgamation, business combination or similar transaction involving the Corporation, approved by the holders of Common Shares in accordance with applicable laws.

Each holder of Non-Voting Shares has the right to convert all or any of the holder's Non-Voting Shares into Common Shares on a one-for-one basis in the following circumstances: (i) at any time, provided that in the case of SRP, after giving effect to such conversion, SRP will not be a "control person" of the Corporation; or (ii) during the applicable conversion period upon the making of an Exclusionary Offer.

For the purposes of the foregoing, "**Exclusionary Offer**" means an offer to acquire Common Shares that: (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Shares are listed, be made to all or substantially all the holders of Common Shares who are in any province of Canada to which the requirement applies and (ii) is not made concurrently with an offer to purchase Non-Voting Shares that is identical to the offer to purchase Common Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the offeror, and in all other material respects, and that has no condition attached thereto other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Common Shares.

### **DIVIDEND POLICY**

The Corporation has not declared or paid any dividends to its shareholders and does not expect to pay dividends in the foreseeable future. Any decision to pay dividends in the future will be made at the discretion of the Board of Directors after taking into account the Corporation's financial condition, financing requirements and other factors that the Board may deem relevant.

### MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol "PRK". The following table sets forth the information relating to the trading of the Common Shares on the TSX for the months indicated.

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
December 2012 <sup>(1)</sup>	0.97	0.57	1,847,379

Notes:

(1) From December 5, 2012, when the Common Shares commenced trading on the TSX, to December 31, 2012.

### PRIOR SALES

The following table summarizes details of the stock options, Non-Voting Shares and warrants issued by the Corporation during the most recently completed financial year.

<b>Date of Issuance</b>	<b>Security</b>	<b>Price per Security or Exercise Price as Applicable (\$)</b>	<b>Number of Securities</b>
January 26, 2012	Options	0.75	950,000
February 1, 2012	Options	0.75	60,000
December 5, 2012	Options	1.00	2,970,000
December 5, 2012	Non-Voting Shares	1.00	5,055,254
December 5, 2012	Private Placement Warrants	1.00	5,055,254

### DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, province or state and country of residence, position with Potash Ridge, principal occupation and number or voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised by each person who is a director and/or an officer of the Corporation as at the date hereof.

<b>Name and Residence and Position with the Corporation</b>	<b>Date of Appointment</b>	<b>Principal Occupation</b>	<b>Number and Percentage of Common Shares Beneficially Owned, Directly or Indirectly, or Over which Control or Direction is Exercised<sup>(5)</sup></b>
Guy Bentinck <sup>(6)</sup> ..... Ontario, Canada <i>President, Chief Executive Officer and Director</i>	July 15, 2011	President and Chief Executive Officer of the Corporation	700,000 (8.6%)

Jeffrey Hillis <sup>(6)</sup> .....	August 2, 2012	Vice-President, Chief Financial Officer and Corporate Secretary of the Corporation	50,000 (0.06%)
Ontario, Canada <i>Vice-President, Chief Financial Officer and Corporate Secretary</i>			
Ross Phillips <sup>(6)</sup> .....	December 5, 2011	Vice-President, Chief Operating Officer of the Corporation	-
Alberta, Canada <i>Vice-President, Development</i>			
Andrew Paul Hampton ...	February 1, 2012	Vice-President, Project Management of the Corporation	25,000 (0.03%)
Colorado, United States <i>Vice-President, Project Management</i>			
Laura Nelson .....	November 12, 2012	Vice-President, Government and Regulatory Affairs of the Corporation	10,000 (0.01%)
Utah, United States <i>Vice-President, Government and Regulatory Affairs</i>			
Rahoul Sharan <sup>(2)</sup> .....	April 1, 2011	President of KJN Management, Ltd.	3,349,999 (4.12%)
British Columbia, Canada <i>Director, Chairman of the Board</i>			
Philip Williams <sup>(1)(3)(4)</sup> .....	September 22, 2011	Director, Investment Banking of Dundee Capital Markets Inc.	250,000 (0.31%)
Ontario, Canada <i>Director</i>			
Rocco Rossi <sup>(1)(2)(3)(4)</sup> .....	April 10, 2012	Principal of Yellow Arrow Group	10,000 (0.01%)
Ontario, Canada <i>Lead Independent Director</i>			
Navin Dave <sup>(1)(2)(4)</sup> .....	April 10, 2012	President and Chief Executive Officer of Strat-Ops International Inc.	50,000 (0.06%)
Ontario, Canada <i>Director</i>			
Stephen Harapiak <sup>(3)(4)</sup> .....	April 10, 2012	President and Chief Operating Officer of Victory Nickel Inc.	20,000 (0.02%)
Ontario, Canada <i>Director</i>			
Robert C. Gross <sup>(2)(4)</sup> .....	April 10, 2012	President of Robert C. Gross Associates	2,500 (0.00%)
Utah, United States <i>Director</i>			

Notes:

- (1) Member of the Audit Committee. Navin Dave is the Chairman of the Audit Committee.
- (2) Member of the Governance, Compensation and Nominating Committee. Robert C. Gross is the Chairman of the Governance, Compensation and Nominating Committee.

- (3) Member of the Technical, Environmental and Safety Committee. Stephen Harapiak is the Chairman of the Technical, Environmental and Safety Committee.
- (4) These directors are independent.
- (5) As of the date hereof, in addition to the common shares held, the directors and officers hold the following convertible securities (see "*Description of the Business — Prior Financings*" for a description of the securities): Guy Bentinck holds 200,000 warrants and 2,300,000 options, Jeffrey Hillis holds 350,000 options, Ross Phillips holds 700,000 options, Andrew Paul Hampton holds 460,000 options, Laura Nelson holds 350,000 options, Rahoul Sharan holds 100,000 warrants and 450,000 options, Philip Williams holds 450,000 options, Rocco Rossi holds 250,000 options, Stephen Harapiak holds 250,000 options, Navin Dave holds 250,000 options and Robert Gross holds 250,000 options.
- (6) Guy Bentinck, Jeffrey Hillis and Ross Phillips also serve as directors of Utah Alunite. The officers of Utah Alunite are as follows: Guy Bentinck is the President and Chief Executive Officer, Jeffrey Hillis is the Chief Financial Officer and Secretary, Ross Phillips is the Vice-President, Development and Andrew Paul Hampton is the Vice-President, Project Management.
- (7) Rahoul Sharan holds 3,149,999 Common Shares in his own name and 200,000 Common Shares through KJN Management, Ltd.

As of the date hereof, the directors and officers of the Corporation, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, 4,467,499 Common Shares, representing approximately 5.50% of the Common Shares outstanding.

The following is biographical information relating to each of the directors and officers of the Corporation. The directors of the Corporation shall be elected at each annual general meeting of the shareholders of the Corporation held to elect directors and shall serve until a successor is elected or appointed or until resignation is received by the Corporation, subject to the provision of the Corporation's articles, by-laws and the OBCA. The term of office of the officers expires at the discretion of the Board of Directors.

*Guy Bentinck — President, Chief Executive Officer and Director*

Mr. Bentinck has more than 20 years experience working in the resources and mining sectors.

Mr. Bentinck previously worked for Sherritt International Corporation, where he held a number of senior executive positions. Between March 2004 and November 2007, he served as Sherritt's Senior Vice President and Chief Financial Officer. During this period, he played a major role in executing Sherritt's value-creation strategy through organic growth, strategic acquisitions and balance sheet management. From 2007 to 2010, Mr. Bentinck served as Senior Vice President, Capital Projects, of Sherritt where he led a team that oversaw Sherritt's major projects, comprising a portfolio of early-stage development and construction projects ranging between \$200 million and \$4 billion. Mr. Bentinck is a Chartered Accountant and holds a Masters in Accounting from the University of Aberdeen, Scotland. Mr. Bentinck also currently serves as a director of Manabi S.A., a Brazilian company with an iron ore development project in Brazil.

*Jeffrey Hillis — Vice-President, Chief Financial Officer and Corporate Secretary*

Mr. Hillis has 10 years of experience in the mining sector in senior financial positions of TSX or TSX Venture Exchange reporting issuers. From 2009 to 2012, he was the Chief Financial Officer and Vice-President of Iberian Minerals Corp., a mid-tier producer of copper and zinc concentrates with operations in Spain and Peru. Mr. Hillis executed both senior debt and equity placements ranging from \$50 to \$100 million. He also led the development of the finance structure from a construction phase through to commercial production. From 2007 to 2009, Mr. Hillis was the Chief Financial Officer of Excellon Resources Inc., a TSX listed junior silver producer with operations in Mexico. Prior to this, Mr. Hillis spent two and a half years with Falconbridge Limited as unit controller of the zinc business whose principal asset was Brunswick Mining and Smelting Corporation Ltd. He was also responsible for the financial evaluation of brown-field zinc projects. Mr. Hillis is a Chartered Accountant (Ontario) and holds a Bachelor of Commerce from the Queen's University School of Business.

*Ross Phillips — Vice-President, Chief Operating Officer*

Mr. Phillips has 10 years of experience in the resource and energy sectors, much of which has involved working on large-scale capital projects. From 2009 to 2011, Mr. Phillips was Senior Manager, Financial Analytics and later Director of Business Development at Capital Power Corporation, one of Canada's largest power generation companies. Prior to that time, from 2003 to 2009, Mr. Phillips held various senior roles at Sherritt International Corporation, a diversified resource company that produces thermal coal nickel, cobalt oil and electricity. Mr. Phillips has a Master of Arts in Resource Economics and a Master of Business Administration from the University of Alberta and is a Chartered Financial Analyst and Certified Management Accountant.

*Andrew Paul Hampton — Vice-President, Project Management*

Mr. Hampton is an extractive metallurgical engineer with approximately 30 years of global experience in the engineering, design, operation and management of mineral processing and hydrometallurgical systems and facilities. Mr. Hampton's primary experience relates to the processing of metals and fertilizers, including as Manager of Metallurgy with SNC Lavalin — Kilborn Engineering Pacific, Ltd. in Vancouver, British Columbia from 1993 to 2002, three years as General Manager, Mineral Processing with Washington Group International, Inc. in Denver, Colorado, from 2002 to 2005, four years as General Manager of Outotec (USA) Inc., in Denver, Colorado from 2005 to 2009 and two years as Principal of KSN Mineral Process Associates, LLC, in Denver, Colorado from 2009 to 2012.

Mr. Hampton has a Bachelor of Science in Geology from Southern Illinois University and a Master of Science in Metallurgical Engineering from the University of Idaho. Mr. Hampton is a Professional Engineer with the Association of Professional Engineers and Geoscientists of British Columbia, a QP Member of the Mining and Metallurgical Society of America and a professional member of the Society of Mining, Metallurgy and Exploration Inc.

*Laura Nelson — Vice-President, Government and Regulatory Affairs*

Dr. Nelson has significant experience in government relations, permitting, power planning, communications and budget management. Dr. Nelson was the Vice-President of Energy and Environment at Red Leaf Resources, Inc. from 2007 until November 2012. While at Red Leaf Resources, Dr. Nelson oversaw the successful permitting of the Red Leaf oil shale project in Utah in 2011. From 2005 to 2007, Dr. Nelson served as the Energy Advisor to Utah Governor Jon Huntsman. During this time, Dr. Nelson participated on numerous boards and committees, including the Federal Task Force on Unconventional Fuels, the Western Interstate Energy Board, the Western Renewable Energy Generation Information System Board and was the Utah lead for the Governor's Frontier Line transmission initiative. Dr. Nelson has worked extensively on energy policy matters, including those related to emerging technologies and cross-cutting environmental issues. Dr. Nelson has considerable knowledge of energy markets and the regulatory and political environment for energy development.

Dr. Nelson holds a Doctor of Philosophy in Economics and a Bachelor of Science in Economics from the University of Utah.

*Rahoul Sharan — Chairman and Director*

Rahoul Sharan has over 30 years of finance and accounting experience. Mr. Sharan is on the board of directors of Ansell Capital Corp., Parallel Mining Corp. and Galaxy Capital Corp. He was the Chairman and a director of Uranium Power Corp. from 1992 to 2009 and continued as a director of Titan Uranium Inc. until February of 2012 following its merger with Uranium Power Corp. From April 2011 to February 2012 he also served as the Chief Financial Officer of Titan Uranium Inc. From 2006 to 2008, Mr. Sharan served as the President of Cue Resources Ltd. and acted as a director from 2006 to 2010.

Mr. Sharan is also the President of KJN Management, Ltd., a private corporation, which provides a broad range of administrative, management and financial services and has served in this capacity since 1989. Mr. Sharan holds a

Bachelor of Commerce from the University of British Columbia and is a member of the Institute of Chartered Accountants of British Columbia.

*Philip Williams — Director*

Since November 2012, Mr. Williams has served as the Director, Investment Banking at Dundee Capital Markets Inc. From 2008 to 2012, Mr. Williams served as the Vice-President, Business Development of Pinetree Capital Ltd. and has over 10 years of financial markets experience, including at an institutional brokerage as an equity research analyst prior to his joining Pinetree Capital Ltd. Since 2009, Mr. Williams has also served as Vice-President, Business Development, of Mega Uranium Ltd. Mr. Williams is a Chartered Financial Analyst and holds a Bachelor of Commerce from Ryerson University.

*Rocco Rossi — Lead Independent Director*

Rocco Rossi has a range of management, business strategy, public policy and media experience. From 2001 to 2002, Mr. Rossi served as President and Chief Operating Officer at MGI Software Corp. and as a director of AMR Technologies Inc., now Neo Material Technologies Inc., from 2003 to 2006. Mr. Rossi was a partner at NPV Associates from 2000 to 2004 and was the Chief Executive Officer of the Heart and Stroke Foundation of Ontario from 2004 to 2009. Mr. Rossi has also held senior positions in a number of companies, including the Boston Consulting Group, Torstar Corporation and InBev/Labatt Breweries.

Mr. Rossi was a candidate for Mayor of Toronto from January 2010 to October 2010. Mr. Rossi was also the National Director of the federal Liberal Party of Canada in 2009 and has managed a variety of campaigns over the years at the federal, provincial and municipal levels. Since January of 2011, Mr. Rossi has acted as the Principal of Yellow Arrow Group Inc. He volunteered on the board of Toronto's Olympic Bid Committee from 1999 to 2001 and the board of United Way of Greater Toronto from 1999 to 2004.

Mr. Rossi has a Bachelor of Arts (Honours) in political science from McGill University and a Masters of Arts in politics from Princeton University.

*Navin Dave — Chairman of the Audit Committee and Director*

Navin Dave was the Managing Partner for Global Resource Leveraging at KPMG LLP in New York from 2006 to 2011. Prior to this role, from 1994 to 2006, Mr. Dave held several senior positions within KPMG, including Managing Partner — Canadian Regions, Managing Partner — Western Canada and Managing Partner, India. He is currently President and Chief Executive Officer of Strat-Ops International Inc., a consulting firm specializing in sourcing strategic opportunities for companies interested in cross border investment and trade and has been serving in this capacity since 2011.

Mr. Dave holds a Bachelor of Science in mechanical engineering from Kings College, University of London and a Master of Science in production engineering from the University of Birmingham. He is a fellow of the Institute of Chartered Accountants. He has served on numerous professional and not-for-profit boards.

*Stephen Harapiak — Chairman of the Technical, Environmental and Safety Committee and Director*

Stephen Harapiak has significant experience in mining and processing operations, engineering, project management, and construction. He has served as the President and Chief Operating Officer of Victory Nickel Inc. since April 2008. From 1982 to 1985, he served as President and Chief Executive Officer of Potash Corporation of Saskatchewan Inc. and has held senior executive positions at several other major Canadian public companies, including Noranda Inc. (from 1979 to 1981), Hudbay Minerals Inc. (from 1972 to 1979) and Denison Mines Ltd. (from 1977 to 1979). From 2008 to 2010, Mr. Harapiak served on the board of directors of Khan Resources Inc. Mr. Harapiak has also led major engineering and construction projects worldwide, including in Canada, the United States, South America, the Former Soviet Union and Africa.

Mr. Harapiak was the president of the Canadian Institute of Mining, Metallurgy and Petroleum from 1985 to 1986 and has served on various industry, government and educational advisory boards including Khan Resources Inc. and SanGold Corporation. He was also a consultant for the International Finance Corporation, a member of the World Bank Group, from 2002 to 2007. Mr. Harapiak is a Mechanical Engineering graduate from the University of Manitoba.

*Robert C. Gross — Chairman of the Governance, Compensation and Nominating Committee and Director*

Robert Gross has served on the boards of directors and as a senior executive for several large financial institutions and is nationally recognized in the United States as an expert and educator in corporate governance matters, including board composition and structure, board and executive compensation, risk oversight, strategy and planning and board procedures. Since 2009 he has been serving as an adjunct faculty member at Westminster College, where he teaches effective corporate governance and leadership practice and dispute resolution at the Bill and Vieve Gore School of Business. He was the Chairman and President of the First Interstate Bank from 1991 to 1996 and President and Chief Executive Officer of the Blue Healthcare Bank from 2006 to 2008.

Mr. Gross was Chief of Staff to Utah Governor Michael Leavitt from 1997 to 1998 and worked as a senior attorney and practice group chair at Jones Waldo Holbrook & McDonough, PC, in Salt Lake City from 2005 to 2006. From 1996 to February 2002, he served as the executive director of Utah's Department of Workforce Services and led the consolidation of six state agencies into a single national agency, consisting of over 2,500 employees. Under the appointment of the White House, Mr. Gross served in Iraq as a senior government advisor from January to July 2004, providing technical, policy and governance advice to the interim Iraqi government. In 2008, Mr. Gross established Robert C. Gross Associates, a board and leadership advisory and conflict resolution-consulting firm. Mr. Gross received a Bachelor of Science undergraduate degree from Utah State University in 1972, a Juris Doctorate with distinction from Ohio Northern University in 1979 and an honors graduate degree in 1988 from the Pacific Coast Banking School at the University of Washington.

### **Corporate Cease Trade Orders and Bankruptcies**

Other than as set forth below, to the Corporation's knowledge, none of the directors or executive officers of the Corporation is, or has been, within the ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that was the subject of a cease trade or similar order, or an order that denied such company access to any statutory exemptions under Canadian securities legislation, which order was: (i) in effect for a period of more than 30 consecutive days, and (ii) issued either (a) when the director or executive officer was acting in the capacity as a director, chief executive officer or chief financial officer, or (b) after such person ceased to be in such capacity, but which resulted from an event that occurred while they were acting in such capacity.

Rahoul Sharan was a director of Ansell Capital Corp. a capital pool corporation that was suspended from trading by the TSX Venture Exchange on October 16, 2008 for failure to complete a qualifying transaction within the time prescribed by the TSX Venture Exchange Policy 2.4. The qualifying transaction was completed on March 24, 2009 and a final exchange bulletin was issued therefore as a result of which Ansell Capital Corp. resumed trading on the TSX Venture Exchange on March 25, 2009.

To the Corporation's knowledge, none of the directors or executive officers of the Corporation is, or has been, within the ten years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in such capacity or within one year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

### **Penalties and Sanctions**

To the Corporation's knowledge, none of the directors or executive officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities

regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

To the Corporation's knowledge, none of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, nor a personal holding company of any such persons has, within the ten years before the date of this AIF, been bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **Conflicts of Interest**

To the best of the Corporation's knowledge, there are no existing potential conflicts of interest among the Corporation or its subsidiaries and the directors or officers of the Corporation or its subsidiaries as a result of their outside business interests as at the date of this AIF. Certain of the directors and officers serve as directors and officers of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Corporation.

The Corporation's directors and officers are required by law to act honestly and in good faith with a view to the best interests of the Corporation. Subject to any limitations in the Corporation's constating documents, no agreement or transaction would be void or voidable only because it was made between the Corporation and one or more of its directors or by reason that such director was present at the meeting of directors that approved such agreement or transaction or that the vote or consent of the director is counted for the approval of such agreement or transaction. Subject to any limitations or provisions to the contrary in the Corporation's constating documents, in order for an agreement or transaction between the Corporation and one or more of its directors to be valid, the relevant director or directors must disclose in good faith his or their interests in such agreement or transaction to the other directors not having a conflict of interest (or a sufficient number of directors to carry the resolution without counting the votes of the interested director(s)) and such other directors must vote in favour of the agreement or transaction. If all of the directors have a conflict of interest, the agreement or transaction must be authorized, approved or ratified by a resolution of shareholders in order to achieve statutory validity. An agreement or transaction between a director and the Corporation will be valid unless it can be shown that, at the time the agreement or transaction was authorized, it was unfairly prejudicial to one or more shareholders or the creditors of the Corporation. In appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

The directors and officers of the Corporation have been advised of their obligations to act at all times in good faith with a view to the best interests of the Corporation and to disclose any conflicts to the Corporation if and when they arise.

## **AUDIT COMMITTEE DISCLOSURE**

### **Audit Committee Charter**

The Audit Committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointments and reporting to the Corporation's Board of Directors. A copy of the Charter of the Audit Committee is attached to this AIF as Appendix "A".

### **Composition of the Audit Committee**

The Audit Committee is structured to comply with National Instrument 52-110 — Audit Committees ("**NI 52-110**"). The Audit Committee is comprised of Navin Dave (Chairman of the Audit Committee), Philip Williams and Rocco

Rossi. Each member of the Audit Committee is financially literate within the meaning of NI 52-110. In addition, each member is independent within the meaning of NI 52-110.

### Relevant Education and Experience

See the summaries of experience and education under "*Directors and Executive Officers*" for each of the members of the Audit Committee.

### Reliance on Certain Exemptions

The Corporation is not relying on any exemptions with respect to the composition of its Audit Committee in accordance with NI 52-110.

### Pre-Approval Policies and Procedures

The Audit Committee Charter sets out procedures regarding the provision of non-audit services by the Corporation's independent registered chartered accountants. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted non-audit and non-audit related services.

### External Auditor Service Fees (By Category)

The following chart summarizes the aggregate fees billed by the external auditor of the Corporation for professional services rendered to the Corporation for the year ended December 31, 2012 for audit and non-audit related services:

	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>Other Fees</u>
2012.....	278,989 <sup>(1)(2)</sup>	37,800	16,465	-
2011.....	31,500	-	-	-

Note:

- (1) Includes \$41,250 of aggregate fees billed and accrued for the audit of the Corporation's consolidated financial statements as at and for the period ended December 31, 2012.
- (2) Includes \$237,739 of aggregate fees billed in relation to the Corporation's IPO.

### ESCROWED SECURITIES

The following Common Shares, options and warrants (collectively, the "**Escrowed Securities**") are held by, and are subject to the terms of an agreement dated November 27, 2012 between the Corporation, the holders of Escrowed Securities and Olympia Transfer Services Inc., as escrow agent (the "**Escrow Agreement**") in accordance with National Policy 46-201 — *Escrow for Initial Public Offerings*:

<u>Designation of Class<sup>(1)</sup></u>	<u>Number of Securities Held in Escrow as of December 31, 2012</u>	<u>Percentage of Securities of the Class as of December 31, 2012</u>
Common Shares.....	2,775,000	3.41%
Options.....	1,650,000	24.16%
Warrants.....	225,000	2.09%

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Notes:

(1) The Escrowed Securities are held by Guy Bentinck and Rahoul Sharan.

Pursuant to the terms of the Escrow Agreement, unless expressly permitted by the Escrow Agreement, the Escrowed Securities may not be sold, transferred, assigned, mortgaged or traded in any way while in escrow. Twenty-five percent (25%) of the Escrowed Securities were released from escrow on December 5, 2012, the date the Common Shares were listed on the TSX (the "**Listing Date**"). The remaining Escrowed Securities will be released in equal amounts of Twenty-five percent (25%) on each of the six, twelve and eighteen-month anniversaries of the Listing Date.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may be transferred within escrow to an individual who is a director or officer of the Corporation or an operating subsidiary of the Corporation, subject to the approval of the Board of Directors, or to a person or corporation that before the proposed transfer holds more than 20% of the voting rights attached to the Corporation's outstanding securities, or to a person or corporation that after the proposed transfer will hold more than 10% of the voting rights attached to the Corporation's outstanding securities and that has the right to elect or appoint one or more directors or officers of the Corporation or of any of its material operating subsidiaries.

Pursuant to the terms of the Escrow Agreement, upon the bankruptcy of a holder of Escrowed Securities, the Escrowed Securities may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of Escrowed Securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative.

In addition, certain directors, officers and shareholders, and their respective associates, entered into lock-up agreements in connection with the Corporation's IPO restricting the transfer and sale of an aggregate of 42,646,667 Common Shares (the "**Locked-up Shares**"). As of December 31, 2012, the Locked-up Shares represented 52.5% of the Corporation's issued and outstanding Common Shares. Under the terms of the lock-up agreements, the Locked-up Shares may not be transferred for up to 120 days after December 5, 2012, the closing date of the IPO.

## MATERIAL CONTRACTS

Except for contracts entered into by the Corporation in the ordinary course of business, the only material contracts entered into by the Corporation within the last financial year (or prior thereto if such contract remains in effect) are as follows:

- (i) Exploration and Option Agreement — see "*General Development of the Business — Overview*";
- (ii) The underwriting agreement in respect of the IPO dated November 27, 2012 between the Corporation and National Bank Financial Inc., Clarus Securities Inc., GMP Securities L.P., Scotia Capital Inc., Cormark Securities Inc. and Dundee Securities Ltd.;
- (iii) Utah Alunite Acquisition Agreements — see "*Potash Ridge Corporation — Corporate Structure*";
- (iv) SRP Subscription Agreement — see "*General Development of the Business — Initial Public Offering and Concurrent Private Placement*"; and
- (v) Escrow Agreement — see "*Escrowed Securities*".

Copies of the material contracts set out above are available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Corporation is not subject to any legal proceedings material to the Corporation to which the Corporation or any of its subsidiaries is a party or of which any of the Corporation's properties is the subject matter and no such proceedings are known to the Corporation to be contemplated.

During the most recently completed financial year, the Corporation has not had any penalties or sanctions imposed on it by, or entered into any settlement agreements with, a court or a securities regulator relating to securities laws.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than the interests of certain directors or executive officers of the Corporation or any person who beneficially owns, controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares as described herein, none of the foregoing persons, nor any associate or affiliate of any of them, has or had a direct or indirect material interest in any transaction since completion of the Corporation's last completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation.

### **TRANSFER AGENT AND REGISTRAR**

The Corporation has retained Olympia Transfer Services Inc. in Toronto, Ontario to act as registrar and transfer agent for the Common Shares.

### **INTERESTS OF EXPERTS**

The scientific and technical information herein regarding the Blawn Mountain Project is derived from the Technical Report prepared by Norwest by Steven B. Kerr, Lawrence D. Henchel, Jason N. Todd, Robert I. Nash and L. Ravindra Nath. Neither Norwest nor Steven B. Kerr, Milton E. Holter, Jason N. Todd, Robert I. Nash and L. Ravindra Nath own any securities of the Corporation.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

PricewaterhouseCoopers LLP are the auditors of the Corporation and have performed the audit in respect of the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2012. PricewaterhouseCoopers LLP are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information is provided in the Corporation's annual financial statements and management discussion and analysis for the year ended December 31, 2012.

## GLOSSARY OF TERMS

"**3DGBM**" means three dimensional geological block model.

"**ACOE**" means the United States Army Corps of Engineers.

"**AIF**" means this annual information form of the Corporation, dated March 27, 2013.

"**Area 1**" means the first of four exploration zones identified by Potash Ridge within the Blawn Mountain Project.

"**Area 2**" means the second of four exploration zones identified by Potash Ridge within the Blawn Mountain Project.

"**Area 3**" means the third of four exploration zones identified by Potash Ridge within the Blawn Mountain Project.

"**Area 4**" means the fourth of four exploration zones identified by Potash Ridge within the Blawn Mountain Project.

"**Actlabs**" means Activation Laboratories Limited.

"**assay**" means, in economic geology, to analyze the proportions of metal in a rock or overburden sample, or to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"**alunite**" means a hydrated aluminum potassium sulfate mineral, with the chemical formation  $KAl_3(SO_4)_2(OH)_6$ , found in volcanic rocks subject to alteration by solutions containing sulphuric acid.

"**alumina**" or "**aluminum oxide**" means an amphoteric oxide with the chemical formula  $Al_2O_3$ . Its most significant use is in the production of aluminum metal, although it is also used as an abrasive owing to its hardness and as a refractory material owing to its high melting point.

"**Bayer Process**" means the principal industrial means of processing bauxite-type material to produce alumina.

"**bauxite-type**" means a sedimentary rock that is an aluminum ore.

"**Blawn Mountain Project**" or the "**Project**" means the SOP project to be developed by Potash Ridge on the Blawn Mountain Property located in Southwest Utah.

"**BLM**" means the United States Department of the Interior, Bureau of Land Management.

"**Board of Directors**" or "**Board**" means the board of directors of the Corporation.

"**Concurrent Private Placement**" means the issuance of the Private Placement Units as described in "*General Development of the Business – Initial Public Offering and Concurrent Private Placement*".

"**Common Shares**" means common shares in the capital of the Corporation.

"**Corporation**" means Potash Ridge Corporation.

"**CUP**" means a Conditional Use Permit.

"**cut-off grade**" means the lowest grade of mineralized material that qualifies as ore in a given deposit, or rock of the lowest assay included in an ore estimate.

"**Deferred Payment**" means the additional US\$100,000 that was to be paid to SITLA pursuant to the terms of the Utah Alunite Acquisition Agreements.

**"deposit"** means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical and economic factors have been resolved.

**"DOGM"** means the Utah Division of Oil, Gas and Mining.

**"EA"** means an Environmental Assessment.

**"Earth Sciences"** means Earth Sciences Inc.

**"EIS"** means an Environmental Impact Statement.

**"Escrow Agreement"** means the agreement dated November 27, 2012 between the Corporation, the holders of Escrowed Securities and Olympia Transfer Services Inc.

**"Escrowed Securities"** means the Common Shares, options and warrants subject to the Escrow Agreement as described under *"Escrowed Securities"*.

**"ES Environmental Statement"** means the final environmental statement relating to the NG alunite project published by the BLM on August 26, 1977.

**"Exploration and Option Agreement"** means the exploration and option agreement dated April 1, 2011, as amended on June 4, 2012 and August 21, 2012, between Utah Alunite and SITLA.

**"grade"** means the amount of valuable metal in each tonne of ore, expressed as grams per tonne (g/t) for precious metals and as percent (%) for base metals.

**"Hazen"** means Hazen Research, Inc.

**"host"** means a rock or mineral that is older than rocks or minerals introduced into it.

**"ICP-AES"** means Ion Couple Plasma — Atomic Emission Spectroscopy.

**"Inferred mineral resource"** means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

**"Initial Term"** means the ten year initial term of the mineral lease granted to Utah Alunite over the Blawn Mountain Property upon exercise of the Lease Option.

**"IPO"** means the Corporation's initial public offering of 14,944,746 Common Shares as described under *"General Development of the Business – Initial Public Offering and Concurrent Private Placement"*.

**"K<sub>2</sub>O"** is the chemical formula for potassium oxide.

**"KCl"** is the chemical formula for potassium chloride, commonly known as muriate of potash.

**"K+S"** means K+S Kali GmbH.

**"Lease Option"** means Potash Ridge's option under the Exploration and Option Agreement to convert its exclusive exploration right on the Blawn Mountain Project into a mineral lease at any time during the Option Period.

**"Listing Date"** means December 5, 2012, the date on which the Common Shares were listed on the TSX.

**"Locked-up Shares"** means the Common Shares subject a contractual restriction on transfer as a result of lock-up agreements entered into by certain officers, directors and shareholders of the Corporation in connection with the Corporation's IPO.

**"Member"** means a distinct portion of a particular geological formation.

**"mineralization"** means the concentration of metals and their chemical compounds within a body of rock.

**"Mineral Resource"** means a concentration or occurrence of material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

**"MOP"** means muriate of potash.

**"NAE"** means North American Exploration Company.

**"National Steel"** means National Steel Corporation.

**"NEPA"** means the National Environmental Policy Act.

**"NOI"** means a Notice of Intent.

**"Non-Voting Shares"** means the non-voting shares in the capital of the Corporation.

**"Norwest"** means Norwest Corporation.

**"NI 43-101"** means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects*.

**"NPDES"** means a National Pollutant Discharge Elimination System.

**"OBCA"** means the *Business Corporations Act* (Ontario).

**"Option Period"** means the period April 1, 2011 through to March 31, 2014 where Utah Alunite has the exclusive right to explore the Blawn Mountain Property for potash, metalliferous minerals and clay minerals.

**"potash"** means any one of several compounds containing potassium, especially soluble compounds such as potassium oxide, potassium chloride and potassium sulfate.

**"Potash Ridge"** means Potash Ridge Corporation.

**"potassium chloride"** means the colourless crystalline solid or powder that is widely used in fertilizers, commonly known as muriate of potash.

**"Preliminary Economic Assessment"** means that portion of the Technical Report which would constitute a preliminary economic assessment which is a study, other than a pre-feasibility study or feasibility study, that includes an economic analysis of the potential viability of Mineral Resources.

**"Private Placement Units"** means the units of the Corporation to be issued to SRP pursuant to the Concurrent Private Placement as described in *"General Developments of the Business — Initial Public Offering"*.

**"ROW"** means a right of way.

**"SITLA"** means the State of Utah School and Institutional Trust Lands Administration.

"**Southwire**" means Southwire Company.

"**SRP**" means Sprott Resource Partnership.

"**SRP Subscription Agreement**" means the agreement between Corporation and SRP dated November 27, 2012 pursuant to which the Corporation agreed to issue to SRP, and SRP agreed to subscribe for, the Private Placement Units.

"**sulfate of potash**" or "**SOP**" means potassium sulphate ( $K_2SO_4$ ).

"**Technical Report**" means the technical report dated November 5, 2012 entitled "*Preliminary Economic Assessment — Blawn Mountain Project, Beaver County, Utah*" prepared by Norwest.

"**Transfer**" means the sale, transfer, disposition, assignment or similar transaction involving the direct or indirect transfer of ownership of or control over any Non-Voting Shares or Common Shares, as applicable.

"**TSX**" means the Toronto Stock Exchange.

"**UDAQ**" means the Utah Division of Air Quality.

"**Units**" means the units issued pursuant to a private placement on August 8, 2011 consisting of one Common Share and one half-warrant.

"**Utah Alunite**" means Utah Alunite Corporation, a wholly owned subsidiary of Potash Ridge and, as the context requires, Utah Alunite, LLC prior to its amalgamation with Utah Alunite Corporation.

"**Utah Alunite Acquisition Agreements**" means the purchase and sale agreements dated April 18, 2011 whereby the Corporation acquired all of the interests in Utah Alunite, LLC from its founding members.

"**Vendors**" means the founding members of Utah Alunite, LLC.

**APPENDIX A**  
**POTASH RIDGE CORPORATION**  
**CHARTER OF THE AUDIT COMMITTEE**  
**GENERAL**

**1. PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE**

1.1 Purpose

The primary purpose of the Committee is to ensure Board oversight of:

- (a) the integrity of the Corporation's financial statements;
- (b) the Corporation's compliance with legal and regulatory requirements;
- (c) the External Auditor's qualifications and independence; and
- (d) the performance of the Corporation's internal audit function and the External Auditor.

**2. DEFINITIONS AND INTERPRETATION**

2.1 Definitions

In this Charter:

- (a) "Board" means the Board of Directors of the Corporation;
- (b) "Chair" means the chair of the Committee;
- (c) "Committee" means the audit committee of the Board;
- (d) "Corporation" means Potash Ridge Corporation;
- (e) "Director" means a member of the Board;
- (f) "External Auditor" means the Corporation's independent auditor; and
- (g) "OBCA" means the *Business Corporations Act* (Ontario).

2.2 Interpretation

The provisions of this Charter are subject to the provisions of the Corporation's by-laws and to the applicable provisions of the OBCA, National Instrument 52-110 — *Audit Committees* and any other applicable legislation.

**CONSTITUTION AND FUNCTIONING OF THE COMMITTEE**

**3. ESTABLISHMENT AND COMPOSITION OF THE COMMITTEE**

3.1 Establishment of the Audit Committee

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

### 3.2 Appointment and Removal of Members of the Committee

- (a) Board Appoints Members. The members of the Committee shall be appointed by the Board, having considered the recommendation of the Governance, Compensation and Nominating Committee of the Board.
- (b) Annual Appointments. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) Vacancies. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors.
- (d) Removal of Member. Any member of the Committee may be removed from the Committee by a resolution of the Board.

### 3.3 Number of Members

The Committee shall consist of three or more Directors.

### 3.4 Independence of Members

Each member of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

### 3.5 Financial Literacy

- (a) Financial Literacy Requirement. Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
- (b) Definition of Financial Literacy. “Financially literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### 3.6 Qualifications

The Board will appoint to the Committee at least one Director who has accounting or financial expertise.

### 3.7 Board Approval Required

No member of the Committee shall serve on more than three public company audit committees without the approval of the Board.

## **4. COMMITTEE CHAIR**

### 4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

4.2 Chair to be Appointed Annually

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be two members.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least quarterly.

5.4 *In Camera Meetings*

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements or at which the Committee approves the quarterly financial statements, the Committee shall meet separately with each of:

- (a) management;
- (b) the External Auditor; and
- (c) the internal auditor, if applicable.

5.5 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.6 Invitees

The Committee may invite Directors, officers and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meeting at the Corporation's expense.

5.7 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

**6. AUTHORITY OF COMMITTEE**

6.1 Retaining and Compensating Advisors

The Committee shall have the authority to engage independent counsel and other advisors as the Committee may deem appropriate in its sole discretion and to set the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

6.2 Funding

The Committee shall have the authority to authorize the payment of:

- (a) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. Form 52-110F1, Section 9 requires disclosure of fees by category paid to the External Auditor.
- (b) compensation for any advisors employed by the audit committee; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.3 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.4 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

6.5 Compensation

The Committee has the authority to communicate directly with External Auditors and the Internal Auditors.

**7. REMUNERATION OF COMMITTEE MEMBERS**

7.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

7.2 Directors' Fees

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

## SPECIFIC DUTIES AND RESPONSIBILITIES

### 8. INTEGRITY OF FINANCIAL STATEMENTS

#### 8.1 Review and Approval of Financial Information

- (a) Annual Financial Statements. The Committee shall review and discuss with management and the External Auditor the Corporation's audited annual financial statements and related MD&A together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.
- (b) Interim Financial Statements. The Committee shall review and discuss with management and the External Auditor and, if appropriate, approve the Corporation's interim unaudited financial statements and related MD&A.
- (c) Material Public Financial Disclosure. The Committee shall discuss with management and the External Auditor:
  - (i) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases;
  - (ii) financial information and earnings guidance (if any) provided to analysts and rating agencies; and
  - (iii) press releases containing financial information (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information).
- (d) Procedures for Review. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than financial statements, MD&A and earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.
- (e) General. The Committee shall review and discuss with management and the External Auditor:
  - (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;
  - (ii) major issues as to the adequacy of the Corporation's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;
  - (iii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
  - (iv) the effect on the financial statements of the Corporation of regulatory and accounting initiatives, as well as off-balance sheet transactions structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Corporation;

- (v) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
- (vi) any financial information or financial statements in prospectuses and other offering documents;
- (vii) the management certifications of the financial statements as required under applicable securities laws in Canada or otherwise;
- (viii) any other relevant reports or financial information submitted by the Corporation to any securities regulator or the public; and
- (ix) pension plan financial statements, if any.

## **9. EXTERNAL AUDITOR**

### **9.1 External Auditor**

- (a) Authority with Respect to External Auditor. As a representative of the Corporation's shareholders, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In the discharge of this responsibility, the Committee shall:
  - (i) have sole responsibility for recommending to the Board the firm to be proposed to the Corporation's shareholders for appointment as External Auditor for the above-described purposes as well as the responsibility for recommending such External Auditor's compensation and determining at any time whether the Board should recommend to the Corporation's shareholders whether the incumbent External Auditor should be removed from office;
  - (ii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and
  - (iii) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.
- (b) Independence. The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:
  - (i) assure the regular rotation of the lead audit partner as required by law and consider whether, in order to ensure continuing independence of the External Auditor, the Corporation should rotate periodically the audit firm that serves as External Auditor;
  - (ii) require the External Auditor to submit on a periodic basis to the Committee a formal written statement delineating all relationships between the External Auditor and the Corporation and that the Committee is responsible for actively engaging in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and for recommending that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;
  - (iii) unless the Committee adopts pre-approval policies and procedures, approve any non-audit services provided by the External Auditor and may delegate such approval authority

to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and

- (iv) review and approve the policy setting out the restrictions on the Corporation hiring partners, employees and former partners and employees of the Corporation's current or former External Auditor.
- (c) Issues Between External Auditor and Management. The Committee shall:
  - (i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or an access to requested information;
  - (ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor; and
  - (iii) review with the External Auditor:
    - (A) any accounting adjustments that were proposed by the External Auditor, but were not made by management;
    - (B) any communications between the audit team and audit firm's national office respecting auditing or accounting issues presented by the engagement;
    - (C) any management or internal control letter issued, or proposed to be issued by the External Auditor to the Corporation; and
    - (D) the responsibilities, budget and staffing of the Corporation's internal audit function.
- (d) Non-Audit Services. The Chairman of the Committee may pre-approve non-audit services to a maximum of \$50,000 provided by the External Auditor or the external auditor of a subsidiary of the Corporation to the Corporation (including its subsidiaries) provided that such non-audit services so approved are communicated to the full audit committee at its first scheduled meeting following such pre-approval.
- (e) Evaluation of External Auditor. The Committee shall evaluate the External Auditor each year and present its conclusions to the Board. In connection with this evaluation, the Committee shall:
  - (i) obtain and review a report by the External Auditor describing:
    - (A) the External Auditor's internal quality-control procedures;
    - (B) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor's firm, and any steps taken to deal with any such issues; and
    - (C) all relationships between the External Auditor and the Corporation (for the purposes of assessing the External Auditor's independence);
  - (ii) review and evaluate the performance of the lead partner of the External Auditor; and

- (iii) obtain the opinions of management and of the persons responsible for the Corporation's internal audit function with respect to the performance of the External Auditor.
- (f) Review of Management's Evaluation and Response. The Committee shall:
  - (i) review management's evaluation of the External Auditor's audit performance;
  - (ii) review the External Auditor's recommendations, and review management's response to and subsequent follow-up on any identified weaknesses;
  - (iii) receive regular reports from management and receive comments from the External Auditor, if any, on:
    - (A) the Corporation's principal financial risks;
    - (B) the systems implemented to monitor those risks; and
    - (C) the strategies (including hedging strategies) in place to manage those risks; and
  - (iv) recommend to the Board whether any new material strategies presented by management should be considered appropriate and approved.

**10. INTERNAL CONTROL AND AUDIT FUNCTION**

**10.1 Internal Control and Audit**

In connection with the Corporation's internal audit function, if any, the Committee shall:

- (a) review the terms of reference of the internal auditor and meet with the internal auditor as the Committee may consider appropriate to discuss any concerns or issues;
- (b) in consultation with the External Auditor and the internal audit group, review the adequacy of the Corporation's internal control structure and procedures designed to ensure compliance with laws and regulations and any special audit steps adopted in light of material deficiencies and controls;
- (c) review management's response to significant internal control recommendations of the internal audit group and the External Auditor;
- (d) review (i) the internal control report prepared by management, including management's assessment of the effectiveness of the Corporation's internal control the structure and procedures for financial reporting and (ii) the External Auditor's attestation, and report, on the assessment made by management;
- (e) review the adequacy of insurance coverage maintained by the Corporation;
- (f) instruct the External Auditor to prepare an annual evaluation of the Corporation's internal audit group and reviewing the results of that evaluation; and
- (g) periodically review with the internal auditor any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the internal auditor.

**11. OTHER**

**11.1 Risk Assessment and Risk Management**

The Committee shall discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

**11.2 Related Party Transactions**

The Committee shall review and approve all material related party transactions in which the Corporation is involved or which the Corporation proposes to enter into.

**11.3 Expense Accounts**

The Committee shall review and make recommendations with respect to:

- (a) expense accounts, on an annual basis, submitted by the Chair and President; and
- (b) expense account policy, and rules relating to the standardization of the reporting on expense accounts.

**11.4 Whistle Blowing**

The Committee shall put in place procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

**12. ANNUAL PERFORMANCE EVALUATION**

On an annual basis, the Committee shall follow the process established by the Board and overseen by the Governance, Compensation and Nominating Committee for assessing the performance of the Committee.

**13. CHARTER REVIEW**

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.