MAGNA RESOURCES LTD.

Amended and Restated
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the nine months ended April 30, 2012

Management's Discussion and Analysis

The following discussion and analysis, prepared as of June 29, 2012, and as amended January 24, 2013 (refer to cover letter filed on SEDAR January 24, 2013), should be read in conjunction with the Company's condensed consolidated interim financial statements and notes for the period ended April 30, 2012 and the audited condensed consolidated financial statements and accompanying notes for the year ended July 31, 2011. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34 "Interim Financial Reporting" and all amounts are expressed in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's "forecast", "estimate", "expect" and similar expressions, as they relate to the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

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.

The head office and principal address of the Company is located at 1220 – 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1. The Company's registered and records office address is 2610 - 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1.

To date the Company has not yet generated revenues from its operations and is considered to be in the exploration stage.

Additional information relating to the Company and other regulatory filings can be found on the SEDAR website at www.sedar.com.

Date of Report

June 29, 2012 and as amended January 24, 2013 (refer to cover letter filed on SEDAR dated January 24, 2013).

Overall Performance

In May, 2012, American Potash received an independent Qualified Person review and National Instrument 43-101 compliant Technical Report prepared by Agapito Associates Inc. of Grand Junction, Colorado (the "Agapito Report") regarding American Potashs' extensive 20,620 hectares, 100% interest, Green River Potash Project (the "Property") located within the geologically favorable Paradox Basin near the town of Moab in Grand County, Utah.

Key Highlights of the Agapito Report include:

- 600 million – 1 billion tonnes of potash are permissive in the horizon known as Cycle 5, the main exploration target, and is known to host potash at a nearby producing mine;
- The Cycle 5 potash bearing horizon has the potential to grade up to 19-29% KCl (potassium chloride) as indicated by down hole gamma ray surveys; and
- The Cycle 5 sedimentary horizon is extensive and very continuous at depth throughout the Company's Property.

As required by NI 43-101, a technical report to support the Exploration Target estimate will be filed on SEDAR and be publically available within 45 days following the date of the release announcing the Exploration Target.

Marketable Securities and Property Information

Green River Potash Project

Utah potash prospects

Through an option agreement with Sweetwater River Resources LLC ("Sweetwater"), John Glasscock and Kent Ausburn (the "Sweetwater Option Agreement") (collectively called the "Optionors"), American Potash and the Company (the "Optionees") have the option to acquire 100% interest in pending applications to the United States Bureau of Land Management ("BLM") for Utah property for exploration permits, together with all permits and other rights issued pursuant to the applications, to allow for the exploration of potash prospects in Utah.

Under the Sweetwater Option Agreement, the Optionees possess exclusive priority application rights for 31 potash exploration permits covering approximately 25,495 hectares (63,000 acres) (255 sq. km.) of land in the Paradox Basin, Utah. 9,729 hectares (24,040 acres) (97 sq. km.) of the total 25,495 hectares are within a proposed Known Potash Lease Area ("KPLA"), which may become available only under a separate competitive bidding process. KPLA boundaries are currently under review and until such time that they are defined, the size of the final area of interest remains uncertain.

The Sweetwater Option Agreement is subject to a 2% royalty to the Optionors which may be bought back for $2,000,000 USD. The Sweetwater Option may be exercised by having the Company pay a total of $270,000 USD and to issue in aggregate, 4,000,000 shares to the Optionors upon receiving grant of permits for Utah property of not less than 25,000 acres (the "Grant Date"). The Company's payment and share issuance obligations under the agreement are as follow:

- $70,000 USD upon signing the option agreement (paid);
- 400,000 common shares of the Company on the Grant Date;
- $50,000 USD cash and 1,200,000 common shares of the Company on or before the first anniversary of the Grant Date;
- $50,000 USD cash and 1,200,000 common shares of the Company on or before the second anniversary of the Grant Date;

- $50,000 USD cash and 1,200,000 common shares of the Company on or before the third anniversary of the Grant Date; and
- $50,000 USD cash on or before the fourth anniversary of the Grant Date.

The option period is the earlier of the fourth anniversary of the Grant Date or December 31, 2018.

The Company will pay a finder's fee in connection with this acquisition. The fee will be US $7,000 and 40,000 common shares of the Company, payable on the Grant Date, and thereafter 10% of the cash and stock payments made under the option agreement, payable as and when such payments are made.

In July, 2011 American Potash acquired 160 Federal lithium placer mining claims totaling 3,200 acres in northwestern Paradox Basin, southeast Utah, USA. These claims are located on BLM administered Federal lands and are staked over a portion of existing American Potash BLM pending potash prospecting permit areas.

In August, 2011, American Potash acquired 28 line-miles (46.7 line-km) of historic 2-D seismic data covering the approximate area of three proposed and three historic exploration well locations at its Green River Potash Project in the Paradox Basin of southeast Utah.

In December, 2011 American Potash applied to the BLM for two additional potash exploration permits in the Paradox Basis, Utah, totalling 1,010 hectares.

In addition, American Potash has eleven non-contiguous Utah State trust land potash lease units in the potash-bearing Paradox Basin in Grand County, Utah. The eleven lease units total 2,853 hectares (7,050 acres) and are all within the border of a large block of contiguous BLM potash prospecting permit applications held exclusively by American Potash, separated into contiguous north and south blocks by a proposed BLM Known Potash Lease Area.

On January 20, 2012, Confederation completed a transfer to the Company of its 50% interest in American Potash in exchange for 22,420,000 common shares and 2,400,000 common share purchase warrants in the Company. Each warrant entitles Confederation to purchase a further common share in the Company at a price of $0.10 until February 25, 2016. Concurrent with the transfer, Confederation subscribed for 6,666,666 common shares of the Company at $0.30 per Share for gross proceeds to Magna of $2,000,000. As a result of the transaction, the Company consolidated a 100% membership interest in American Potash, which holds certain potash leases and an option in respect of certain potash lease applications in the State of Utah.

On March 28, 2012, it was announced that American Potash received final approval from the State of Utah to commence drilling on one of its State leases which is part of the Green River Potash Project in Utah's Paradox Basin. The first hole, "Duma Point" is to be drilled targeting the Cycle 5 potash zone in Section 2, Township 24 South and Range 17 East, Grand County, Utah. Two additional drilling permits on State leases are pending and expected shortly.

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 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.

Property Expenditures

	Green River Potash
	$
Mineral acquisition	
Opening balance, July 31,2010	84,303
Cash payments	31,212
	115,515
Deferred exploration expenditures	
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	10,979
Deferred exploration expenditures	
Bonding	4,965
Geological surveys	13,318
Geological consulting	123,817
	142,100
Reassessment exploration and evaluation asset through business acquisition (Note 4)	2,534,437
Total as at April 30, 2012	2,860,246

Arizona property and marketable securities

On November 2, 2010, American Potash agreed to amend the Sweetwater Option Agreement to remove the Arizona permits and Arizona properties from the agreement because Sweetwater wanted to grant the option to Passport Potash Inc. ("Passport") to acquire 100% of Sweetwater's rights and interest in the Arizona properties, subject to a 2% royalty, in consideration of payments. In return, Sweetwater agreed to compensate American Potash for the expenditures already incurred by allocating a portion of option payments to American Potash. The allocation is based on a pre-determined formula. During the year ended July 31, 2011 the Company received as consideration a 50% proportionate interest in 353,450 common shares of Passport. During the nine months ended April 30, 2012, all the shares were redeemed for net proceeds of $172,084. The Company's share, net of commission and foreign exchange (50%) was $86,042. In April, 2012, American Potash and Sweetwater received full and final payment from Passport of 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 in respect of option payments and NSR royalty interests. American Potash' share of the payment was US$254,854.

Results of Operations

The balance sheet as of April 30, 2012 indicates a cash position of $157,468 (July 31, 2011 - $34,250). The Company has other current assets of short-term investment of $1,605,000, HST receivables of $28,350 (July 31, 2011 - $8,232), prepaid expenses of $22,689 (July 31, 2011 - $Nil) and marketable securities of $Nil (July 31, 2011 - $106,382). The increase in cash during the nine months ended April 30, 2012 was mainly a result of a private placement for 6,666,666 common shares at a price of $0.30 per share, totalling $2,000,000.

Other assets consist of exploration and evaluation assets and intangible assets of $2,992,436 (July 31, 2011 - $272,644).

Current liabilities at April 30, 2012 total $214,348 (July 31, 2011 – $63,530), comprising fees payable to a director of the Company of $Nil (July 31, 2011 - $30,600), mineral property related expenses of $137,352 (July 31, 2011 - $16,081), legal fees of $10,232 (July 31, 2011 - $2,981), general trade payables of $7,934 (July 31, 2011 - $1,730), due to related parties of $58,830 (July 31, 2011 - $2,766) and future income taxes payable of $Nil (July 31, 2011 - $9,372).

Shareholders' equity at April 30, 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 $18,526 (July 31, 2011 - $18,426) and a deficit of $1,342,244 (July 31, 2011 - $1,255,219) for total shareholders' equity of $4,591,595 (July 31, 2011 - $363,510). The increase in reserves relates to 3,285,000 stock options granted to directors, officers and consultants of the Company on February 3, 2012 and 2,400,000 common share purchase warrants issued pursuant to the Purchase Agreement with Confederation.. 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 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.

At April 30, 2012 the Company has a working capital of $1,599,159 (July 31, 2011 - $85,334).

The Company's financial results are reported under IFRS. The only significant impact from transition relates to the accounting for foreign currency translation as follows:

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 statement of operations. 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.

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.

The net impact of this change in policy was as follows:

- At April 30, 2011, a cumulative gain of $24,367 to other comprehensive income.
- At July 31, 2011, a decrease to mineral property interests of $18,425and a cumulative charge of $18,426 to other comprehensive income.

Selected Financial Information - Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last 8 completed fiscal quarters of the Company. The Company has chosen to present the table on the basis of Canadian Generally Accepted Accounting Principles (CGAAP), the standard in effect at the times of filing MD&A for all quarters through and including July 31, 2011. The information for the nine months ended April 30, 2012 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 (IFRS)			2011 (CGAAP)				2010 (CGAAP)
	April	**January**	**October**	**July**	**April**	**January**	**October**	**July**
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit (Loss)	$(930,972)	$914,907	$(70,960)	$(38,963)	$58,492	$64	$(11,434)	$(7,483)
Basic and diluted Earnings (Loss) per share	$(0.04)	$0.03	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)

Condensed consolidated results for the three and nine months ended April 30, 2012 and 2011 as reported under IFRS

	Nine months ended April 30, 2012	Nine months ended April 30, 2011	Three months ended April 30, 2012	Three months ended April 30, 2011
General and administrative expenses				
Accounting and audit fees	$ 55,955	$ 20,282	$ 25,565	$ 3,113
Bank charges and interest	613	10	370	-
Consulting fees	52,829	-	15,312	-
Foreign exchange loss/(gain)	19	-	19	-
Legal fees	75,530	12,924	23,323	9,197
Licenses and permits	611	-	611	-
Office expenses	6,272	917	4,656	91
Rent	1,442	-	1,442	-
Transfer agent and filing fees	16,146	8,447	3,523	1,995
Travel and accommodation	11,913	-	10,622	-
Property investigation	396,337	-	396,337	-
Share-based payments	688,410	-	688,410	-
Wages	13,416	-	13,416	-
Website, advertising and promotion	6,141	-	775	-
Total income (expenses)	(1,325,634)	(42,580)	(1,184,381)	(14,396)
Other income (expenses)				
Interest income	(1,004)	-	(330)	-
FIT expense	9,675	-	(382)	-
Gain on business combination achieved in stage	1,001,754	-	-	-
Gain (loss) on marketable securities	(24,951)	85,237	986	64,949
Other income	253,135	(2,490)	253,135	(393)
Net income (loss) for the year	(87,025)	40,167	(930,972)	50,160
Other comprehensive income (loss)				
Foreign currency translation	(100)	24,367	18,900	33,704
Total comprehensive loss	$ (87,125)	$ 64,534	$ (912,072)	$ 83,864

The Company began paying management fees to a director of the Company effective June 1, 2011. Increased accounting and legal fees relate to the sale of Confederation's 50% interest in American Potash to the Company and income tax preparations. In April, 2012, the Company hired Mike Sieb as President and established an office in Vancouver. Travel and meals relate to trips by management to attend the Prospectors and Developers Association conference in Toronto. 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 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 three months ended April 30, 2012, the Company expensed costs related to these properties of $394,950 to property investigation costs. In February, 2012, the Company granted 3,285,000 stock options to directors, officers and consultants, 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 expense of $688,410 was charged to operations and added to contributed surplus. Gain on sale of marketable securities resulted from the final payment by Passport for the Arizona property agreement. Refer to *Marketable Securities and Property Information* for further details of the transaction.

Liquidity & Capital Resources

The Company's cash balance is $157,468 and working capital is $1,599,159 at April 30, 2012 compared with a cash balance of $34,250 and working capital of $85,334 at July 31, 2011.

Cash used in operating activities during the period is $403,320 (April 30, 2011 - $(150,320). Cash provided by investing activities is $1,473,852 (April 30, 2011 - $15,988). Cash provided by financing activities is $2,000,000 (April 30, 2011 –$Nil). During the period, the Company completed a private placement of 6,666,666 common shares at a price of $0.30 per share.

The Company will continue to require funds for ongoing exploration work on its properties as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity will always be available to the Company in the amount required at any particular period or if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over both the near or long term and none are presently contemplated other than as disclosed herein and /or over normal operating requirements.

The Company's ability to explore and, if warranted, develop further properties will be dependent upon its ability to obtain significant additional financing to ensure a future in mining exploration and development. Should the Company not be able to obtain such financing, its ability to participate in the development of further properties may be lost. The Company has limited financial resources, will have limited cash flow from operations, and will be dependent for funds based on its ability to sell its common shares and share purchase warrants, primarily on a private placement basis, pursuant to the policies of the TSX Venture Exchange.

There can be no assurance that the Company will be able to engage in such financings in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors. If such a method of financing is employed by the Company it will result in increased dilution to the existing shareholders each time a private placement is conducted.

The Company has no assurance that additional funding will be available to it for the exploration and development of future projects. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of any projects with the possible loss of such properties.

Related Party Transactions

During the nine months ended April 30, 2012 the Company incurred management and consulting fees payable to officers and directors of the Company of $79,000 as well as a payable to a related party (Confederation Minerals Ltd.) of $58,830.

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

These transactions were in the normal course of operations.

Proposed Transactions

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the unaudited in the unaudited condensed consolidated interim financial statements for the period ended April 30, 2012.

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.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities and due to a related party. The Company has classified its cash and cash equivalents as held for trading, which is measured at fair value. Reclamation bonds are classified as held to maturity, which is measured at amortized cost. Accounts payable and accrued liabilities and due to a related party are classified as other financial liabilities, which are measured at amortized cost. As at April 30, 2012, the carrying and fair value amounts of the Company’s financial instruments related to cash and cash equivalents, accounts payable and accrued liabilities and due to a related party are the same due to their short terms to maturity. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity.

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.

International Financial Reporting Standards – Accounting Policies

Effective January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is August 1, 2010.

The Company identified three phases of conversion: initial diagnostic phase, Impact analysis, evaluation and solution development phase and Implementation and review phase. Post-implementation will continue in future periods, as outlined below.

The following outlines the Company's transition project, IFRS transitional impacts and the on-going impact of IFRS on the financial results. Note 13 to the interim condensed financial statements for the nine months ended April 30, 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.

Transitional Financial Impact

The tables below outline:

a) Adjustments to the Company's mineral properties and other assets on adoption of IFRS April 30, 2011 and July 31, 2011 for comparative purposes.

b) Adjustments to statement of equity on adoption of IFRS at April 30, 2011 and July 31, 2011 for comparative purposes.

c) Adjustments to the statement of comprehensive loss for the nine months ended April 30, 2011 and the year ended July 31, 2011.

The following tables should be read in conjunction with the more detailed footnotes in the interim financial notes as referenced in the tables.

Reconciliations of Pre-transition Canadian GAAP statement of financial position to IFRS

Below is the reconciliation between Canadian GAAP and IFRS equity as April 30, 2011 and July 31, 2011.

Reconciliations of Pre-transition Canadian GAAP Equity to IFRS

		April 30 2011		July 31 2011
Mineral properties under Canadian GAAP	$	175,832	$	291,070
IFRS adjustments				
Currency translation adjustment (note i)		-		(18,426)
Mineral properties under IFRS	$	175,832	$	272,644

Below is the reconciliation between Canadian GAAP and IFRS equity as at January 31, 2011 and July 31, 2011.

		April 30 2011		July 31 2011
Equity under Canadian GAAP	$	404,274	$	381,936
IFRS adjustments				
Currency translation adjustment (note i)		24,637		(18,426)
Equity under IFRS	$	428,641	$	363,510

Reconciliation of Pre-transition Canadian GAAP Comprehensive Loss to IFRS

Below is the reconciliation of Comprehensive Loss for the nine months ended April 30, 2011 and year ended July 31, 2011:

		Year ended July 31, 2011		Nine months ended April 30, 2011
Comprehensive income (loss) under Canadian GAAP	$	3,526	$	40,167
IFRS adjustments				
Cumulative translation gain (loss) (note i)		(18,426)		24,367
Total comprehensive loss reported under IFRS	$	(14,900)	$	64,534

Explanatory notes

Post-Implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. The Company notes that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that have been selected. In particular, there may be additional new or revised IFRSs or IFRICs in relation to financial instruments, hedge accounting, discontinued operations and leases. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC Interpretations will be evaluated as they are drafted and published.

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.

An analysis of the material components of the Company's general and administrative expenses is disclosed in the interim condensed financial statements for the nine months ending April 30, 2012.

Outstanding share data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

As at June 29, 2012, the Company has 51,506,666 common shares without par value outstanding.

Common shares issued and outstanding as at April 30, 2012 are described in detail in Note 6 to the condensed consolidated interim financial statements for the nine months ended April 30, 2012.

As at the date of this document, the Company had the following number of securities outstanding:

	Number of common shares	**Number of options**	**Exercise price**	**Expiry date**
Issued and outstanding	51,506,666	1,715,000	$0.125	June 8, 2014
		3,285,000	$0.40	February 2, 2017
		Number of warrants		
		4,800,000	$0.10	February 25, 2016