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**Form 51-102F1**

**Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Six Months Ended January 31, 2017**

**Date: April 3, 2017**

**General**

This Management's Discussion & Analysis ("MD&A") of American Potash Corp. ("American Potash" or the "Company") has been prepared by management and should be read in conjunction with the Company's condensed consolidated interim financial statements for the six months ended January 31, 2017 and the audited consolidated financial statements and accompanying notes for the year ended July 31, 2016 and, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include the operating results of the Company.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**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 of Business**

The Company was incorporated on June 5, 2006 under the laws of British Columbia. On August 12, 2014, the Company changed its name to American Potash Corp. The shares of the Company are traded on the Canadian Securities Exchange ("CSE") under the symbol 'AMP'. The Company is dedicated to the acquisition and development of potash mineral deposits in the United States and elsewhere.

The condensed consolidated interim financial statements of the Company for the six months ended January 31, 2017 include the accounts of the Company and its 100% interest in American Potash LLC. 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.

**Board of Directors**

On February 23, 2015, the Company has appointed Anthony Jackson as Chief Financial Officer of the Company.

On December 9, 2014, Mr. John Proust resigned from his position as a director of the Company. The Board of Directors consists of Rudy de Jonge, Darryl Yea, Dr. Kent Ausburn, John Greig, Dr. Lawrence Dick and Kenneth R. Holmes. Anthony Jackson is the Chief Financial Officer, and Rudy de Jonge is Chief Executive Officer. The members of the Audit Committee are Darryl Yea, John Greig and Dr. Lawrence Dick.

On October 14, 2015, the Company announced the resignation of Mike Sieb as President of the Company.

### **Stock Options**

During the period ended January 31, 2017, 60,000 stock options expired.

### **Results of Operations**

During the six months ended January 31, 2017, the Company incurred a net loss of \$32,152 (2016: \$94,696) and a net comprehensive loss of \$32,031 (2016: \$91,325).

### **Exploration Update**

#### **The Green River Potash Project**

The Green River Potash Project ("GRPP") comprises eleven (11) state potash leases totaling 2,853 ha, potash prospecting permits and 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. 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. On September 1<sup>st</sup> 2014 the Lithium Placer Claims lapsed and were not renewed by the Company and as such were impaired and fully written-off. The PPAs were no longer held by the Company as at July 31, 2016, and as such were impaired and fully written-off.

On January 31, 2014, fourteen (14) prospecting permits totalling 29,586 acres totaling 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 as described in the condensed consolidated interim financial statements for the six months ended January 31, 2017.

On February 23, 2015, the Company amended the terms of the Sweetwater Option agreement and announced delayed scheduled cash payments to the optionors. Pursuant to the amended Sweetwater option agreement, the Company is to issue the outstanding 3.6 million shares of the Company within a reasonable period of time from the first anniversary of the receipt of the federal potash prospecting permits which was on February 7, 2014 (3.6 million shares issued February 13, 2015). The scheduled cash payments are to be delivered no later than the following dates and in the following allocations: USD\$10,000 on the first anniversary of the receipt date; USD\$15,000 on the 18-month anniversary of the receipt date (paid August 21, 2015); USD\$25,000 on the earlier of the date that is 120 days immediately following the drill date and the two-year anniversary of the receipt date; and USD\$150,000 on the earlier of the date that is 120 days immediately following the drill date and the three-year anniversary of the receipt date. On February 23, 2015, the Company fulfilled the first anniversary obligations to the optionors, pursuant to the Sweetwater Option agreement, by issuing 3.6 million shares in the Company and paying US\$10,000. During the period ended January 31, 2017, the scheduled payments were amended.

During the year ended July 31, 2015, the fourteen prospecting permits delivered to the Company on January 31, 2014 expired as annual rent payments required to keep the permits in good standing were not paid. Sweetwater River Resources LLC has applied to the BLM for 12 new potash prospecting permits that encompass the same area as the original permits that expired. During the year ended July 31, 2015, no permits had been granted and as such the expired permits were impaired and fully written-off.

On September 21, 2015, the Company's petition to the Federal Bureau of Land Management for reinstatement of 12 potash prospecting permits by Sweetwater River Resources LLC was denied. Consequently, Sweetwater has applied to the BLM for 12 new potash prospecting permits analogous to and encompassing the same area as the original 12 prospecting permits. The company will maintain its right to acquire a 100-per-cent interest in the 12 new potash prospecting permits through continuance of the option agreement with Sweetwater. Granting of new permits are at the discretion of the BLM, subject to a BLM Master Leasing Plan with expected completion of at least one year.

On November 5, 2015, the Company entered into an amending agreement to the option agreement, as amended with Sweetwater River Resources LLC. Pursuant to the amending agreement, the parties agreed that the 12 new potash prospecting permits that Sweetwater has applied for in Utah shall be subject to the option agreement. Accordingly, the company will continue to hold an option to acquire a 100-per-cent interest in the new prospecting permits applied for by Sweetwater pursuant to the terms of the option agreement. The parties agreed that the remaining \$175,000 of cash payments required under the Sweetwater Option shall be paid as follows:

- \$25,000 upon closing of a single financing or multiple financings totalling a minimum of \$200,000 by the Company (paid);
- \$25,000 on February 7, 2016 (paid);
- \$25,000 on June 7, 2016 (paid);
- \$25,000 on October 7, 2016 (paid); and
- \$75,000 within 30 days of new prospecting permits being granted by the BLM.

On December 21, 2015, the Company has received verification by the Bureau of Land Management regional office in Moab, Utah, of receipt and official documentation and filing of the Company's 12 potash permit applications in the Paradox basin of southeast Utah, United States, that the Company has under option through an agreement with Sweetwater River Resources LLC. However, BLM notified the Company that it will not process any potash claim application until late 2016 as BLM is in the process of finalizing the environmental impact statement for the area where the claims are located. As a result, the payments of \$154,570 made to Sweetwater for application related costs were capitalized as at January 31, 2017.

On August 23, 2016, the Company completed the location of 157 placer claims totalling 3,140 acres in Grand County, Utah. The Company also controls the lithium and potassium exploration rights for nine Utah state lease blocks totalling 5,760 acres. Total acreage of federal lode lithium mining claims and Utah state lithium leases is currently 8,900 acres. The new lithium claims occur in the north and northeast part of American Potash's existing approximately 27,256-acre federal potash prospecting permit application area.

### **Overall Performance**

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the six months ended January 31, 2017 and the year ended July 31, 2016.

The statement of financial position as at January 31, 2017 indicates a cash position of \$68,403 (July 31, 2016: \$29,430). The Company has other current assets of prepaid expenses of \$39,551 (July 31, 2016: \$6,654) and accounts receivable of \$3,978 (July 31, 2016: \$34,399). Non-current assets consist of exploration and evaluation assets of \$361,233 (July 31, 2016: \$232,824).

Current liabilities at January 31, 2017 total \$86,813 (July 31, 2016: \$111,042), comprising accounts payable and accrued liabilities of \$47,377 (July 31, 2016: \$86,176) and due to related parties of \$39,436 (July 31, 2016: \$24,866).

Shareholders' equity at January 31, 2017 is comprised of share capital of \$6,583,704 (July 31, 2016: \$6,357,586), share-based payment reserve of \$1,047,433 (July 31, 2016: \$1,047,433), warrant reserve of \$501,105 (July 31, 2016: \$501,105), foreign currency translation reserve of \$338,471 (July 31, 2016: \$338,349) and an accumulated deficit of \$8,084,361 (July 31, 2016: \$8,052,209) for total shareholders' equity of \$386,352 (July 31, 2016: \$192,264).

The Company has a working capital, which is current assets less current liabilities of \$25,119 (July 31, 2016: working capital deficit of \$40,559).

As at January 31, 2017, the Company has no earnings and currently 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.

	Year-Ended July 31, 2016	Year-Ended July 31, 2015	Year-Ended July 31, 2014
Net Sales or Total Revenues	\$NIL	\$NIL	\$NIL
Net Loss	\$(156,508)	\$(4,226,410)	\$(728,715)
Net Comprehensive Loss	\$(159,941)	\$(4,038,163)	\$(614,051)
Net Loss per share, basic and diluted	\$(0.01)	\$(0.34)	\$(0.07)
Total Assets	\$303,307	\$262,766	\$3,367,833
Weighted Average Number of Shares Outstanding-basic	15,896,710	12,576,717	10,721,181
Weighted Average Number of Shares Outstanding-diluted	15,896,710	12,576,717	10,721,181
Shareholders' Equity (Deficiency)	\$192,265	\$(6,470)	\$3,104,326

## Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed fiscal quarters of the Company, prepared in accordance with IFRS and stated in Canadian dollars:

	2017		2016				2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Sales/ Revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net Loss	\$(1,972)	\$(30,179)	\$(49,767)	\$(12,045)	\$(23,794)	\$(70,902)	\$(3,858,168)	\$(154,789)
Basic Loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.28)	\$(0.01)

Notes: 1. Fully-diluted per share amounts are not scheduled as they would be anti-dilutive.

## Liquidity & Capital Resources

At January 31, 2017, the Company's cash balance is \$68,403 and the working capital is \$25,119, compared with a cash balance of \$29,430 and working capital deficit of \$40,559 at July 31, 2016.

On December 8, 2014, the Company closed a non-brokered private placement for 1,568,000 units at a price of \$0.40 per unit for gross proceeds of \$627,200. Of this private placement, \$56,200 in proceeds were not received as 140,500 units were issued to settle \$56,200 worth of short-term loans. Each Unit consisted of one common share of the Company and one common share purchase warrant exercisable into one common share of the Company at an exercise price of \$0.12 per share expiring 36 months from date of issuance. Using the residual method, a \$Nil value was allocated to the attached warrants. Cash finders' fees of \$28,843 were paid, plus 357,000 finders' warrants issued in relation to the private placement. The fair value of the finders' warrants was determined to be \$29,481 using the black-scholes valuation method.

On December 10, 2014, the Company completed shares for debt agreements totaling \$81,002 with arm's length and non-arm's length creditors through the issuance of 202,504 common shares of the Company with a fair value of \$0.40 per share. 153,425 of these shares were issued to related parties.

On December 10, 2014, the Company issued 15,000 common shares of the Company with a fair value of \$6,000 pursuant to an employment agreement with the Company's president.

On January 22, 2015, the Company issued 58,325 common shares of the Company with a fair value of \$20,414 pursuant to a repayment agreement to settle USD\$20,349 worth of debt owing to a third party.

On February 13, 2015, the company issued 720,000 common shares of the Company pursuant to the Sweetwater option agreement. The fair value of these shares was determined to be \$216,000 which was recorded to exploration and evaluation assets.

On January 22, 2016, the Company completed a consolidation of its issued and outstanding share capital on the basis of one (1) post consolidation share for each five (5) pre-consolidation common shares. No fractional shares will be issued under the Consolidation and any fraction will be rounded to the nearest whole number.

As a result, the outstanding common shares of the Company will be reduced to approximately 13,630,408. In connection with the Consolidation, the name of the Company will not change and the Company's trading symbol will remain as "AMP".

The Consolidation was approved by the shareholders of the Company at its annual general and special meeting of shareholders which was held on December 29, 2015.

On April 12, 2016, the Company closed a non-brokered private placement for up to 7,520,000 million units at a price of five cents per unit to raise total proceeds of \$376,000. Each unit will comprise one common share of the issuer and one common share purchase warrant of the issuer. Each warrant entitles the holder to purchase one additional common share of the company until April 12, 2020 with an exercise price of \$0.10 for the first two years, and exercise price of \$0.15 for the third year and \$0.20 for the fourth year. Cash finders' fees of \$17,325 were paid, plus 304,500 finders' warrants issued in relation to the private placement. The fair value of the finder's warrants was determined to be \$17,256 using the black-scholes valuation model.

On September 20, 2016, the Company closed a non-brokered private placement of 1,320,709 units at a price of \$0.055 per unit for gross proceeds of \$72,639. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.10 for a period two years. In connection with the closing of the private placement, the Company paid \$1,500 cash and issued 27,288 purchase warrants for finders' fees. Each finder's warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.10 for a period of two years.

On December 1, 2016, the Company closed a non-brokered private placement of 2,927,256 units at a price of \$0.055 per unit for gross proceeds of \$161,000. Each unit consists of one common share of the Issuer and one common share purchase warrant of the Issuer. Each Warrant will be exercisable into a common share of the Company for a period of twelve months at an exercise price of \$0.10 during the twelve months. The securities issued under the private placement are subject to a hold period expiring on March 25, 2017.

In connection with the closing of the private placement, the Company paid certain finders' fees: 109,453 purchase warrants and \$5,250 in finders' fees. Each finder warrant entitles the holder to purchase one additional common share of the Company until November 24, 2017, with an exercise price of \$0.10 for 12 months.

	<b>Increase (Decrease) in Cash &amp; Cash Equivalents for the Six Months Ended</b>	
	<b>January 31, 2017</b>	<b>January 31, 2016</b>
Operating Activities	\$ (58,857)	\$ (130,633)
Investing Activities	(128,409)	(112,753)
Financing Activities	226,118	50,000
Effect of exchange rate changes	121	3,371
Total Change in Cash	38,973	(190,015)
Cash, Beginning of the Period	29,430	232,380
Cash, End of the Period	\$ 68,403	\$ 42,365

#### Operating Activities

Cash used in operating activities primarily consist of general and administrative expenditures. The \$71,776 decrease in the use of cash for operating activities for the six months ended January 31, 2017 is mainly attributable to the decrease in net loss for the period ended January 31, 2017 compared to January 31, 2016.

## Investing Activities

The cash used in investing activities for the six months ended January 31, 2017 is largely attributed to the acquisition of exploration and evaluation assets and intangible assets.

## Financing Activities

The Company currently has no revenues from operations and has been dependent on equity financing to fund its operations.

Cash from financing activities is chiefly attributed to the completion of a non-brokered private placement of 4,247,965 units at a price of \$0.055 per unit for a net proceeds of \$226,118.

Management has been successful in accessing the equity markets in the current and prior periods, but there is no assurance that such sources will be available, on acceptable terms, or at all in the future. Factors which could impact management's ability to access the equity markets include the state of capital markets, market prices and market interest.

**The Company will be required to raise additional cash for continued operations and exploration activities.**

## 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:

### Related party balances

The following amounts are payable to related parties as at January 31, 2017 and July 31, 2016:

	January 31, 2017	July 31, 2016
	\$	\$
Companies controlled by directors of the Company	39,436	24,866
	39,436	24,866

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

During the year ended July 31, 2016, a director of the Company provided the Company with a short term loan of \$50,000. This loan bore interest at a rate of 1% per annum and was repayable upon completion of a financing by the Company. During the year ended July 31, 2015, three directors of the Company ("the Lenders") provided the Company with short-term loans totaling \$26,800. These loans were unsecured, bore interest at a rate of 10% per annum and were repayable on or before January 31, 2015 in cash or common shares of the Company, at the option of the Lenders.

During the year ended July 31, 2016, the Company settled an amount owing to a former director of the Company for \$25,000, resulting in a gain on debt settlement of \$37,500.

## Related party transactions

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

<b>Services provided by:</b>	<b>January 31, 2017</b>	<b>January 31, 2016</b>
	\$	\$
Consulting fees	30,000	34,520
Accounting fees	12,000	2,000
	42,000	36,520

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

## Commitments

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 for a period of twelve months and automatically extending for further one year terms.

## New accounting standards and interpretations

### IFRS 9 Financial Instruments

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

## 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.

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

	January 31, 2017	July 31, 2016
	\$	\$
Cash	67,572	1,687
Accounts payable	(5,316)	(28,673)
	62,256	(26,986)

Based on the above net exposures, as at January 31, 2017, a 10% change in the US dollar to Canadian Dollar exchange rate would impact the Company's net income by \$6,226.

(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. All of the Company's financial liabilities have contractual maturities of less than three months. Liquidity risk is assessed as high.

(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.

(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 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.

Cash is measured using level 1 inputs.

**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 April 3, 2017, the Company has 26,787,262 common shares issued and outstanding, 2,200,000 stock options outstanding and 14,577,140 warrants outstanding.



### Additional Disclosure for Junior Issuers

The Company has expensed the following material cost components during the six months ended January 31, 2017 and 2016:

	Six months ended		Three months ended	
	January 31,		January 31,	
	2017	2016	2017	2016
<b>General and administrative expenses</b>				
Consulting fees	\$ 30,000	\$ 42,020	\$ 15,000	\$ 18,900
Foreign exchange	3,765	4,537	30	(28)
Insurance	-	4,170	-	1,168
Interest expense and bank charges	578	410	421	(90)
Investor relations, website and promotion (recovery)	-	575	-	(11,000)
Office and administration	7,102	849	6,258	458
Professional fees	25,122	28,631	17,825	5,410
Transfer agent and filing fees	20,198	12,688	17,051	8,968
Travel and entertainment	8,000	615	8,000	-
Wages	-	201	-	8
	(94,765)	(94,696)	(64,585)	(23,794)
<b>Other income</b>				
Current tax recovery	62,613	-	62,613	-
<b>Net loss</b>	(32,152)	(94,696)	(1,972)	(23,794)
<b>Other comprehensive income</b>				
Foreign currency translation	121	3,371	(3,339)	1,862
<b>Total comprehensive loss</b>	(32,031)	(91,325)	(5,311)	(21,932)
<b>Loss per share, basic and diluted</b>	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)
<b>Weighted average common shares outstanding - basic and diluted</b>	<b>23,125,745</b>	<b>13,630,408</b>	<b>24,412,016</b>	<b>13,630,408</b>

During the six months ended January 31, 2017, the Company's net loss was \$32,152 compared to \$94,696 in 2016. Consulting fees decreased from \$42,020 in 2016 to \$30,000, investor relations, website and promotion decreased from \$575 in 2016 to \$Nil, office and administration increased from \$849 in 2016 to \$7,102, professional fees decreased from \$28,631 in 2016 to \$25,122, transfer agent and filing fees increased from \$12,688 in 2016 to \$20,198, travel and entertainment increased from \$615 in 2016 to \$8,000, insurance decreased from \$4,170 in 2016 to \$Nil, interest expense and bank charges increased from \$410 in 2016 to \$578 and wages decreased from \$201 in 2016 to \$Nil.

The Company has capitalized the following exploration and evaluation assets during the six months ended January 31, 2017:

	<b>Total for six months ended January 31, 2017</b>	<b>Total for year ended July 31, 2016</b>
Mineral acquisition costs:	\$	\$
Balance, beginning	1	1
Shares	-	-
Foreign exchange translation	-	-
Impairment	-	-
Balance, Ending	<b>1</b>	<b>1</b>
Exploration and evaluation expenditures:		
Balance, beginning	232,824	-
General administration	10,000	4,800
Permit SITLA	56,280	52,705
Federal permit	32,420	121,027
Foreign exchange translation	29,708	54,292
Balance, ending	<b>361,232</b>	<b>232,824</b>
<b>Total</b>	<b>361,233</b>	<b>232,825</b>

## **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 outstanding exploration permits to American Potash. In that event, the outstanding federal BLM applications will hold no value.

#### **Proposed Transactions**

There are no proposed transactions currently approved by the board of directors.

#### **Subsequent Events**

On February 2, 2017, the Company has granted 1.6 million options to its officers, directors and consultants exercisable at 10 cents with a term of five years from date of issuance.

On February 21, 2017, the Company has arranged a non-brokered private placement for up to 2,777,777 units at a price of nine cents per unit to raise total proceeds of \$250,000. Each unit will comprise one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the Company for a period of 24 months at an exercise price of 12 cents during the two years.

Shares issued pursuant to this private placement are subject to a four-month hold period from the closing date in accordance with applicable securities laws and, if required, the policies of the exchange. Finders' fees or commissions may be payable by the Company in connection with this private placement.

On February 28, 2017, the Company has completed a letter of intent with Power Metals Corp. regarding a joint venture agreement to explore and develop lithium brines beneath the Company's 100-per-cent-owned 9,040-acre contiguous block of lithium claims and Utah state lithium leases plus an additional 4,480 acres of non-contiguous Utah state lithium leases.

#### **Terms of agreement**

According to the terms agreed to by both parties under the LOI, Power Metals can earn up to 65 per cent of all American Potash lithium holdings in Utah by completing the following:

1. Finance and complete two exploration wells targeting lithium brine occurrences beneath American Potash's U.S. federal lithium claims and/or its Utah state lithium leases; the drill rig must be mobilized on site for the first well within six months of the definitive agreement signing date and the second well within one year of the definitive agreement signing date;
2. Deliver to American Potash a cash deposit of \$250,000 within 90 days of the definitive agreement signing date (\$250,000 is refundable if the first well is drilled on time);
3. Issue one million common shares of Power Metals to American Potash; shares will be issued according to the following schedule: one-third 180 days after the definitive agreement date, one-third after 270 days of the definitive agreement date and one-third on the first anniversary of the definitive agreement date.

A definitive agreement based on the terms defined in the LOI will be signed within 14 business days of the LOI date. As at January 31, 2017, the LOI definitive agreement has been extended.

On March 20, 2017, the Company has closed the first tranche of its previously announced non-brokered private placement (see news release dated February 21, 2017) for 1,388,888 units at a price of nine cents per unit to raise total proceeds of \$125,000 out of \$250,000.

Each unit will comprise one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the Company for a period of 24 months at an exercise price of 12 cents during the two years.

#### **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](http://www.sedar.com).

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