MAGNA RESOURCES LTD.

An Exploration Stage Enterprise

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED APRIL 30, 2014 AND 2013

(Expressed in Canadian Dollars)

Unaudited Interim Financial Statements

In Accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended April 30, 2014.

MAGNA RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars - unaudited)

	Notes	April 30, 2014	July 31, 2013
ASSETS		$	$
Current			
Cash and cash equivalents		26,111	21,217
Short-term investments		-	145,963
Prepaid expenses		58,935	33,104
HST/GST receivable		5,888	57,001
Total current assets		90,934	257,285
Non-current assets			
Exploration and evaluation assets	4)	2,164,084	2,017,260
Intangible assets	5)	1,121,777	928,802
Total non-current assets		3,285,861	2,946,062
Total assets		3,376,795	3,203,347
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6)	85,485	55,635
Due to related parties	8)	56,757	14,651
Total liabilities		142,242	70,286
EQUITY			
Equity attributable to shareholders			
Share capital	7b)	5,098,541	4,628,161
Reserves	7e)	1,476,832	1,406,605
Accumulated deficit	7d)	(3,509,082)	(2,940,576)
Accumulated other comprehensive income (loss)		168,262	38,871
Total equity		3,234,553	3,133,061
Total liabilities and equity		3,376,795	3,203,347

On behalf of the board:

"*Rudy de Jonge*"	"*Darryl Yea*"
Rudy de Jonge	Darryl Yea

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAGNA RESOURCES LTD.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars - unaudited)

	Nine months ended April 30,		Three months ended April 30,	
	2014	2013	**2014**	2013
General and administrative expenses				
Accounting, audit and related fees	$ 28,666	$ 93,075	$ 2,642	$ 12,016
Bank charges and interest	990	964	107	381
Consulting fees	83,054	93,360	25,792	31,022
Foreign exchange loss/(gain)	14,630	(762)	804	-
Legal fees	36,969	55,644	7,853	13,966
Licenses and permits	937	331	296	36
Insurance	9,650	9,814	3,217	3,200
Office expenses	30,963	11,308	11,263	1,839
Rent	17,013	12,002	3,000	2,930
Transfer agent, listing and filing fees	26,691	19,675	7,914	9,276
Travel and accommodation	35,786	10,538	9,538	4,018
Salaries and benefits	114,294	116,865	30,702	40,205
Share-based payments	47,217	124,122	43,998	-
Investor relations, website, promotion	122,125	44,881	28,487	13,886
Total income (expenses)	(568,984)	(591,817)	(175,613)	(132,775)
Other income (expenses)				
Income tax recovery	-	20,925	-	20,925
Interest income	478	7,158	-	548
Net income (loss) for the period	(568,506)	(563,734)	(175,613)	(111,302)
Other comprehensive income (loss)				
Foreign currency translation	168,262	22,934	(30,646)	25,866
Total comprehensive loss	$ (400,244)	$ (540,800)	$ (206,259)	$ (85,436)
Earnings (loss) per share, basic and diluted	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)
Weighted average common shares outstanding - basic	53,070,879	51,506,666	53,881,255	51,506,666

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAGNA RESOURCES LTD.

Condensed Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars - unaudited)

	Nine months ended April 30,		Three months ended Apr-30	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Cash provided by (used in):				
Operating activities:				
Net profit (loss) for the period	(568,506)	(563,734)	(175,613)	(111,302)
Items not involving cash				
Share-based payments	47,217	124,122	43,998	-
Changes in non-cash working capital:				
Receivables	51,113	162,680	2,402	187,628
Prepaid expenses	(25,831)	1,454	(35,518)	3,360
Due to related parties	42,106	9,544	46,747	52,030
Accounts payable and accrued liabilities	29,850	(238,650)	21,622	(218,305)
	(424,051)	(504,584)	(96,362)	(86,589)
Investing activities:				
Exploration and evaluation assets and intangible assets	(339,799)	(434,653)	(235,085)	(197,803)
Sale of short-term investment	145,963	1,043,823	-	300,000
Bank indebtedness	-	(65,788)	-	-
Net cash used in investing activities	(193,836)	543,382	(235,085)	102,197
Financing activities:				
Warrants issued	23,010	-	(26,023)	-
Shares issued for cash (net of share issuance costs)	470,380	-	187,872	-
Net cash provided by financing activities	493,390	-	161,849	-
Net change in cash and cash equivalents	(124,497)	38,798	(169,598)	15,608
Effect of exchange rate changes on cash	129,391	(7,187)	157,754	(4,255)
Cash and cash equivalents, beginning of period	21,217	-	37,955	20,258
Cash and cash equivalents, end of period	26,111	31,611	26,111	31,611

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(Expressed in Canadian Dollars Unaudited)

	Note	Common Shares: Number of Shares	Common Shares: Amount	Share-based Payment Reserve	Warrant Reserve	Foreign Currency Translation Reserve	Deficit	Total Equity
			$	$	$	$	$	$
Balance on July 31, 2012 (Re-stated)		51,506,666	4,622,161	913,513	416,691	(797)	(2,199,782)	3,751,786
Share-based payments		-	-	124,122	-	-	-	124,122
Net loss		-	-	-	-	-	(563,734)	(563,734)
Other comprehensive loss		-	-	-	-	(22,934)	-	(22,934)
Balance on January 31, 2013		51,506,666	4,622,161	1,037,635	416,691	(22,137)	(2,763,516)	3,335,108
Common shares issued:								
Shares issued per employment agreement		75,000	6,000	-	-	-	-	6,000
Share-based payments adjustment		-	-	(47,721)	-	-	-	(47,721)
Net loss		-	-	-	-	-	(177,060)	(177,060)
Other comprehensive income		-	-	-	-	15,937	-	41,803
Balance on July 31, 2013		51,581,666	4,628,161	989,914	416,691	38,871	(2,940,576)	3,133,061
Common shares issued:								
Shares issued for cash at $0.15/share		3,064,566	459,685	-	-	-	-	459,685
Share issuance costs		-	(14,595)	-	-	-	-	(15,595)
Shares issued per Sweetwater Option at a deemed price of $0.115 per share		420,000	48,300	-	-	-	-	48,300
Warrant reserve		-	(23,010)	-	23,010	-	-	-
Share-based payments		-	-	47,217	-	-	-	47,217
Net loss		-	-	-	-	-	(568,506)	(568,506)
Other comprehensive loss		-	-	-	-	129,391	-	129,392
Balance on April 30, 2014		55,066,232	5,098,541	1,037,131	439,701	168,262	(3,509,082)	3,234,553

1. NATURE OF OPERATIONS

Magna Resources Ltd. (the "Company") was incorporated on June 5, 2006 under the laws of British Columbia. The Company's principal business activity is the acquisition and exploration of exploration and evaluation assets. The shares of the Company are traded on the Canadian Securities Exchange ("CSE") under the symbol 'MNA' and on the OTCQX International, a segment of the OTCQX marketplace in the U.S., under the symbol 'MGRZF'.

The Company's head office is 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6. The registered and records office is located at 2600 - 1066 West Hastings Street, Vancouver, BC, V6E 3X1.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at April 30, 2014, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral properties exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

2. STATEMENT OF COMPLIANCE

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual audited financial statements as at and for the year ended July 31, 2013. Accordingly, these condensed consolidated interim statements for the nine months ended April 30, 2014 and 2013 should be read together with the annual audited financial statements as at and for the year ended July 31, 2013.

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

Certain comparative information has been reclassified to conform to the presentation adopted in the current period.

2. STATEMENT OF COMPLIANCE (Continued)

These condensed consolidated interim financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed consolidated financial statements are presented in Canadian dollars unless otherwise noted.

These condensed consolidated interim financial statements of the Company were authorized for issue by the Board of Directors on June 24, 2014.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled entity. Control is achieved when the Company has the power to govern the financial 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. Details of controlled entities are as follows:

	Country of	Percentage owned as at April 30,		Principal
	Incorporation	2014	2013	Activity
American Potash LLC (“American Potash”)	United States	100%	100%	Mineral exploration

3. ACQUISITION OF AMERICAN POTASH

On November 21, 2011, the Company and Confederation Minerals Ltd. (“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 forward split of its outstanding common shares, resulting in the Company having 22,420,000 common shares being issued and outstanding immediately prior to the 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 with a fair value of $1,229,200 and 2,400,000 common share purchase warrants with a fair value of $327,600 to exactly match the number of issued and outstanding securities of the Company immediately prior to the 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.

During the year ended July 31, 2012, the Purchase and Sale Transaction was accounted for under IFRS 3 as a business combination. Under the IFRS 3 treatment, 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 statement of comprehensive loss under “Gain on business combination achieved in stages”. The fair value of the

(Expressed in Canadian Dollars Unaudited)

3. ACQUISITION OF AMERICAN POTASH (Continued)

previously held 50% interest was set at $1,328,805, being the same value as the 50% interest of American Potash acquired.

On January 19, 2012, the Purchase and Sale Transaction was completed. American Potash holds potash leases and an option in respect of potash exploration permit applications in the State of Utah.

The Purchase and Sale Transaction was accounted for using the acquisition method with operating results included in the Company's statements of comprehensive loss from the date of acquisition in accordance with IFRS 3, Business Combinations, and the Company is considered to be the accounting acquirer. Acquisition related costs of $52,975 were reported as legal expenses in the consolidated statements of comprehensive loss for the year ended July 31, 2012.

During the year ended July 31, 2013, the Company re-assessed whether the acquisition of American Potash constitutes a business combination or an acquisition of assets. Previously, the Company accounted for the acquisition of American Potash as a business combination, recognizing a gain in the consolidated statement of comprehensive loss and a deferred tax liability on the fair value bump of the exploration and evaluation assets.

The Company concluded that the acquisition of American Potash should be accounted for as an asset acquisition, with the excess fair value of consideration over the identifiable net assets being allocated to the exploration and evaluation assets. Acquisition related costs are capitalized to the assets acquired.

The purchase price was allocated to the identifiable net assets, based on the acquisition being an asset acquisition, as follows:

Consideration	$
Fair value of 50% interest in American Potash	1,286,318
Allocation to the fair value of identifiable net assets of American Potash:	
Cash	1,884
Prepaid	5,047
Exploration and evaluation assets	1,490,198
Intangible assets	161,405
Trade and other payables	(74,220)
Due to Confederation	(297,996)
Net assets acquired	1,286,318

(Expressed in Canadian Dollars Unaudited)

3. ACQUISITION OF AMERICAN POTASH (Continued)

The financial statement impact resulting from accounting for the acquisition of American Potash as an asset acquisition as at July 31, 2012 is as follows:

	As Previously Reported	Restatement	Restated
	$	$	$
Consolidated statement of financial position			
Exploration and evaluation assets	2,935,031	(991,265)	1,943,766
Intangible assets	480,986	-	480,986
Due to related parties	42,486	(42,486)	-
Deferred income tax liability	340,595	(340,595)	-
Deficit	(1,591,598)	(608,184)	(2,199,782)
		-	-
Consolidated statement of comprehensive loss		-	-
Legal fees	90,669	(52,975)	37,694
Gain on business combination achieved in stage	(1,001,754)	1,001,754	-
Deferred income tax expense (recovery)	332,183	(340,595)	(8,412)
Net loss	336,379	608,184	944,563
Comprehensive loss	318,750	608,184	926,934
Loss per share – basic and diluted	(0.01)	(0.01)	(0.02)
Consolidated statement of cash flows			
Cash used in operating activities	(384,117)	337,989	(46,128)
Cash used in investing activities	(1,654,628)	(327,487)	(1,982,115)

4. EXPLORATION AND EVALUATION ASSETS

Green River Potash Project

In May, 2009, and amended on November 2, 2010 and further amended on December 6, 2011, November 15, 2013 and January 28, 2014, American Potash entered into an option agreement (the "Sweetwater Option") with Sweetwater River Resources LLC ("Sweetwater"), John Glasscock and Kent Ausburn (collectively called the "Optionors"), to acquire exploration permit applications to the United States Bureau of Land Management ("BLM") in respect of certain Utah permits, together with all permits and other rights issued pursuant to the applications, to allow for the exploration of potash prospects in Utah.

The Sweetwater Option entitles American Potash to acquire a 100% interest in permit applications, subject to a 2% royalty to the Optionors which may be bought back for $2,000,000 USD. The option may be exercised by having the Company pay a total of $270,000 USD and issue in aggregate, 2,000,000 shares

4. EXPLORATION AND EVALUATION ASSETS (Continued)

of the Company to the Optionors upon receiving grants of exploration permits for not less than 25,000 acres of Utah property, as follow:

- $70,000 USD upon signing the option agreement (paid);
- 200,000 shares of the Company upon grant of the permits representing not less than 25,000 acres (issued February 14, 2014);
- $50,000 USD cash and 600,000 shares of the Company on or before the first anniversary date;
- $50,000 USD cash and 600,000 shares of the Company on or before the second anniversary date;
- $50,000 USD cash and 600,000 shares of the Company on or before the third anniversary date; and
- $50,000 USD cash on or before the fourth anniversary date.

On January 31, 2014, fourteen (14) prospecting permits totalling 29,586 acres were formally signed and delivered to the Company through American Potash, with an effective date of March 1, 2014; thereby initiating the Sweetwater Option period.

In connection with the Sweetwater Option, the Company will pay a finder's fee on the Company's pre-acquisition 50% interest in American Potash. The finder's fee will be 10% of 50% (essentially 5%) of the cash and stock payments made under the Sweetwater Option, payable as and when such payments are made. On February 14, 2014, upon receipt of the prospecting permits, the Company issued 20,000 common shares to the finder.

Expenditures relating to these permit applications have been presented as intangible assets on the statement of financial position *(Note 5)*.

In 2011, American Potash acquired 160 Federal lithium placer mining claims in northwestern Paradox Basin, Utah. These claims are located on BLM-administered Federal lands and are staked over a portion of American Potash's BLM pending potash prospecting permit areas.

In 2011, American Potash acquired eleven non-contiguous Utah State Trust Land potash lease units in the potash bearing Paradox Basin. The eleven lease units are all within the boundaries of the BLM potash prospecting permit applications held by American Potash.

(Expressed in Canadian Dollars Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Green River Potash Project Expenditures

	Total for nine months ended April 30, 2014	**Total for year ended July 31, 2013**
Mineral acquisition costs:	$	$
Balance, beginning	216,319	187,320
Sweetwater Option Payment	48,300	-
Permit fees	28,812	28,999
Balance, ending	293,431	216,319
Exploration and evaluation expenditures:		
Balance, July 31, 2013	295,131	266,248
Bonding	2,417	7,833
General administration	-	15,390
Surveys	-	3,859
Geological consulting	-	2,063
Balance, ending	297,548	295,393
Balance, April 30, 2014	590,979	511,712
Foreign exchange translation	82,907	15,350
Balance, ending	673,886	527,062
Reassessment through asset acquisition	1,490,198	1,490,198
Total, ending	2,164,084	2,017,260

5. INTANGIBLE ASSETS

	April 30, 2014	**July 31, 2013**
	$	$
Potash Prospects	1,121,777	928,802

Intangible assets relate to the exploration permits and permit applications optioned from Sweetwater, as described in Note 4.

(Expressed in Canadian Dollars Unaudited)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2014	**July 31, 2013**
	$	$
Accounts payable	41,537	40,635
Accrued liabilities	43,948	15,000
Due to related parties	56,757	14,651
	142,242	55,635

7. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value

b) Issued and outstanding:

At April 30, 2014 there were 55,066,232 issued and fully paid common shares.

c) Common shares

On April 15, 2014, the Company closed a non-brokered private placement of 767,000 units at a price of $0.15 per unit ("Unit") for gross proceeds of $115,050. . Each Unit consisted of one common share of the Company (a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable for two years from date of grant at a price of $0.25 per Share. Finders' fees of $1,500 were paid in connection with the private placement.

On February 14, 2014, the Company issued an aggregate of 420,000 common shares at a deemed price of $0.115 per share, pursuant to the Sweetwater Option (See Note 4. "*Exploration and Evaluation Assets*").

On January 17, 2014, the Company closed a non-brokered private placement of 538,334 units at a price of $0.15 per unit ("Unit") for gross proceeds of $80,750. Each Unit consisted of one common share of the Company (a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable for two years from date of grant at a price of $0.25 per Share. Finders' fees of $1,905 were paid in connection with the private placement.

On November 8, 2013, the Company had a partial closing of a non-brokered private placement of 1,759,232 Units at a price of $0.15 per Unit for gross proceeds of $263,885. Each Unit consisted of one Share of the Company and one-half of one Warrant, exercisable for two years from date of grant at a price of $0.25 per Share. Finders' fees of $11,189 were paid in connection with the partial closing.

d) Stock options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the

7. SHARE CAPITAL (Continued)

d) Stock options (Continued)

market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

On March 31, 2014, the Company granted 500,000 stock options to a director of the Company, exercisable at $0.15 per share for a period of five years, expiring March 30, 2019. The total fair value of the options is $41,767, assuming a risk-free interest rate of 1.07%, a dividend yield of nil, an expected volatility of 85% and an average expected life of 5 years. A share-based payment expense of $41,767 was charged to operations and added to share based payment reserve.

On March 27, 2014, the Company granted 300,000 stock options to a consultant of the Company, exercisable at $0.15 per share, expiring on March 26, 2016. The options vest monthly over the first year. The total fair value of the options is $14,518 assuming a risk-free interest rate of 1.06%, a dividend yield of nil, an expected volatility of 86.20% and an average expected life of 5 years. A share-based payment expense of $1,210 was charged to operations and added to share based payment reserve.

On December 14, 2012, the Company cancelled 3,285,000 stock options granted on February 2, 2012 and on January 16, 2013 the Company issued 3,285,000 stock options to directors, officers and consultants, exercisable at $0.10 per share for a term of five years, expiring January 16, 2018. The incremental increase in fair value of the modification of these options was $57,680, assuming a risk-free interest rate of 1.40%, a dividend yield of nil, an expected volatility of 96.69% and an average expected life of 5 years. A share-based payment expense of $57,680 was charged to operations and added to share based payment reserve for the year ended July 31, 2013.

On December 14, 2012, the Company granted 250,000 stock options to an officer and employee of the Company, exercisable at $0.10 per share for a term of five years, expiring December 14, 2017 (the “Sieb Grant”). The options will vest in equal quarterly amounts over the course of the first three years of employment commencing April 1, 2012. At April 30, 2014, 166,664 options vested. The total fair value of all 250,000 options was $18,176 assuming a risk-free interest rate of 1.36%, a dividend yield of nil, an expected volatility of 96.14% and an average expected life of 5 years. During the year ended July 31, 2013, a share-based payment expense of $12,120 was charged to operations and added to share-based payment reserves. A share-based payment expense of $4,210 was charged to operations and added to share-based payment reserves for the nine months ended April 30, 2014.

On December 14, 2012, the Company granted 50,000 stock options to a consultant of the Company, exercisable at $0.10 per share for a term of five years, expiring December 14, 2017. The options were valued at a fair value of $3,635, assuming a risk-free interest rate of 1.36%, a dividend yield of nil, an expected volatility of 96.14% and an average expected life of 5 years. A share-based payment expense of $3,635 was charged to operations and added to share-based payment reserve for the year ended July 31, 2013.

(Expressed in Canadian Dollars Unaudited)

7. SHARE CAPITAL (Continued)

d) Stock options (Continued)

On April 10, 2013, the Company granted 150,000 stock options to a consultant of the Company, exercisable at $0.10 per share for a term of 18 months, expiring October 10, 2014. The options were valued at a fair value of $2,966, assuming a risk-free interest rate of 1.40%, a dividend yield of nil, an expected volatility of 99.91% and an average expected life of 1.5 years. A share-based payment expense of $2,966 was charged to operations and added to share-based payment reserve for the year ended July 31, 2013.

The continuity of stock options for the period ended April 30, 2014 is as follows:

	Number of Options Outstanding	**Weighted Average Exercise Price**
		$
Balance July 31, 2012	5,000,000	0.31
Options granted	3,735,000	0.10
Options expired	(3,285,000)	0.40
Options outstanding July 31, 2013	5,450,000	0.11
Options granted	800,000	0.15
Options outstanding, April 30, 2014	6,250,000	0.12
Options exercisable, April 30, 2014*	5,506,623	

* As at April 30, 2014, a total of 6,250,000 options to purchase shares are outstanding, exceeding the maximum number of shares currently available under the Stock Option Plan by 743,377 shares. Accordingly, options to purchase up to 243,377 options granted to a consultant and 500,000 options granted to a director in March, 2014 will not be exercisable until such shares become available under the plan.

Details of options outstanding and exercisable at April 30, 2014 are as follows:

Number Outstanding	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Contractual Life (Years)**
1,715,000	0.125	0.02
300,000	0.100	3.60
3,285,000	0.100	3.75
150,000	0.100	0.44
300,000	0.150	1.90
500,000	0.150	4.90
6,250,000	0.110	2.64

(Expressed in Canadian Dollars Unaudited)

7. SHARE CAPITAL (Continued)

e) Share purchase warrants

On April 15, 2014, the Company issued 383,500 common share purchase warrants exercisable for two years for date of grant at a price of $0.25 per share. These warrants have been valued at $23,010 using the residual value method where the fair value of the common shares issued was less than the unit cost.

On January 17, 2014, the Company issued 269,167 common share purchase warrants exercisable for two years from date of grant at a price of $0.25 per share.

On November 8, 2013, the Company issued 879,616 common share purchase warrants exercisable for two years from date of grant at a price of $0.25 per Share.

The continuity of warrants for the period ended April 30, 2014 is as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, July 31, 2013	4,800,000	0.10
Warrants issued	1,532,283	0.25
Balance, April 30, 2014	6,332,283	0.14

f) Share based payment reserve

The share based payment reserve records items recognized as share-based payment expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. RELATED PARTY TRANSACTIONS

Related party accounts payable as at:

	April 30,	
Service provided by:	**2014**	**2013**
	$	$
Companies controlled by directors of the Company	18,375	8,250
Directors/officers of the Company or its subsidiaries	38,382	2,362
Confederation Minerals Ltd.	-	41,418
	56,757	52,030

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian Dollars Unaudited)

8. RELATED PARTY TRANSACTIONS (Continued)

Related party transactions

The Company incurred the following transactions with directors, officers, and companies that are controlled by directors of the Company.

	Nine months ended	
	April 30, 2014	**April 30, 2013**
	$	$
Consulting fees	76,338	92,347
Wages	112,500	112,500
Share based payments	45,977	91,501
	234,815	296,348

A director of the Company is a party to the Sweetwater Option.
See Note 9 – "*Commitments*" for related party agreements.

9. COMMITMENTS

a) On March 26, 2014, the Company retained Palisade Capital Corp ("Palisade") as an independent consultant to provide marketing services to the Company. Terms of the agreement include a fee of $50,000 (paid) for services to January 26, 2015. The Company also granted 300,000 stock options to Palisade, exercisable at $0.15 per share for a period of two year, vesting monthly over the first year.

b) On April 1, 2013, American Potash renewed a consulting agreement with an independent party to provide advice and consultation to American Potash regarding exploration. Compensation is at normal industry rates.

c) On June 1, 2011, the Company entered into an agreement with St. Cloud Mining Services Inc. (wholly owned by one of the directors) to provide management/consulting services to the Company at a rate of $5,000 per month.

d) On January 1, 2012, the Company entered into an agreement with Alec Peck to provide consulting services as Chief Financial Officer of the Company. During the nine months ended April 30, 2014, Mr. Peck received $14,500 for consulting services.

e) On April 1, 2012, the Company entered into an employment agreement with Mike Sieb to provide services as President of the Company. During the nine months ended April 30, 2014, Mr. Sieb received $112,500 in wages. Pursuant to the agreement, the Company must issue 75,000 common shares on the second anniversary of employment, and an additional 75,000 common shares on the third anniversary of employment.

f) 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, to provide consulting services as Chief Operating

(Expressed in Canadian Dollars Unaudited)

9. COMMITMENTS (Continued)

Officer of American Potash at a rate of US $3,000 per month. The contract was terminated effective December 1, 2013.

g) On January 28, 2014, the Company entered into an agreement with Castle Rising Consulting Corp. to provide Investor Relations service to the Company at a rate of $7,500 per month.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2014	2013
	$	$
Stock options granted/vested	47,217	124,122

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company limits its exposure to credit loss by placing its cash and cash short-term investments with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure. The risk is assessed as low.

(b) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. 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.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The following is an analysis of Canadian Dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	April 30, 2014	**July 31, 2013**
	$	$
Cash	-	31,969
Accounts payable	(33,163)	(32,798)
	(33,163)	(829)

Based on the above net exposures, as at April 30, 2014, a 10% change in the US dollar to Canadian Dollar exchange rate would impact the Company's net loss by $3,316.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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**
	$	$	$	$	$
April 30, 2014					
Accounts payable	85,485	-	-	-	85,485
Due to related parties	56,757	-	-	-	56,757

	Less than 3 months	**3-12 months**	**1-5 years**	**Longer than 5 years**	**Total**
	$	$	$	$	$
July 31, 2013					
Accounts payable	40,635	-	-	-	40,635
Due to related parties	14,651	-	-	-	14,651

(d) 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.

(Expressed in Canadian Dollars Unaudited)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(e) 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 immaterial.

(f) Fair Values

Financial instruments recognized at fair value on the consolidated statement of financial position must be classified in one of the following three fair value hierarchy levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2014 and July 31, 2013:

	As at April 30, 2014		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	26,111	-	-
Short term investments	-	-	-
Total	26,111	-	-

	As at July 31, 2013		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	21,217	-	-
Short term investments	145,963	-	-
Total	167,180	-	-

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

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period.

13. SEGMENTED INFORMATION

The Company's activities are all in one industry segment of mineral property acquisition and exploration. The Company's exploration operations are centralized whereby management of the Company is responsible for business results and the everyday decision-making. The Company's operations therefore are segmented on a geographic basis. The Company's non-current assets, which include exploration and evaluation assets and intangible assets, are all located in the United States.

14. SUBSEQUENT EVENTS

On June 3, 2014, the Company completed a non-brokered private placement for 266,666 units ("Units") at a price of $0.15 per Unit, to raise total proceeds of $40,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share for a period of 24 months for the date of issuance at an exercise price of $0.25 per share. The Units were purchased by Mr. John Greig, a director of the Company. The proceeds of the private placement are for the Company's general working capital as well as preparatory work for the Phase 1 drill program at the Company's Green River Potash Project.