MAGNA RESOURCES LTD.
1220 - 1066 West Hastings Street,
Vancouver, BC, V6E 3X1
Phone: 604.558.4955 Fax: 604.558.4956

Form 51-102F1

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Year Ended July 31, 2012

Date: November 29, 2012

General

This Management's Discussion & Analysis ("MD&A") of Magna Resources Ltd. ("Magna" or the "Company") has been prepared by management and should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2012. Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at www.sedar.com.

Forward-Looking Statements

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the Company's consolidated financial statements, additional important factors, if any, are identified here.

Overview of Business

The Company was incorporated on June 5, 2006 under the laws of British Columbia and is listed on the Canadian National Stock Exchange ("CNSX") under the symbol "MNA". The Company is dedicated to the acquisition and development of potash mineral deposits in the United States and elsewhere. American Potash LLC ("*American Potash*"), a Nevada corporation wholly owned by the Company, owns and operates the Green River Potash Project in Utah. American Potash's area of interest covers key land positions in known potash-bearing sedimentary cycles in Utah.

On January 19, 2012, Confederation Minerals Ltd. ("Confederation") purchased 50% of the Company. The purchase price of the acquisition is comprised of Confederation's 50% interest in American Potash LLC ("American Potash") and in exchange, the Company issued 22,420,000 common shares and 2,400,000 common share purchase warrants. After the acquisition transaction (the "Purchase and Sale Transaction"), the Company holds a 100% interest in American Potash, which holds Potash leases and an option in respect of potash lease applications in the State of Utah. In addition to the Purchase and Sale Transaction, Confederation subscribed for 6,666,666 common shares of the Company at $0.30 per share for gross proceeds of $2,000,000.

As at July 31, 2012, the Company has an aggregate of 51,506,666 common shares issued and outstanding (on a non-diluted basis) and 4,800,000 common share purchase warrants outstanding. Confederation holds 56.47% of the shares of the Company and 50% of the warrants.

American Potash LLC

American Potash is a Nevada corporation which owns certain potash exploration leases and an option to acquire potash exploration permit applications in respect of certain potash prospects in the Paradox Valley in Utah. On November 2, 2010 the option agreement dated June 2009 between American Potash (then owned 50% by each of the Company and Confederation), Sweetwater Resources LLC ("Sweetwater"), John Glasscock and Kent Ausburn (the "Sweetwater Option Agreement") (collectively called the "Optionors") was amended to exclude the Arizona permits and properties which were previously part of that agreement.

On November 12, 2010, the Company, Confederation and Sweetwater granted an option to Passport Potash Inc. ("Passport") to acquire 100% of the Arizona properties, subject to a 2% royalty, in consideration of the issue of 500,000 shares by December 15, 2010 (received), payments of US$90,000 in three installments of US$30,000 each at 12, 18 and 24 months from the date of signing the agreement (received) and by meeting the exploration expenditures as required by the Arizona State Land Department. The consideration is to be shared as follows: Sweetwater (29.3%) and American Potash (70.7%).

During the year ended July 31, 2012, Passport paid the remaining US$60,000 due for option payments to acquire a 100% interest in five Arizona State Land Department exploration permits and US$300,000 to obtain 100% of the 2% NSR royalties. American Potash's share of the received payment is US$254,484 (CAD $256,571).

On November 21, 2011, the Company and Confederation signed a purchase and sale agreement in respect of the acquisition of the remaining 50% interest in American Potash previously held by Confederation ("Purchase and Sale Transaction"). Under the terms of the agreement the Company also completed a 2 for 1 subdivision of its outstanding common shares, resulting in the Company having 22,420,000 common shares being issued and outstanding immediately prior to closing of the Purchase and Sale Transaction. When combined with the Company's previously held 50% interest in American Potash, American Potash became a wholly-owned subsidiary of the Company.

In consideration for Confederation's 50% interest in American Potash, the Company issued 22,420,000 common shares of the Company (the "Consideration Shares") to Confederation using a deemed value of $0.20 per share and 2,400,000 common share purchase warrants to exactly match the number of issued and outstanding securities of the Company immediately prior to closing of the Purchase and Sale Transaction. Each warrant entitles Confederation to purchase a further common share at a price of $0.10 until February 25, 2016. Under IFRS 3, the considerations transferred were measured using the acquisition-date fair value. As a result, a discount from the deemed value of $0.20 per share has been applied due to a lack of marketability of the Consideration Shares held as a block in the hands of Confederation which resulted in the fair value of the Consideration Shares at $0.06 being assigned per share.

The reassessment at fair value of the previously held interest in American Potash gave rise to a gain of $1,001,754 that was recognized in the statements of operations and comprehensive loss under "Gain on business combination achieved in stage". The fair value of the previously held 50% interest was set at $1,328,805, being the same value as the 50% interest of American Potash acquired.

As a result of Confederation's controlling position in the Company, and as required under IFRS, the Company's results for the quarters ended January 31, 2012 and April 30, 2012 have been consolidated into Confederation's audited annual financial statements for the year ended June 30, 2012 (the "Confederation Statements"). Under IFRS 3, the Consideration Shares received by Confederation were presented in the Confederation Statements using an acquisition-date fair value of $0.06 per share, rather than the $0.20 value attributed to the shares by the Company upon issuance. The discount was applied under IFRS 3 due to a lack of marketability of the Consideration Shares held as a block in the

hands of Confederation. Following the audit of the Confederation Statements, and as required under IFRS, on October 29, 2012 Confederation filed restated interim financial statements for the nine months ended March 31, 2012.

In accordance with IFRS, the Company is required to record the issuance of 22,420,000 common shares to Confederation at the acquisition-date fair value of $0.06 per share. The Company must also similarly restate its interim financial statements for the quarters ended January 31, 2012 and April 30, 2012 to present the acquisition-date fair value of $0.06 per share. These restated financial statements will be filed by the Company as soon as reasonably practicable.

As a result of the Purchase and Sale Transaction, Confederation effectively controlled the Company and the Company holds a 100% interest in American Potash.

The Purchase and Sale Transaction was accounted for in accordance with IFRS 3, Business Combination, and Confederation is considered to be the accounting acquirer, the Company and American Potash are considered the subsidiaries of Confederation.

In addition to the Purchase and Sales Transaction, Confederation subscribed for 6,666,666 common shares of the Company at $0.30 per share for gross proceeds to the Company of $2,000,000. As at July 31, 2012, the Company has an aggregate of 51,506,666 common shares issued and outstanding and 4,800,000 common share purchase warrants exercisable at $0.10 per share outstanding (on a non-diluted basis) and Confederation holds 56.47% of the Company's shares and 50% of the Company's warrants.

Exploration Update

The Green River Potash Project

The Green River Potash Project ("GRPP") comprises 11 state potash leases totaling 2,853 ha, 25 federal potash prospecting permit applications ("PPAs") totaling 17,767 ha and 160 lithium placer claims totaling 1,295 ha staked over a portion of the federal potash PPA area. American Potash holds 100% title to the potash mineralization through the state leases, including all chlorides, sulfates, carbonates, borates, silicates, and nitrates of potassium, holds 100% title to the lithium placer claims through staking and holds a 100% option on the PPAs pursuant to the Sweetwater Option Agreement. The GRPP is situated 32 kilometers west of Moab in the renowned Paradox Basin in Utah, which contains the stratigraphic sequence of evaporite/salt layers that comprise the United States' sole solution mining potash operation, Intrepid Potash Inc.'s Cane Creek potash mine. The Cane Creek mine is currently exploiting Potash Cycle 5, which underlies and extends throughout the GRPP area and is the prime exploration target.

A technical report authored by Agapito Associates Inc. based in Grand Junction, Colorado, addressed to Magna and dated July 10, 2012 with an effective date of September 12, 2012 on the GRPP (the "GRPP Report") classifies Cycle 5 as a NI 43-101 exploration target (the "Exploration Target") projected to contain between 600 million and 1 billion tonnes of sylvinite with an average grade ranging between 19 and 29% eKCl* (the prefix 'e' in eKCI indicates that the grade was estimated utilizing the response from the gamma ray log surveys and was not measured from chemical analysis of the core), assuming a bed thickness cut-off of 2.0 m and a composite grade cut-off of 15.8% eKCl*. Cycle 5 ranges between 1,200 and 1,900 m depth on the Property. It should be noted that Exploration Targets are conceptual in nature and there has been insufficient exploration to define them as Mineral Resources, and, while reasonable potential may exist, it is uncertain whether further exploration will result in the determination of a Mineral Resource under NI 43-101. The Exploration Target stated in the GRPP Report is not being reported as part of any Mineral Resource or Mineral Reserve.

On May 4, 2012, the US Department of the Interior, Bureau of Land Management, posted a notice on the Federal Registry regarding the establishment of the Ten Mile Known Potash Leasing Area ("Ten Mile

KPLA”). This action establishes that the lands within the Ten Mile KPLA may no longer be available for non-competitive leasing for potash and may instead be available through a competitive leasing process. The newly established Ten Mile KPLA boundary overlies a portion of the GRPP’s prospecting permit applications (non-competitive lease applications) and as a result reduced the GRPP by 8,738 ha from 33 PPAs totaling 29,358 ha to the current 25 PPAs totaling 20,620 ha.

On September 13, 2012, the Company announced that American Potash LLC received final approval from the State of Utah to commence drilling on three of its State leases which form part of the GRPP. Stratigraphic test wells have been designed to test the Cycle 5 potash evaporite horizon in the northwest portion of the GRPP on select Utah State leases. To date, three drill permits have been granted.

As stated in the Company’s May 26, 2011 press release, a Memorandum of Understanding was executed by American Potash with the Bureau of Land Management (“BLM”) to expedite drilling on Federal Lands administered by the BLM. On September 13, 2012, the Company announced that American Potash has formally initiated the review process towards the granting of prospecting permits on Federal Lands by submitting an Exploration Plan. The exploration Plan is currently under review and American Potash is focused on facilitating a timely completion to the prospecting permit approval process.

The above technical content was reviewed by Lawrence Dick.

Other Corporate Information

The audited consolidated financial statements of the Company for the years ended July 31, 2012, July 31, 2011 and August 1, 2010 include the accounts of the Company and its 100% interest in American Potash (50% before January 19, 2012). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

The board of directors consists of Rudy de Jonge, Darryl Yea, Kent Ausburn, John Greig, Lawrence Dick and Kenneth R. Holmes. Michael Sieb is the President and Alexander Peck is the Chief Financial Officer. The members of the Audit Committee are Darryl Yea, John Grieg and Lawrence Dick.

The Company’s shares are listed on the Canadian National Stock Exchange under the trading symbol “MNA”.

Overall Performance

The following discussion of the Company’s financial performance is based on the audited financial statements for the years ended July 31, 2012 and July 31, 2011.

The statement of financial position as at July 31, 2012 indicates a cash position of $Nil (July 31, 2011: $34,250) and short-term investments of $1,484,273 (July 31, 2011: $106,382). The Company has other current assets of HST receivables of $22,844 (July 31, 2011: $8,232), other receivables of $162,680 (July 31, 2011: $2,766), and prepaid expenses of $25,791 (July 31, 2011: $Nil). The increase in short-term investment during the year ended July 31, 2012 was mainly a result of a private placement for 6,666,666 common shares at a price of $0.30 per share, for gross proceeds of $2,000,000.

Non-current assets consist of exploration and evaluation assets of $2,935,031 (July 31, 2011: $172,730) and intangible assets of $480,986 (July 31, 2011: $99,914). The increase in exploration and evaluation assets is mainly due the Company’s purchase of Confederation’s 50% interest in American Potash.

Current liabilities at July 31, 2012 total $751,635 (July 31, 2011: $60,764), comprising bank indebtedness of $65,788 (July 31, 2011: $Nil), accounts payable and accrued liabilities of $85,310 (July 31, 2011: $51,392), income taxes payable of $54,776 (July 31, 2011: $Nil), deferred income tax liability of $340,595 (July 31, 2011: $9,372), withholding tax payable of $162,680 (July 31, 2011: $Nil) and due to a related party of $42,486 (July 31, 2011: $Nil)

Shareholders' equity at July 31, 2012 is comprised of share capital of $4,622,161 (July 31, 2011: $1,322,961), reserves of $1,330,204 (July 31, 2011: $314,194), accumulated other comprehensive loss of $797 (July 31, 2011: $18,426) and a deficit of $1,591,598 (July 31, 2011: $1,255,219) for total shareholders' equity of $4,359,970 (July 31, 2011: $363,510). The increase in share capital resulted from the Purchase and Sale Transaction whereby Magna issued 22,420,000 common shares at the price of $0.06 and the subsequent issuance for 6,666,666 common shares at a price of $0.30 per share. The increase in reserves relates to 3,285,000 stock options granted to directors, officers and consultants of the Company on February 3, 2012 as well as 2,400,000 warrants issued to Confederation in relation to the Purchase and Sale Transaction. The options are exercisable at $0.40 per share for a term of five years, expiring February 2, 2017. The fair value of these stock options was calculated using the Black-Scholes option pricing model. The options were valued at fair value of $688,410 ($0.210 per share) where the exercise price is equal to the market price at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.29%, a dividend yield of nil, an expected volatility of 98.51% and an average expected life of 5 years. A share-based payment of $688,410 was charged to operations and added to reserves. The fair value of the warrants was calculated using the Black-Scholes option pricing model. The warrants were valued at fair value of $327,600 ($0.137 per share) where the exercise price is equal to the market price at the date of grant and the fair value of each warrant granted, assuming a risk-free interest rate of 1.25%, a dividend yield of nil, an expected volatility of 100.01% and an average expected life of 2 years.

Working capital, which is current assets less current liabilities, is $943,953 (July 31, 2011: $90,866). The Company's working capital increased in 2012 compared to 2011 due to Confederation's subscription of 6,666,666 common shares at a price of $0.30 per share for proceeds of $2,000,000.

As at July 31, 2012, the Company has no earnings and therefore finances exploration activities by the issuance of its common shares. The key determinants of the Company's operating results are the following:

(a) the state of capital markets, which affects the ability of the Company to finance its exploration activities; and
(b) the write-down and abandonment of exploration and evaluation assets and intangible assets should permits for exploration not be granted and should exploration results provide further information that does not support the underlying value of such assets.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the three most recently completed financial years. The Company has chosen to present the table on the basis of Canadian Generally Accepted Accounting Principles (CGAAP), the standard in effect at the year ended July 31, 2010. The information for the years ended July 31, 2012 and 2011 has been prepared under IFRS. Readers should realized that, accordingly, the information in the table below may not be strictly comparable, being based on two different sets of accounting standards.

	Year-Ended July 31, 2012 (IFRS)	Year-Ended July 31, 2011 (IFRS)	Year-Ended July 31, 2010 (CGAAP)
Net Sales or Total Revenues	$NIL	$NIL	$NIL
Net Income or (Loss)	$(336,379)	$3,526	$(56,490)
Net Comprehensive Income of (Loss)	$(318,750)	$(14,900)	$(56,490)
Net Income or (Loss) per share, basic and diluted	$(0.01)	$(0.00)	$(0.01)
Total Assets	$5,111,605	$424,274	$246,920
Weighted Average Number of Shares Outstanding-basic	37,879,762	10,550,984	10,010,000
Weighted Average Number of Shares Outstanding-diluted	37,879,762	10,677,321	10,010,000
Shareholders' Equity	$4,359,970	$363,510	$189,519

Results of Operations

During the year ended July 31, 2012, the Company generated a net loss of $336,379 (2011: net income of $3,526) and a net comprehensive loss of $318,750 (2011: $14,900). The variance is mainly attributable to share-based payments in fiscal 2012 of $688,410 (2011: $Nil) for stock options granted to directors, officers and consultants of the Company, legal fees of $90,669 (2011: $8,532) increase mostly relating to the Purchase and Sale Transaction, project investigation costs of $148,934 (2011: $Nil) related to the Bureau of Land Management reducing the size of application areas in Utah prospects, consulting fees of $72,366 (2011: $Nil), wages and benefits of $52,878 (2011: $Nil) relating to management of the Company and these expenses are offset with other income of $256,571 (2011: $Nil) related to American Potash's share of the sale of the Arizona properties to Passport (See also "*Overview of Business*") and gain on business combination achieved in stage of $1,001,754 (2011:$Nil).

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters. The information for the years ended July 31, 2012 and 2011 has been prepared under IFRS. Readers should realized that, accordingly, the information in the table below may not be strictly comparable, being based on two different sets of accounting standards.

	2012				2011			
	July	April	January	October	July	April	January	October
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (Loss)	$765,755	$(931,404)	$(99,769)	$(70,961)	$(43,596)	$58,492	$64	$(11,434)
Basic Income (Loss) per share	$0.02	$(0.02)	$(0.01)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)

The Company began paying management fees to a director of the Company effective June 1, 2011. In April 2012, the Company hired Mike Sieb as President and established an office in Vancouver. On May 4, 2012, the US Department of the Interior, Bureau of Land Management, posted a notice on the Federal Registry regarding the establishment of the Ten Mile Known Potash Lease Area ("KPLA). This action establishes that the lands within the Ten Mile KPLA may no longer be available for non-competitive leasing for potash and may instead be available through a competitive leasing process. The newly established Ten Mile KPLA boundary overlies a portion of the Company's prospecting permit applications (non-competitive lease applications) and as a result has reduced the Property by 8,738 ha from 29,358 ha to 20,620 ha. As a result of this reduction, during the year ended July 31, 2012, the Company expensed costs related to these properties of $148,934 to property investigation costs.

Fourth Quarter Results

	Three Months Ended July 31, 2012 $	Three Months Ended July 31, 2011 $
Accounting and legal fees	11,003	4,727
Legal fees	15,124	(4,392)
Interest expenses and bank charge	337	-
Management fees	20,817	10,000
Meals and entertainment	19,805	1,926
Office supplies and expenses	9,391	603
Wages	39,463	-
Office rent	4,327	-
Transfer agent and filing fees	5,498	1,734
Foreign Exchange	1,209	11,041
Property investigation (recovery)	(246,016)	-
Loss before other income (expenses) and income taxes	**119,042**	**(25,639)**
Interest income	(8,491)	-
Other income	(4,322)	(20,235)
Gain on business combination achieved in stage	(1,001,754)	-
Gain (loss) on marketable securities	(20)	16,661
Future income tax expense (recovery)	367,874	(9,750)
Foreign currency translation	9,731	-
Net income (loss) and comprehensive income (loss)	**756,024**	**(38,963)**

Other income and expenses in Quarter 4 of fiscal 2012 comprised a gain on business combination achieved in stage $1,001,754 resulting from the reassessment at fair value of the previously held interest in American Potash.

Liquidity & Capital Resources

The Company's cash balance is $Nil and working capital is $943,953 at July 31, 2012 compared with a cash balance of $34,250 and working capital of $90,866 at July 31, 2011. The increase in working capital is primarily due to Confederation acquiring 6,666,666 common shares of the Company at a price of $0.30 per share for proceeds of $2,000,000.

Cash used in operating activities during the year ended July 31, 2012 is $384,117 (2011: $75,992). Cash used for investing activities is $1,654,628 (2011: $141,306), comprised of bank indebtedness of $65,788 (2011: $Nil), purchase of short term investment of $1,397,972 (2011: $Nil), exploration and evaluation assets and intangible assets of $322,444 (2011: $156,606). Cash provided by financing activities is $2,000,000 (2011: $192,000).

The Company's major sources of funds are derived from financings. The Company has a capitalization of an unlimited number of common shares without par value of which 51,506,666 common shares are issued and outstanding as at July 31, 2012.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

Related Party Transactions

The aggregate value of transactions and outstanding balances relating to key management personnel and entities which they have control over or significant influence of were as follows:

Services provided by:	Notes	2012	2011
		$	$
Alexander Peck	(a)	13,500	-
St. Cloud Mining Services Inc.	(b)	60,000	-
Mike Sieb	(c)	50,000	-
Global Mining Services Inc.	(d)	21,442	5,995
Compensation benefits to key management	(e)	513,426	-
		658,368	5,995

(a) Alexander Peck, the CFO of the Company provided management services to the Company.
(b) St. Cloud Mining Services Inc. is a privately held corporation controlled by a director, who provided consulting services to the Company.
(c) Mike Sieb, the President of the Company, provided management services to the Company.
(d) Global Mining Services Inc. is a privately held corporation controlled by a director, Kent Ausburn, who provided geological consulting services to the Company.
(e) Compensation benefits to key management personnel consists of share-based payments made during the year.

	July 31, 2012	July 31, 2011	August 1, 2010
	$	$	$
St. Cloud Mining Services Inc.	13,000*	30,000	25,000
Mike Sieb	108*	-	-
Confederation Minerals Ltd.	120,194**	-	-
	133,302	30,000	25,000

*The balance included in accounts payable and accrued liabilities.
**The balance included $162,680 withholding tax receivable and $42,486 shareholder's loan which is unsecured, non-interest bearing, and payable on demand.

A director of the Company is a party to the Sweetwater Option Agreement with American Potash LLC.

On September 1, 2012, American Potash entered into an agreement with Global Mining Services Inc., a company wholly-owned by a director of the Company and a manager of American Potash, to provide consulting services as COO of American Potash. Global Mining Services Inc. will receive $5,000 per month for these services.

Critical Accounting Estimates

For the preparation of consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the date of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The purchase price allocation. Business acquisitions are accounted for by the acquisition method of accounting whereby the purchase price is allocated to the assets acquired and the liabilities assumed based on fair value at the time of the acquisition. The excess purchase price over the

fair value of identifiable assets and liabilities acquired, if any, are goodwill. The determination of fair value often requires determining the fair value of property, plant and equipment acquired generally require a high degree of judgment. Changes in the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill, if any, in the purchase price allocation. If material, such adjustments would be reflected via a restatement of previously issued financial statements.

(b) The provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.

(c) The recoverability of exploration and evaluation assets in the consolidated statements of financial position.

(d) the inputs used in accounting for share purchase option expense in the consolidated statements of comprehensive loss.

New accounting standards and interpretations

The following standards have been issued but are not yet effective. They may result in future changes to accounting policies and other note disclosures.

(a) IFRS 9, Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods on or after January 1, 2015.

(b) IFRS 10, Consolidate Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and is required to adopt the standard no later than the accounting period beginning on or after January 1, 2013.

(c) IFRS 11, Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is a joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint ventures and IEC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and is required to adopt the standard no later than the accounting period beginning on or after January 1, 2013.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and is required to adopt the standard no later than the accounting period beginning on or after January 1, 2013.

(e) IFRS 13, Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS's. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Company is yet to assess the full impact of IFRS 13 and is required to adopt the standard no later than the accounting period beginning on or after January 1, 2013.

(f) IAS 7, Financial Instruments: Disclosures

Amendments to IAS 7 provide disclosure requirements for the offsetting of a financial asset and financial liabilities when offsetting is permitted under IFRS. The disclosure amendments are required to be adopted retrospectively for periods beginning January 1, 2013.

(g) IAS12 (revised), Income Taxes

In December 2010, the IASB issued amendments to IAS 12 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendments introduce a presumption that entities will assess whether the carrying value of an asset will be recovered through the sale of the asset. These amendments are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of these amendments to its consolidated financial statements but he impact, if any, is not expected to be material.

(h) IAS 19, Employee Benefits

Amendments to IAS 19 provide new requirements for the accounting for defined benefit pension plans. Most notably, the amendments mandate the immediate recognition of actuarial gains and losses, and require companies to use the same discount rate for both the defined benefit obligation and the expected asset return when calculating the interest component of pension expense. The Company does not believe the adoption of IAS 19 will materially affect its financial performance or its financial position.

(i) IAS 32, Financial Instruments: Presentation

Amendments to IAS 32 provide specific guidance for when an entity can offset financial assets and liabilities by clarifying when a legally enforceable right to do so exists and when an entity meets the criterion for the intent to settle on a net basis. These amendments are effective for annual periods beginning after January 1, 2014. The Company does not believe the amendments to IAS 32 will materially affect its financial performance or its financial position.

Financial Instruments

Classification of financial instruments

(a) Fair Values

Assets and liabilities measure at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as follows:

As at July 31, 2012	Fair Value Measurements Using Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	$ -	$ -	$ -
Short term investments	$ 1,484,273	$ -	$ -
Total	$ 1,484,273	$ -	$ -

As at July 31, 2011	Fair Value Measurements Using Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	$ 34,250	$ -	$ -
Short term investments	$ 106,382	$ -	$ -
Total	$ 140,632	$ -	$ -

As at August 1, 2010	Fair Value Measurements Using Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	$ 58,311	$ -	$ -

The fair values of other financial instruments, which include other receivable, other assets, bank indebtedness, accounts payable and accruals and due to related parties, approximate their carrying value due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The functional currency of the Company's subsidiary American Potash is the US dollar. Foreign currency risk arises from the fluctuation in currency exchange between the Canadian dollar and US dollar. The Company has not entered into financial instruments to hedge against this risk At July 31, 2012, the assets and liabilities of the American Potash subsidiary have been converted at the year-end exchange rate. A 1% strengthening in US dollar against Canadian dollar would have a before-tax effect of $10,205 increase in accumulated other comprehensive income, based on amounts held at the year end.

(d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual maturity analysis is as follows:

	Less than 3 months	3-12 months	1-5 years	Longer than 5 years	Total
	$	$	$	$	$
July 31, 2012					
Bank indebtedness	65,788	-	-	-	65,788
Accounts payable and accrued liabilities	85,310	-	-	-	85,310
Due to related parties	-	42,486	-	-	42,486
July 31, 2011					
Accounts payable and accrued liabilities	51,392	-	-	-	51,392
August 1, 2010					
Accounts payable and accrued liabilities	56,501	-	-	-	56,501

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. As at July 31, 2012, the Company has in total $1,484,273 (July 31, 2011: $Nil, August 1, 2010: $Nil) in guaranteed investment certificates.

The policies to manage interest rate risk have been followed by the Company during prior periods and are considered to be effective.

Summary of Outstanding Share Data

The Company's issued and outstanding share capital as at the date of this MD&A is as follows:

(1) Authorized: Unlimited common shares without par value.
(2) As at November 29, 2012, the Company has 51,506,666 common shares issued and outstanding, 4,142,500 stock options outstanding and 4,800,000 warrants outstanding.

Additional Disclosure for Junior Issuers

The Company has expensed the following material cost components during the year ended July 31, 2012:

	Notes	Year Ended July 31, 2012	2011

		$	$
Accounting and audit fees	(a)	67,010	25,009
Bank charges and interest		951	406
Consulting fees	(b)	72,366	-
Foreign exchange loss/(gain)		1,209	4,086
Legal fees	(c)	90,669	8,532
Licenses and permits		623	710
Management fees		-	10,000
Meals and entertainment	(d)	13,179	701
Office expenses		21,617	414
Project investigation	(e)	148,934	-
Rent		5,769	-
Share-based payments	(f)	688,410	-
Transfer agent and filing fees	(g)	21,645	10,181
Travel and accommodation	(h)	18,565	1,225
Wages	(i)	52,878	-
Website development		6,242	4,633
Gain (loss) on marketable securities	(j)	(25,634)	65,002
Gain on disposal of property		-	14,171
Interest and miscellaneous income		8,871	-
Other income	(k)	256,571	-
Gain on business combination achieved in stage	(l)	1,001,754	-
Income tax expense		367,874	9,750

(a) Accounting and audit fees in 2012 increases related to IFRS restatements, costs associated with the Purchase and Sale Transaction and the 2011 audit.

(b) Alexander Peck, CFO was paid a consulting fee for his services, commencing January 1, 2012. St. Cloud Mining Services, wholly owned by a director of the Company, was retained for all of Fiscal 2012 to provide management services to the Company for a fee of $5,000 per month.

(c) Legal fees included $52,975 associated with the Purchase and Sale Transaction.

(d) During fiscal 2012, management made several trips to Utah related to the potash prospects.

(e) On May 4, 2012, the US Department of the Interior, Bureau of Land Management, posted a notice on the Federal Registry regarding the establishment of the Ten Mile Known Potash Lease Area (“KPLA). This action establishes that the lands within the Ten Mile KPLA may no longer be available for non-competitive leasing for potash and may instead be available through a competitive leasing process. The newly established Ten Mile KPLA boundary overlies a portion of the Company’s prospecting permit applications (non-competitive lease applications) and as a result has reduced the Property by 8,738 ha from 29,358 ha to 20,620 ha. As a result of this reduction, during the year ended July 31, 2012, the Company expensed proportionate costs related to these reductions of $148,934 to property investigation costs.

(f) Share-based payments of $688,410 were paid to directors, officers and consultants of the Company. This is a non-cash expense which records the fair value of stock options that have been granted and vested during the period. During the year ended July 31, 2012, 3,285,000 incentive stock options were granted to directors, officers and consultants of the Company. The Black-Scholes option pricing model was used for the fair value calculation.

(g) Transfer agent fees increased year over year due mainly to the Purchase and Sale Transaction.

(h) See Item (d) above.

(i) In April, 2012, the Company retained Mike Sieb as President.

(j) In fiscal 2011 the Company showed an unrealized gain in marketable securities held of $65,002. The securities were sold in fiscal 2012 at a lower price than estimated, resulting in a loss during the period.

(k) Other income of $256,571 was recorded since Passport paid American Potash and Sweetwater US$60,000 option payments to acquire a 100% interest in five Arizona State Land Department exploration permits and US$300,000 to obtain 100% of the 2% NSR royalties. American Potash's share of the received payment is US$254,484 (CAD $256,571), which is recorded as other income.

(l) The reassessment at fair value of the previously held interest gave rise to a gain of $1,001,754 that was recognized in the statements of operations and comprehensive loss under "Gain on business combination achieved in stage".

The Company has capitalized the following exploration and evaluation assets during the year:

	Green River Potash
	$
Mineral acquisition	
Opening balance, July 31, 2010	84,303
Cash Payments	31,212
	115,515
Deferred exploration expenditure	
Opening balance, July 31, 2010	14,392
Geological surveys	11,525
Geological consulting	31,298
	57,215
Total as at July 31, 2011	172,730
Mineral acquisition	
Cash Payments	18,830
Shares issued for mineral property	-
	18,830
Deferred exploration expenditure	
Bonding	10,123
Surveys	17,827
Geological consulting	181,084
	209,034
Reassessment Exploration and evaluation asset through business acquisition (Note 4)	2,534,437
Total as at July 31, 2012	2,935,031

Risks and Uncertainties

Overview

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to

locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to support commercial production stage are also very substantial.

The following sets out the principal risks faced by the Company.

Exploration risk. The Company is seeking mineral deposits, on exploration projects where there are not yet established ore reserves. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price risks. The Company's exploration projects seek mineral resources in Utah. While there have been price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target resources. An adverse change in the resource prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Financing risks. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Corporation and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that price fluctuations and volatility will not continue to occur.

Key personnel risks. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including the board of directors. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, 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 extraction operations may be required to compensate those suffering loss or damage by reason of such 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 more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable risks. The Company and its subsidiaries may become subject to liability for pollution, fire, explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Grant of Permits. There is a risk that, for various potential political, environmental, or other reasons, the BLM will not grant the exploration permits to American Potash. In that event, the BLM applications will hold no value.

International Financial Reporting Standards – Accounting Policies

Effective January 1, 2011 IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's consolidated financial statements for the year ended July 31, 2012 are reported in accordance with IFRS with comparative information for 2011 restated.

In preparing the opening IFRS statement of financial position including comparative information for the year ended July 31, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

The following outlines the Company's transition project, IFRS transitional impacts and the on-going impact of IFRS on the financial results. Note 16 to the audited annual consolidated financial statements for the year ended July 31, 2012 provides more detail on the key Canadian GAAP to IFRS difference, the accounting policy decisions and IFRS 1, First-Time Adoption of International Financial Reporting Standards, optional exemptions for significant or potentially significant areas that have had an impact on the financial statements on transition to IFRS or may have an impact in future periods.

(a) Reserves

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. Under IFRS, "Reserves" has taken the place of "Contributed Surplus" and as such the Company has examined its contributed surplus account and separated those components relating to share purchase warrants and stock options.

(b) Adjustment on translation of foreign currency entity

Under Canadian GAAP, all the Company's subsidiaries were integrated foreign operations. Therefore, monetary items were translated at year-end rates and non-monetary items were translated at historic rates with all foreign currency gains and losses recognized in statements of operations and comprehensive loss. IFRS requires that the functional currency of each subsidiary of the Company be determined separately.

It was determined that, as at the transition date, the functional currency of the Company is Canadian dollars and the functional currency of its joint venture is USD. This results in adjustment to the carrying value of the joint venture's non-monetary assets as of the transition date.

In accordance with the IFRS 1 optional exemptions, on transition date the Company has elected to transfer the currency translation differences recognized as a separate component of equity, to deficit. Subsequent adjustments for the non-monetary assets are charged to cumulative translation adjustment (included in other comprehensive income). The net impact of this change in policy was as follows:

- At July 1, 2010, a decrease to exploration and evaluation asset of $3,109 with the offsetting charge to deficit.

- At July 31, 2011, a decrease to exploration and evaluation asset of $18,426 and a cumulative charge of $18,426 to other comprehensive income.

(c) Reclassification from exploration and evaluation assets to intangible assets

IFRS 6 excludes pre-license expenditures from the scope of exploration and evaluation assets, as a result, the Company's pending permit applications are excluded from exploration and evaluation assets. However, since the nature of the asset meet the definition of intangible under IAS 38, the costs associated to the Company's pending permit applications have been reclassified to intangible asset as of the transition date and $36,120 and $99,914 was reclassified from exploration and evaluation assets to intangible assets as of August 1, 2010 and July 31, 2011, respectively.

(d) Website development costs

Under IFRS, IAS 38 Development Capitalization Criteria, an intangible asset arising from development shall be recognized if and only if, an entity can demonstrate all of the following:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale.
ii. its intention to complete the intangible asset and use or sell it.
iii. its ability to use or sell the intangible asset.
iv. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Previously capitalized website development costs have been expenses to profit and loss as they do not meet the criteria for recognition through the probable generation of future economic benefits to the Company. This has resulted in a decrease in the assets of $4,633 in the year ended July 31, 2011.

Proposed Transactions

There are no proposed transactions currently approved by the Board of Directors.

Other MD&A Requirements

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – www.sedar.com.

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.