MAGNA RESOURCES LTD.

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

For the six months ended January 31, 2012

MAGNA RESOURCES LTD.
(An exploration stage enterprise)

1. Management's Discussion and Analysis

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

Forward-Looking Statements

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

Overview

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

The head office and principal address of the Company is located at 221 Union Street, Suite 219, Vancouver, British Columbia, Canada, V6A 0B4. The Company's registered and records office address is 1066 West Hastings Street, Suite 2610, Vancouver, British Columbia, Canada, V6E 3X1.

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

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

1.1 Date of Report

March 30, 2012 and as amended January 24, 2013 (refer to cover letter filed on SEDAR dated January 24, 2013).

1.2 Overall Performance

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

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

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

On January 19, 2012, the Purchase and Sale transaction was completed. As a result of the Purchase and Sale Transaction, the Company holds a 100% interest in American Potash. American Potash holds potash leases and an option in respect of potash lease 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 operations and comprehensive loss from the date of acquisition in accordance with IFRS 3, Business Combination and the Company is considered to be the accounting acquirer. The purchase price allocation is as follows:

Consideration	$
Fair value of 50% interest in American Potash	1,328,805
Fair Value of Net Asset Acquired	
Cash	1,884
Prepaid	5,047
Trade and other payables	(74,220)
Exploration and evaluation costs	1,234,689
Intangiable assets	161,405
	1,328,805

Acquisition related cost of $52,975 is reported as legal expenses in the consolidated statements of operation and comprehensive loss.

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

In February, 2012, the Company granted 3,285,000 stock options to directors, officers and consultants of the Company exercisable at $0.40 per share for a term of five years.

The Company has appointed a new President, Mike Sieb. Rudy de Jonge is stepping down as president but remains as chief executive officer.

1.3 Marketable Securities and Property Information

Green River Potash Project

Utah potash prospects

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

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

The Sweetwater Option Agreement entitles American Potash to acquire a 100% interest in permits, 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 Confederation and the Company each to pay a total of $270,000 USD and each to issue in aggregate, 4,000,000 shares to the Optionors upon receiving grant of permits for Utah property of not less than 25,000 acres (the "Grant Date"). The Company's payment and share issuance obligations under the agreement are as follow:

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

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

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

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

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

Potassium prospects
American Potash has submitted Potassium Prospecting Applications in respect of 2,253.95 acres of BLM land contiguous to its existing applications in Utah.

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

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

Property Expenditures

	Green River Potash
	$
Mineral acquisition	
Opening balance, July 31,2010	84,303
Cash payments	31,212
	115,515
Deferred exploration expenditures	
Opening balance, July 31, 2010	14,392
Geological surveys	11,525
Geological consulting	31,298
	57,215
Total as at July 31, 2011	172,730
Mineral acquisition	
Cash payments	18,830
Deferred exploration expenditures	
Bonding	2,321
Geological surveys	6,036
Geological consulting	53,180
	61,537
Reassessment exploration and evaluation asset through business acquisition*	2,534,437
Total as at January 31, 2012	2,787,534

*See Item 1.2 *"Overall Performance*"

Marketable securities

During the year ended July 31, 2011 the Company received as consideration a 50% proportionate interest in 353,450 common shares of Passport, pursuant to an amendment of the Sweetwater Option Agreement dated November 12, 2010 for a total of $91,897. During the six months ended January 31, 2012, all the shares were redeemed for net proceeds of $172,084. The Company's share, net of commission and foreign exchange (50%) was $86,042. At July 31, 2011, the market value of 50% of the 353,450 common shares of Passport Potash Inc., being 176,725 shares held by the Company, was $106,382 (2010 - $Nil). During the six months ended January 31, 2012, the Company recorded a loss on disposition of the shares of $25,937.

1.4 Results of Operations

The balance sheet as of January 31, 2012 indicates a cash position of $200,501 (July 31, 2011 - $34,250). The Company has other current assets of short-term investments of $1,800,710 (July 31, 2011 - $Nil), HST receivables of $19,555 (July 31, 2011 - $8,232), other receivables of $1,768 (July 31, 2011 – $2,766), prepaid expenses of $10,038 ((July 31, 2011 - $Nil) and marketable securities of $Nil (July 31, 2011 - $106,382). The increase in cash was mainly a result of a private placement for 6,666,666 common shares at a price of $0.30 per share, totalling $2,000,000.

Other assets consist of website development of $Nil (July 31, 2011 - $4,633) and mineral properties of $4,932,591 (July 31, 2011 - $275,754). See Item 1.2 *Overall Performance* for details on the increase in mineral properties.

Current liabilities at January 31, 2012 total $289,557 (July 31, 2011 – $60,764), comprising fees payable to a director of the Company of $Nil (July 31, 2011 - $30,600), mineral property related expenses of $169,734 (July 31, 2011 - $16,081), accounting fees of $1,534 (July 31, 2011 - $Nil), legal fees of $48,679 (July 31, 2011 - $2,981), general trade payables of $297 (July 31, 2011 - $1,730), consulting fees of $9,078 (July 31, 2011 - $Nil), and due to a related party (Confederation Minerals Ltd.) $60,235 July 31, 2011 - $Nil).

Shareholders' equity at January 31, 2012 is comprised of share capital of $4,622,161 (July 31, 2011 - $1,322,961), reserves of $641,794 (July 31, 2011 - $314,194), accumulated other comprehensive income of $(1,091) (July 31, 2011 - $(18,426) and a deficit of $411,272 (July 31, 2011 - $1,255,219) for total shareholders' equity of $4,851,592 (July 31, 2011 - $363,510). The increase in share capital is explained in Item 1.2 *Overall Performance*.

At January 31, 2012 the Company has a working capital of $1,741,247 (July 31, 2011 - $90,866).

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

Under Canadian GAAP, all the Company's subsidiaries were integrated foreign operations. Therefore, monetary items were translated at year-end rates and non-monetary items were translated at historic rates with all foreign currency gains and losses recognized in statement of operations. IFRS requires that the functional currency of each subsidiary of the Company be determined separately. It was determined that, as at the transition date, the functional currency of the Company is Canadian dollars and the functional currency of its joint venture is USD.

In accordance with the IFRS 1 optional exemptions, on transition date the Company has elected to transfer the currency translation differences recognized as a separate component of equity, to deficit.

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

- At January 31, 2011, a cumulative charge of $9.337 to other comprehensive income.
- At July 31, 2011, a decrease to mineral property interests of $18,426 and a cumulative charge of $23,733 to other comprehensive income.

1.5 Selected Financial Information - Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last 8 completed fiscal quarters of the Company. The Company has chosen to present the table on the basis of Canadian Generally Accepted Accounting Principles (CGAAP), the standard in effect at the times of filing MD&A for all quarters through and including July 31, 2011. The information for the six months ended January 31, 2012 has been prepared under IFRS. Readers should realize that, accordingly, the information in the table below may not be strictly comparable, being based on two different sets of accounting standards.

	2012 (IFRS)		2011 (CGAAP)				2010 (CGAAP)	
	January	October	July	April	January	October	July	April
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit (Loss)	$914,907	$(70,960)	$(38,963)	$58,492	$64	$(11,434)	$(7,483)	$(7,728)
Basic and diluted Earnings (Loss) per share	$0.03	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)

1.6 Condensed consolidated results for the quarters ended January 31, 2012 and 2011 as reported under IFRS

Variance Analysis	**2012**	**2011**	**2012 vs 2011 Variance**
Operating expenses			
Amortization	$ (681)	$ -	$ (681)
Accounting and audit fees	13,470	4,286	9,184
Consulting fees	22,517	-	22,517
Filing and transfer agent fees	9,313	5,025	4,288
Interest and bank charges	79	10	69
Office and miscellaneous	1,472	492	980
Travel and meals	1,291	-	1,291
Legal fees	44,079	2,181	41,898
Dissemination, advertising and promotion	3,826	-	3,826
Net loss before other expenses	(95,366)	(11,994)	(83,372)
Other income (expenses)			
Interest income (expense)	(674)	-	(674)
FIT expense	10,057	-	10,057
Gain on business combination achieved in stage	1,001,754	-	1,001,754
Loss on sale of asset	-	(2,097)	2,097
Gain (loss) on marketable securities	(864)	20,288	(21,152)
Net income (loss) for the period	$ 914,907	$ 6,197	$ 908,710

The Company began paying management fees to a director of the Company effective June 1, 2011. The Company began paying consulting fees to an officer of the Company effective January 1, 2012. Increased legal fees, accounting and audit fees and filing and transfer agent fees relate to the sale of Confederation's 50% interest in American Potash to the Company (see Item 1.2 *Overall Performance*). The Company has expensed all costs related to the development of the Company's new website.

1.7 Liquidity & Capital Resources

The Company's cash balance is $200,501 and working capital is $1,741,427 at January 31, 2012 compared with a cash balance of $34,250 and working capital of $90,866 at July 31, 2011.

Cash used in operating activities during the period is $67,171 (January 31, 2011 - $21,089) comprising gain on remeasurement of subsidiary of $1,001,754 (January 31, 2011 - $Nil), loss on disposal of short-term investment of $25,390 (January 31, 2011 - $106,382), deferred income tax recovery of $9,953 (July 31, 2011 - $Nil), increase in receivables of $11,323 (January 31, 2011 - $2,926), increase in prepaid expenses of $5,019 (January 31, 2011 - $$15,832), increase in due to related parties of $60,590 (January 31, 2011 - $Nil) and increase in accounts payable and accrued liabilities of $30,951 (January 31, 1012 - $7,661).

Cash used in investing activities is $1,770,263 (January 31, 2011 - $25,414), comprised of cash acquired on acquisition of subsidiary of $1,884 (January 31, 2011 - $Nil), sale of marketable securities of $86,370 (January 31, 2011 - $Nil), exploration and evaluation assets and intangible assets of $57,807 (January 31, 2011 - $25,414 and purchase of short-term investment of $1,800,710 (January 31, 2011 - $Nil).

Cash provided by financing activities is $2,000,000 (January 31, 2011 –$Nil). During the period, the Company completed a private placement of 6,666,666 common shares at a price of $0.30 per share.

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

1.8 Capital Resources

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

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

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

1.9 Related Party Transactions

Paid		Six months ended January 31, 2012		2011
St. Cloud Mining – Consulting fees	$	30,000	$	-
St. Cloud Mining – payable from Fiscal 2009		25,000		-
Alexander Peck – Consulting fees		3,500		-
	$	58,500	$	-

Payable As At		January 31, 2011		July 31, 2011
St. Cloud Mining – Consulting Fees	$	-	$	30,600
Global Mining Services – Consulting Fees		2,567		-
Confederation Minerals Ltd.		60,235		-
	$	62,802	$	30,600

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

These transactions were in the normal course of operations.

1.10 Risks and Uncertainties

Overview

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to support commercial production stage are also very substantial.

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

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

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

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

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

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

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

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

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

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

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

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

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

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

1.11 Financial Instruments & Other Instruments

The Company's financial instruments consist of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities and due to a related party. The Company has classified its cash and cash equivalents as held for trading, which is measured at fair value. Reclamation bonds are classified as held to maturity, which is measured at amortized cost. Accounts payable and accrued liabilities and due to a related party are classified as other financial liabilities, which are measured at amortized cost. As at January 31, 2012, the carrying and fair value amounts of the Company’s financial instruments related to cash and cash equivalents, accounts payable and accrued liabilities and due to a related party are the same due to their short terms to maturity. The carrying values of reclamation bonds approximate their fair values. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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

1.12 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.

1.13 International Financial Reporting Standards – Accounting Policies

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

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

The following outlines the Company's transition project, IFRS transitional impacts and the on-going impact of IFRS on the financial results. Note 13 to the interim condensed financial statements for the six months ended January 31, 2012 provides more detail on the key Canadian GAAP to IFRS difference, the accounting policy decisions and IFRS 1, First-Time Adoption of International Financial Reporting Standards, optional exemptions for significant or potentially significant areas that have had an impact on the financial statements on transition to IFRS or may have an impact in future periods.

Transitional Financial Impact

The tables below outline:

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

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

c) Adjustments to the statement of comprehensive loss for the six months ended January 31, 2011 and the year ended July 31, 2011.

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

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

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

Reconciliations of Pre-transition Canadian GAAP Equity to IFRS

		January 31 2010		July 31 2011
Mineral properties under Canadian GAAP	$	162,514	$	294,070
IFRS adjustments				
Currency translation adjustment (note i)		-		(18,426)
Mineral properties under IFRS	$	162,514	$	275,644

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

		January 31 2011		July 31 2011
Equity under Canadian GAAP	$	178,149	$	381,936
IFRS adjustments				
Currency translation adjustment (note i)		(9,337)		(18,426)
Equity under IFRS	$	167,081	$	363,510

Reconciliation of Pre-transition Canadian GAAP Comprehensive Loss to IFRS

Below is the reconciliation of Comprehensive Loss for the six months ended January 31, 2011 and year ended July 31, 2011:

		Year ended July 31, 2011		Six months ended January 31, 2011
Comprehensive income (loss) under Canadian GAAP	$	3,526	$	(9,992)
IFRS adjustments				
Cumulative translation gain (loss) (note i)		(18,426)		(9,337)
Total comprehensive loss reported under IFRS	$	(14,900)	$	(19,329)

Explanatory notes

Post-Implementation

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

1.14 Other MD&A Requirements

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

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

An analysis of the material components of the Company's general and administrative expenses is disclosed in the interim condensed financial statements for the six months ending January 31, 2012.

Outstanding share data

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

As at March 30, 2012, the Company has 51,506,666 common shares without par value outstanding.

Common shares issued and outstanding as at January 31, 2012 are described in detail in Note 6 to the condensed consolidated interim financial statements for the six months ended January 31, 2012.

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

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