

**POTASH ONE INC.**

(formerly ISX Resources Inc.)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

January 31, 2008

(Unaudited)

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THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODS ENDED JANUARY 31, 2008, HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS

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**POTASH ONE INC.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
January 31, 2008 and April 30, 2007  
(Unaudited)

<b><u>ASSETS</u></b>	January 31, <u>2008</u>	April 30, <u>2007</u>
Current		
Cash and cash equivalents	\$ 13,835,777	\$ 3,063,177
Receivables	176,415	-
Prepays and deposits	<u>543,395</u>	<u>-</u>
	14,555,587	3,063,177
ADVANCES RECEIVABLE	71,527	71,527
BOND	40,000	-
INVESTMENT – Note 3	500,000	-
MINERAL PROPERTIES – Note 4	1,764,733	421,853
OIL AND GAS PROPERTIES – Note 5	<u>357,545</u>	<u>153,178</u>
	<u>\$ 17,289,392</u>	<u>\$ 3,709,735</u>
 <b><u>LIABILITIES</u></b>  		
Current		
Accounts payable and accrued liabilities	\$ 272,122	\$ 220,939
Due to a related party	<u>-</u>	<u>4,000</u>
	<u>272,122</u>	<u>224,939</u>
 <b><u>SHAREHOLDERS' EQUITY</u></b>  		
SHARE CAPITAL – Note 6	21,636,980	7,640,790
SHARE SUBSCRIPTIONS RECEIVED	-	54,300
CONTRIBUTED SURPLUS	1,772,048	398,485
DEFICIT	<u>(6,391,758)</u>	<u>(4,608,779)</u>
	<u>17,017,270</u>	<u>3,484,796</u>
	<u>17,289,392</u>	<u>\$ 3,709,735</u>

Subsequent Events – Note 8

SEE ACCOMPANYING NOTES

**POTASH ONE INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
for the nine months ended January 31, 2008 and 2007  
(Unaudited)

	Three months ended January 31,		Nine months ended January 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(Note 2)	
<b>EXPENSES</b>				
Accounting and audit – Note 4	\$ 6,000	\$ 4,000	\$ 28,323	\$ 12,000
Advertising and promotion	3,088	-	3,088	-
Bank charges and interest	134	135	314	270
Consulting	34,500	-	75,500	-
Filing and regulatory	32,631	1,000	47,657	5,780
Interest on notes payable	-	-	-	7,811
Investor relations	5,000	-	5,000	-
Legal	18,194	(2,000)	85,434	23,190
Management fees – Note 4	67,000	6,000	79,000	18,000
Office and general	67	1,166	2,515	905
Rent	-	5,550	11,100	16,650
Shareholder information	6,170	-	6,170	4,774
Stock compensation expense – Note 3	1,621,889	-	1,816,875	-
Telephone	271	-	1,759	4,060
Transfer agent	8,916	851	16,551	3,158
Travel	<u>23,749</u>	<u>2,013</u>	<u>54,461</u>	<u>12,188</u>
<b>NET LOSS BEFORE OTHER ITEMS</b>	<b>(1,827,609)</b>	<b>(18,715)</b>	<b>(2,233,747)</b>	<b>(108,786)</b>
<b>OTHER ITEMS</b>				
Interest Income	77,181	18,453	78,809	22,034
Other income	10,172	-	10,172	-
Foreign exchange	(2,212)	-	(2,212)	(1,167)
Gain on forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,469</u>
<b>NET LOSS BEFORE INCOME TAXES</b>	<b>(1,742,468)</b>	<b>(262)</b>	<b>(2,146,978)</b>	<b>(76,450)</b>
<b>INCOME TAXES RECOVERED (Note 2)</b>	<u>-</u>	<u>-</u>	<u>364,000</u>	<u>-</u>
<b>NET LOSS FOR THE PERIOD</b>	<b>(1,742,468)</b>	<b>(262)</b>	<b>(1,782,978)</b>	<b>(76,450)</b>
<b>DEFICIT, beginning of the period</b>	<u><b>(4,649,290)</b></u>	<u><b>(4,259,470)</b></u>	<u><b>(4,608,780)</b></u>	<u><b>(4,183,282)</b></u>
<b>DEFICIT, end of the period</b>	<u><b>\$ (6,391,758)</b></u>	<u><b>\$ (4,259,732)</b></u>	<u><b>\$ (6,391,758)</b></u>	<u><b>\$ (4,259,732)</b></u>
<b>Basic and diluted loss per share</b>	<u><b>\$ (0.06)</b></u>	<u><b>\$ (0.00)</b></u>	<u><b>\$ (0.07)</b></u>	<u><b>\$ (0.01)</b></u>
<b>Weighted average number of shares outstanding</b>	<u><b>27,236,225</b></u>	<u><b>13,302,422</b></u>	<u><b>24,888,215</b></u>	<u><b>13,302,422</b></u>

SEE ACCOMPANYING NOTES

**POTASH ONE INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
for the nine months ended January 31, 2008 and 2007  
(Unaudited)

	Three months ended January 31,		Nine months ended January 31	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(Note 2)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (1,742,468)	\$ (262)	\$ (1,782,978)	\$ (76,450)
Changes in non-cash and working capital items:				
Future income taxes	-	-	(364,000)	-
Gain on forgiveness of debt	-	-	-	(11,469)
Interest on note payable	-	-	-	3,970
Stock based compensation	<u>1,621,889</u>	<u>-</u>	<u>1,716,875</u>	<u>-</u>
	(120,579)	(262)	(430,103)	(83,949)
Changes in non-cash working capital items:				
Receivables	(169,069)	(390)	(176,416)	(4,346)
Prepays and deposits	(543,395)	-	(543,395)	-
Accounts payable and accrued liabilities	<u>106,769</u>	<u>(18,517)</u>	<u>51,182</u>	<u>52,341</u>
Cash used in operating activities	<u>(726,274)</u>	<u>(19,169)</u>	<u>(1,098,732)</u>	<u>(35,954)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Investment	(500,000)	-	(500,000)	-
Oil and gas property	(14,866)	(58,268)	(204,367)	(105,802)
Mineral properties	(195,720)	(14,197)	(978,880)	(185,968)
Bond	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Cash used in investing activities	<u>(710,586)</u>	<u>(72,465)</u>	<u>(1,723,247)</u>	<u>(291,770)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Due to related parties	(16,000)	6,000	(4,000)	(18,000)
Common shares issued	13,031,879	54,000	13,652,879	90,000
Subscriptions received	-	-	(54,300)	-
Note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,158)</u>
Cash provided from financing activities	<u>13,015,879</u>	<u>60,000</u>	<u>13,594,579</u>	<u>(74,158)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	11,579,019	(31,634)	10,772,600	(401,882)
CASH, beginning of the period	<u>2,256,758</u>	<u>841,348</u>	<u>3,063,177</u>	<u>1,211,596</u>
CASH, end of the period	<u>\$ 13,835,777</u>	<u>\$ 809,714</u>	<u>\$ 13,835,777</u>	<u>\$ 809,714</u>
Supplemental disclosure of cash flow information:				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES

**POTASH ONE INC.**  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
January 31, 2008  
(Unaudited)

Note 1 SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These Interim consolidated financial statements should be read in conjunction with the consolidated annual financial statements for the year ended April 30, 2007. The significant accounting policies followed are consistent with those disclosed in the consolidated financial statements for the year ended April 30, 2007.

Note 2 REVISION OF PRIOR PERIOD INTERIM FINANCIAL STATEMENTS

The Company has determined that the acquisition of the Saskatchewan Potash property should have included the cost of future income taxes. As a result of this revision, the acquisition cost of the property has been increased by \$364,000 and consequently recognized a recovery of future income taxes for the three months ended July 31, 2007 of \$364,000.

Note 3 INVESTMENT

The Company subscribed for 1,000,000 units of a private arms' length potash exploration company for \$500,000. Each unit was comprised of one common share and one share purchase warrant, to acquire an additional common share at \$0.75 per share expiring on October 15, 2009.

Potash One Inc.  
Notes to the Interim Consolidated Financial Statements  
January 31, 2008  
(Unaudited)

Note 4 MINERAL PROPERTIES

	January 31, <u>2008</u>	April 30, <u>2007</u>
McConnell River property		
Acquisition costs – cash	\$ 25,000	\$ 25,000
Deferred exploration expenditures		
Assays	150	150
Claim fees	1,260	840
Field work	600	600
Travel and accommodation	4,150	4,150
	<u>6,160</u>	<u>5,740</u>
	<u>31,160</u>	<u>30,740</u>
Saskatchewan Potash property		
Acquisition costs – cash	<u>1,299,000</u>	<u>260,000</u>
Deferred exploration expenditures		
Consulting	287,913	82,493
Government permit fees	146,660	48,620
	<u>434,573</u>	<u>131,113</u>
	<u>1,733,573</u>	<u>391,113</u>
Totals	<u>\$ 1,764,733</u>	<u>\$ 421,853</u>

McConnell River

The Company holds a 100% interest in four mineral claims located in the Watson Lake Mining District, Yukon Territory.

Saskatchewan Potash

Pursuant to an Option Agreement dated May 15, 2006 with Invictus Minerals Corp., the Company, as amended May 10, 2007, the Company has agreed to acquire up to a 100% interest in the Saskatchewan Potash Property (the “Property”) comprised of 97,240 acres located in Southern Saskatchewan for the following consideration:

- staged cash payments totalling \$3,000,000 of which \$750,000 has been paid and has been recorded as acquisition costs;
- incurring exploration expenditures totalling \$1,000,000;
- issuance of \$1,000,000 worth of common shares of the Company; and,
- issuance of 500,000 warrants exercisable at \$1.00 expiring May 29, 2008

The Company has paid \$185,000 (which has been recorded as part of acquisition costs) to acquire a 2% gross overriding royalty on the Property.

Potash One Inc.  
Notes to the Interim Consolidated Financial Statements  
January 31, 2008  
(Unaudited)

Note 5 OIL AND GAS PROPERTIES

	January 31, <u>2008</u>	April 30, <u>2007</u>
Balance, beginning of year	\$ 153,178	\$ 98,385
Acquisition costs	146,525	-
Deferred exploration expenditures – drilling	<u>57,842</u>	<u>54,793</u>
Balance, end of year	<u>\$ 357,545</u>	<u>\$ 153,178</u>

The Company, through its wholly-owned subsidiary ISX OIL & Gas Inc. holds varying interests in several oil & gas leases in Saskatchewan known as the following:

- i) Ingoldsby
- ii) Belle Plaine
- iii) Gainsborough

As at January 31, 2008 and April 30, 2007, \$71,527 is owed to the Company in respect to the farm-out agreement on its Ingoldsby Property.

Note 6 SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.  
50,000,000 Class B preferred shares with a par value of \$5.

Issued Common Shares:

	Number of <u>Shares</u>	<u>Amount</u>
Balance, April 30, 2007	21,418,422	\$ 7,640,790
For cash:		
Pursuant to a Private Placement	- at \$2.65 4,150,000	10,997,500
Pursuant to exercise of options	- at \$0.30 800,000	240,000
Pursuant to exercise of options	- at \$0.75 25,000	18,750
Pursuant to exercise of options	- at \$0.80 190,000	152,000
Pursuant to exercise of warrants	- at \$0.12 2,550,000	306,000
Pursuant to exercise of warrants	- at \$0.60 2,661,500	1,596,900
Pursuant to exercise of warrants	- at \$1.00 341,729	341,729
Finders' fee	206,250	891,000
Less: share issue costs	-	(891,000)
Transferred from contributed surplus on exercise of stock options	<u>-</u>	<u>343,311</u>
Balance, January 31, 2008	<u>32,342,901</u>	<u>\$ 21,636,980</u>

Potash One Inc.  
Notes to the Interim Consolidated Financial Statements  
January 31, 2008  
(Unaudited)

Note 6 SHARE CAPITAL- (Cont'd)

Share Purchase Warrants

	<u>January 31, 2008</u>		<u>April 30, 2007</u>	
	<u>Number of</u>	<u>Weighted</u>	<u>Number of</u>	<u>Weighted</u>
	<u>Warrants</u>	<u>Average</u>	<u>Warrants</u>	<u>Average</u>
		<u>Exercise</u>		<u>Exercise</u>
		<u>Price</u>		<u>Price</u>
Outstanding at beginning of the period	10,186,000	\$0.48	4,849,400	\$0.35
Issued	500,000	\$1.00	7,636,000	\$0.60
Issued	2,075,000	\$3.25	-	\$ -
Exercised	(2,550,000)	\$0.12	-	\$ -
Exercised	(2,661,500)	\$0.60	-	\$ -
Exercised	(341,729)	\$1.00	-	\$ -
Expired	<u>-</u>	<u>\$ -</u>	<u>(2,299,400)</u>	<u>\$0.61</u>
Outstanding, end of the period	<u>7,207,771</u>	<u>\$1.37</u>	<u>10,186,000</u>	<u>\$0.48</u>

At January 31, 2008, 7,207,771 share purchase warrants were outstanding. Each warrant entitles the holder to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
4,974,500*	\$0.60	April 20,2008
158,271	\$1.00	May 29, 2008
<u>2,075,000**</u>	\$3.25	April 2,2009
<u>7,207,771</u>		

\* 4,974,500 share purchase warrants are subject to an accelerated exercise wherein the remaining exercise period may be reduced, upon notice and at the election of the Company, to 30 days, if the shares close trading at or greater than \$1.20 for 10 consecutive trading days.

\*\* 2,075,000 share purchase warrants are subject to an accelerated exercise wherein the remaining exercise period may be reduced, upon notice and at the election of the Company, to 30 days, if the shares close trading at or greater than \$4.00 for 10 consecutive trading days.

Potash One Inc.  
Notes to the Interim Consolidated Financial Statements  
January 31, 2008  
(Unaudited)

Note 6 SHARE CAPITAL- (Cont'd)

Stock Options

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares of the Company at market related prices. Options vest over 18 months when granted. Information regarding the Company's outstanding share purchase options is summarized below:

	<u>January 31, 2008</u>		<u>April 30, 2007</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of the period	1,400,000	\$0.40	1,280,000	\$0.30
Exercised	(1,015,000)	\$0.60	(480,000)	\$0.30
Cancelled	(750,000)	\$0.50	-	\$ -
Granted	<u>3,000,000</u>	\$1.54	<u>600,000</u>	\$0.54
Outstanding, end of the period	<u>2,635,000</u>	<u>\$1.64</u>	<u>1,400,000</u>	<u>\$0.40</u>
Exercisable, end of period	<u>1,228,750</u>			

At January 31, 2008, the following stock options were outstanding:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry</u>
75,000	\$0.75	April 20, 2009
1,360,000	\$0.80	June 18, 2009
600,000	\$1.75	October 29, 2010
<u>600,000</u>	<u>\$3.55</u>	January 29, 2011
<u>2,635,000</u>		

During the nine months ended January 31, 2008, stock-based compensation expense of \$1,816,875 (2007: \$Nil) was recorded. Of this total, \$100,000 was a cash payment based on option appreciation value for 500,000 options which were surrendered to the Company.

Note 6 SHARE CAPITAL- (Cont'd)

The following assumptions were used in the calculation of stock-based compensation expense using the Black-Scholes option pricing model.

	<u>2008</u>
Risk-free interest rate	4.04-4.33%
Dividend yield	0%
Expected stock price volatility	85-106%
Weighted average expected stock option life	2 years

Note 7 RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2008, stock based compensation of \$100,000 (2007 –Nil) was paid to a former director of the Company. The cash payment was for stock appreciation rights and was made in consideration of the surrender of 500,000 options with an exercise price of \$0.50 per share.

During the nine months ended January 31, 2008, the Company incurred management fees of \$79,000 (2007: \$18,000) to a director and a corporation controlled by a director of the Company

These transactions were measured at the exchange amount, which represents the amount agreed upon by the transacting parties.

Note 8 SUBSEQUENT EVENTS

Subsequent to January 31, 2008, the Company:

- i) Entered into an agreement with an arms-length vendor to acquire 100% of three potash exploration permits in Saskatchewan and two permits applications current under review for a cash consideration of \$2,897,880 and the issue of 1,408,000 common shares of the Company. This is subject to regulatory approval.
- ii) Issued 75,000 common shares for cash of \$60,000 upon the exercise of outstanding stock options.
- iii) Issued 3,002,900 common shares for cash of \$1,815,300 upon the exercise of outstanding share purchase warrants.
- iv) Granted 500,000 stock options exercisable at \$3.70 per share and expiring on February 19, 2011.
- v) Completed a Private Placement for 3,500,000 units at \$4 per unit for \$14,000,000. Each unit consist of 1 common share and ½ share purchase warrant exercisable at \$4.75 per share and expiring on June 6, 2009. Finders fees of 165,000 units were issued.
- vi) Acquired 1,000,000 units in a TSX Venture Exchange listed corporation for \$450,000.