MAGNA RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
OCTOBER 31, 2009

INTRODUCTION

Magna Resources Ltd. (the "Company") was incorporated on June 5, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company's principal business activity is the acquisition and exploration of mineral properties.

The following management discussion and analysis (MD&A) of the financial information of Magna Resources Ltd. and results of operations should be read in conjunction with the interim consolidated financial statements for the three months ended October 31, 2009 as well as the MD&A and audited consolidated financial statements and accompanying notes for the year ended July 31, 2009. The unaudited consolidated interim financial statements together with the following 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 are prepared in accordance with Canadian generally accepted accounting principles.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian Dollars unless noted otherwise.

This MD&A includes discussion and financial analysis for the period ended October 31, 2009 and contains disclosure of material changes occurring up to and including December 23, 2009.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

RESOURCE PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

American Potash Joint Venture

American Potash LLC ("American Potash"), a Nevada limited liability corporation owned 50% by each of the Company and Confederation Minerals Ltd. ("Confederation"), has entered into an option agreement with Sweetwater River Resources LLC ("Sweetwater"), John Glasscock and Kent Ausburn (the "Optionors") to acquire pending applications to the United States Bureau of Land Management and the State of Arizona for exploration permits together with all permits and other rights issued pursuant to the applications (the "Permits") to allow for the exploration of potash prospects in Utah and Arizona.

The option agreement entitles American Potash to acquire a 100% interest in the Permits, subject to a 2% royalty to Sweetwater which may be bought back for $2,000,000 USD. The option may be exercised by having the Company and Confederation each pay a total of $135,000 USD and each issue in aggregate, 1,000,000 shares to the Optionors, as follow:

- 100,000 shares upon grant of the Permits representing not less than 25,000 acres;
- USD $25,000 cash and 300,000 shares on or before the first anniversary date;
- USD $25,000 cash and 300,000 shares on or before the second anniversary date;
- USD $25,000 cash and 300,000 shares on or before the third anniversary date;
- USD $25,000 cash on or before the fourth anniversary date.

During the period, the Company incurred $60,834 (USD$54,344) in property acquisition costs, consisting of $39,109 (USD$35,000) as reimbursement to Sweetwater for application filing fees for mineral applications, $15,132 (USD$12,751) for professional fees related to Permit acquisitions and acquisitions and $6,593 (USD$6,070) in Permit applications and renewals. The Company also paid a total of $137,137 (USD$130,000) on behalf of American Potash as a deposit in a bid to acquire nine state trust land potash lease units from the State of Utah School and Institutional Trust Lands Administration for the acquisition of nine state trust land potash lease units in the potash-bearing Paradox Basin in Grand County, Utah. In December, 2009, Confederation repaid the Company USD$65,000 (50%) of the bid cost if the acquisition is approved

As at the date of this MD&A, the Company has 14 approved Permits.

PERFORMANCE SUMMARY DURING THE PERIOD

The balance sheet as of October 31, 2009 indicates a cash position of $112,356 (July 31, 2009 - $259,077). The decrease is mainly due to a payment of $137,137 made on behalf of American Potash for a bid to acquire the nine state trust land potash lease units in Paradox Basin, Grand County, Utah. The Company has other current assets consisting of GST receivables of $6,282 (July 31, 2009 - $5,625), deposit of $68,250 (July 31, 2009 - $Nil) pending acceptance of the bid for the nine state trust land potash lease units and accounts receivable of $68,568 (July 31, 2009 - $Nil) representing the payment due from Confederation regarding the bid to acquire nine state trust land potash lease units in Grand County for total current assets of $255,456 (July 31, 2009 - $264,702). In December, 2009 Confederation repaid its 50% share of the bid cost upon acceptance of the bid. (Refer to *Events Subsequent to the Interim Consolidated Financial Statements for the Three Months Ended October 31, 2009*).

Other assets consist of prepaid expense of $900 (July 31, 2009 - $41,889) and mineral property of $60,834 (July 31, 2009 - $Nil). The decrease in deferred charges and increase in mineral property result from reallocation from prepaid expense to mineral properties due to Permit approvals.

Current liabilities at October 31, 2009 total $100,010 (July 31, 2009 - $35,789), consisting mainly of fees related to permit applications, legal and accounting fees as well as a bonus management fee payable to a director of the Company of $25,000. Shareholders' equity is comprised of share capital of $1,220,053 (July 31, 2009 - $1,219,845), contributed surplus of $225,103 (July 31, 2009 - $225,103) and a deficit of $1,227,976 (July 31, 2009 - $1,174,146) for a net of $317,190 (July 31, 2009 - $270,802).

Working capital, which is current assets less current liabilities, is $156,446 (July 31, 2009 - $203,913).

During the three months ended October 31, 2009 the Company reported a net loss of $28,830 ($0.00) basic and diluted loss per share) compared to a net loss of $13,341 ($0.00 basic and diluted loss per share) reported for same period in fiscal 2009.

The weighted average number of common shares outstanding for the three months ended October 31, 2009 was 10,010,000 (2008 – 7,989,780).

The deficit as at October 31, 2009 is $1,227,976 compared to a deficit of $779,633 at October 31, 2008.

RESULTS OF OPERATIONS

During the three months ended October 31, 2009 the Company reported a net loss of $28,830 ($0.00) basic and diluted loss per share) compared to a net loss of $13,341 ($0.00 basic and diluted loss per share) reported for same period in fiscal 2009. The loss in the current period represents accounting and audit fees of $13,091, general legal fees of $10,985, transfer agent and filing fees of $1,652, foreign exchange of $2,286, interest expense of $770 and general operating expenses of $46. The loss in fiscal 2009 represents accounting and legal fees of $12,467, transfer agent and filing fees of $1,156 and general operating expenses of $77, net of interest income of $359.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected quarterly financial information of the Company for the eight most recently completed quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars.

	2010	**2009**				**2008**		
	Qtr 1	**Qtr 4**	**Qtr 3**	**Qtr 2**	**Qtr 1**	**Qtr 4**	**Qtr 3**	**Qtr 2**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	-	-	-	-	-	-	-	-
Net Loss	(28,830)	(269,802)	(3,212)	(146,499)	(13,341)	(15,757)	(29,079)	(9,836)
Basic and diluted Loss per share	(0.00)	(0.04)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

Losses for Quarter 2 of fiscal 2009 are mainly due to write off of the mineral property ($48,500) and related deferred exploration expenditures ($65,176). Losses for Quarter 4 of fiscal 2009 are mainly due to stock based compensation of $207,944 due to the granting of 1,000,000 stock options granted to directors and officers of the Company. (Refer to Note 3 – *Mineral Properties and Deferred Exploration Expenditures* and Note 4d *Share Capital-Stock Options* of the audited consolidated financial statements for the year ended July 31, 2009 respectively).

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's significant accounting policies are set out in Note 2 of the audited annual consolidated financial statements for the year ended July 31, 2009 and Note 2 to the interim financial statements for the three months ending October 31, 2009. All financial amounts are in Canadian dollars.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares.

	October 31, 2009	**October 31, 2008**
Working capital	$ 156,446	$ 359,173
Deficit	1,227,976	799,633

During the three months ended October 31, 2009 net cash used in operating expenses was $86,095 (2009 - $8,664). The year over year increase was mainly due to increases in deposits of $68,250 for a bid to acquire nine state trust land potash lease units in the potash-bearing Paradox Basin in Grand County, Utah and accounts receivable of $68,568 due from Confederation and other receivables of $657. Net cash used in investment activities was $60,834 (2009 - $Nil) consisting of American Potash costs to acquire Permits. Net cash used in financing activities was $208 (2009 - $260,544).

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company will continue to require funds for future property acquisitions and exploration work as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing. 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.

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

$25,000 in accounts payable and accrued liabilities is due to an officer and director of the Company.

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 interim consolidated financial statements for the three months ended October 31, 2009.

INVESTOR RELATIONS

The Company has not entered into any investor relations contracts and all investor relation activity is carried out by directors and officers of the Company.

SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies are fully disclosed in Note 2 of the audited consolidated financial statements for the year ended July 31, 2009.

International Financial Reporting Standards ("IFRS") Implementation Plan

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended May 31, 2011. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include

- Exploration and development expenditures
- Property, plant and equipment (measurement and valuation)
- Provisions, including asset retirement obligations
- Stock-based compensation
- Accounting for joint ventures
- Accounting for income taxes, and
- First-time adoption of International Financial Reporting Standards (IFRS 1)

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including the implication of changes to accounting policies and processes, financial statement not disclosures, information technology, internal controls, contractual arrangements and employee training, as required. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress now
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes of those with accounting policy alternatives.	Throughout 2009
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout 2009
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	By December 31, 2009
Resolution of the accounting policy change implications on information technology, internal controls and contractual obligations.	By December 31, 2009
Management and employee education and training.	Throughout transition process
Quantification of the Financial Statement impact of changes in accounting policies.	Throughout 2010

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of the property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time.

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Currency fluctuations
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets
- Foreign jurisdictions

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company has classified its cash and cash equivalents as held for trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at October 31, 2009, the carrying and fair value amounts of the Company’s financial instruments related to cash and cash equivalents and accounts payable and accrued liabilities 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.

OTHER MD&A DISCLOSURE REQUIREMENTS

Information available on SEDAR

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.

Disclosure by venture issuer

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates. An analysis of the material components of the acquisition/disposition and deferred exploration costs of the Company's mineral properties is disclosed in Schedule A to the interim consolidated financial statements for the three months ending October 31, 2009.

Outstanding share data

Common shares issued and outstanding as at October 31, 2009 are described in detail in Note 4 of the interim consolidated financial statements for the three months ending October 31, 2009.

As at the date of this document, December 23, 2009, the Company had the following number of securities outstanding:

	Number of shares	**$**	**Number of options**	**Exercise price**	**Expiry date**
Issued and outstanding	10,010,000	1,220,053	200,000	$0.16	October 16, 2010
			1,000,000	$0.25	June 8, 2014
Total	**10,010,000**		**1,200,000**		