

## **MAGNA RESOURCES LTD.**

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS APRIL 30, 2011**

#### **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 nine months ended April 30, 2011 as well as the MD&A and audited consolidated financial statements and accompanying notes for the year ended July 31, 2010. 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 April 30, 2011 and contains disclosure of material changes occurring up to and including June 28, 2011.

#### **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 LLC (“American Potash”), owned 50% by each of the Company and Confederation Minerals Ltd. (“Confederation”), has entered into an option agreement with Sweetwater River Resources LLC, 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 and the State of Arizona for exploration, together with all permits and other rights issued pursuant to the applications, to allow for the exploration of potash prospects in Utah and Arizona. During the course of application, the Company incurred geological works that were required by the United States Bureau of Land Management for preparation of exploration plans.

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 \$135,000 USD and each to issue in aggregate, 1,000,000 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:

- \$35,000 USD upon signing the option agreement (paid);
- 100,000 common shares of the Company on the Grant Date;
- \$25,000 USD cash and 300,000 common shares of the Company on or before the first anniversary of the Grant Date;
- \$25,000 USD cash and 300,000 common shares of the Company on or before the second anniversary of the Grant Date;

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- \$25,000 USD cash and 300,000 common shares of the Company on or before the third anniversary of the Grant Date; and
- \$25,000 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 \$3,500 and 10,000 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 made.

On November 2, 2010, the Sweetwater Option Agreement was amended to remove the Arizona permits and Arizona properties.

#### Arizona

On November 12, 2010, Sweetwater granted an option to Passport Potash Inc. ("Passport") (PPI: TSX.V) to acquire 100% of Sweetwater's rights and interest in the Arizona properties, subject to a 2% royalty and subject to TSX Venture Exchange approval (the "Acceptance Date"). Consideration is payable to Sweetwater and American Potash as follows:

- a) 500,000 free trading shares of Passport on the earlier of December 15, 2010 or within five business days of the Acceptance Date (issued); and
- b) Three cash payments of \$30,000 each within 12 (paid), 18 and 24 months of the Acceptance Date.

Passport has the right at any time to buy one-half of the royalty for \$150,000 USD and has the right to purchase the remaining one-half of the royalty for \$150,000 USD.

The allocation of the payments and the royalty to Sweetwater and American Potash will be 29.1% to Sweetwater and 70.9 % to American Potash, based on their respective percentage of total expenses incurred on the Arizona permits.

On December 21, 2010, American Potash received 353,450 Passport Shares which represent 70.9% of the 500,000 Passport Shares issued under the agreement. The Company's portion is 176,725 Passport Shares. Passport's closing share price on April 30, 2011 was \$0.69 per share. On March 16, 2011 American Potash received \$US\$20,760.65 as its share of the first instalment from Passport under the Passport option agreement. The Company's portion of this payment is US\$10,380.33.

#### Utah

American Potash has acquired nine non-contiguous Utah State trust land potash lease units in the potash-bearing Paradox Basin in Grand County, Utah. Each lease unit consists of one State section and covers a contiguous area of approximately one square mile. The nine lease units total approximately 9.5 square miles or 6,090 acres. The nine State potash lease units are all within the border of a large block of contiguous United States Bureau of Land Management ("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 ("KPLA").

In addition, under the Sweetwater Option Agreement, American Potash possesses exclusive priority application rights for 31 potash exploration permits covering approximately 63,000 acres (255 sq. km.) of land in the Paradox Basin. 24,040 acres (97 sq. km.) of the total 63,000 acres are within a proposed 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.

American Potash has submitted exploration plans requesting exploration permits for the BLM lands and has signed a Memorandum of Understanding with the BLM regarding future exploration and development.

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#### **PERFORMANCE SUMMARY DURING THE PERIOD**

The balance sheet as of April 30, 2011 indicates a cash position of \$179,833 (July 31, 2010 - \$58,311). During the current period, the Company completed a non-brokered private placement raising an aggregate of \$192,000 by the issuance of 1,200,000 Units at a cost of \$0.16 per Unit. Each Unit consists of one common share ("Share") and one share purchase warrant ("Warrant"). Each Warrant is exercisable into one additional common share for a period of five years at a price of \$0.20 per share ("Warrant Share"), expiring February 26, 2016. The Shares, Warrants and Warrant Shares are subject to a four month hold period which expired on June 26, 2011. The proceeds of the private placement will be used to advance the permitting and exploration of American Potash's Utah State potash lease units, furthering American Potash's additional prospecting permit applications in Utah and for general working capital purposes. The Company has other current assets of GST receivables of \$5,759 (July 31, 2010 - \$1,176) and other assets of \$121,940 (July 31, 2010 - \$49,433), comprising the fair market value at April 30, 2011 of marketable securities received under the Passport option agreement.

Other assets consist of mineral property of \$175,832 (July 31, 2010 - \$137,100).

Current liabilities at April 30, 2011 total \$54,723 (July 31, 2010 - \$56,501), consisting primarily of a fee payable to a director of the Company of \$25,000 and legal fees of \$13,148. Shareholders' equity is comprised of share capital of \$1,319,684 (July 31, 2010 - \$1,220,052), warrants of \$92,368 (July 31, 2010 - \$Nil) contributed surplus of \$225,103 (July 31, 2010 - \$225,103) and a deficit of \$1,208,514 (July 31, 2010 - \$1,255,636) for a net equity of \$428,641 (July 31, 2010 - \$189,519).

Working capital, which is current assets less current liabilities, is \$252,809 (July 31, 2010 - \$52,419).

The weighted average number of common shares outstanding for the three months ended April 30, 2011 was 10,983,333 (July 31, 2010 - 10,010,000).

The deficit as at April 30, 2011 is \$1,208,514 compared to a deficit of \$1,248,153 at April 30, 2010.

On May 2, 2011, Joel McLean resigned as a director of the Company. The current board of directors comprises:

Rudy de Jonge	CEO, President
Darryl Yea	Secretary
C. Michael O'Brian	
John Greig	

#### **RESULTS OF OPERATIONS**

During the three months ended April 30, 2011 the Company reported a net income of \$58,942 (\$0.00 basic and diluted income per share) compared to a net loss of \$7,728 (\$0.00 basic and diluted loss per share) reported for same period in fiscal 2010. The material difference is other income resulting from the increase in the market value of the marketable securities (Passport Potash shares). Passport's closing share price on April 30, 2011 was \$0.69 per share.

#### **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 consolidated quarterly financial statements prepared by management. The Company's interim financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars.

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	2011			2010				2009
	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Net Income (Loss)	58,492	64	(11,434)	(7,483)	(7,728)	(12,449)	(28,830)	(269,802)
Basic and diluted Income (Loss) per share	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)

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, 2010. 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.

	April 30 2011	April 30 2010
Working capital	\$ 252,809	\$ 27,286
Deficit	\$ 1,208,514	\$ 1,248,153

During the three months ended April 30, 2011 net cash used in operating expenses was \$9,279 (2010 - \$15,229). Net cash used in investing activities was \$13,318 (2010 - \$14,444), consisting of American Potash Utah property acquisition costs.

Cash flows from financing activities comprised \$192,000 (2010 - \$Nil), representing completion of a non-brokered private placement raising an aggregate of \$192,000 by the issuance of 1,200,000 Units at a cost of \$0.16 per Unit. Refer to "*Performance Summary During the Period*" for details of the private placement.

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.

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.

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#### **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 nine months ended April 30,, 2011.

#### **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, 2010.

#### **Recent Accounting Pronouncements**

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards were effective January 1, 2011.

The Canadian Accounting Standards Board ("AcSB") has set January 1, 2011 as the date for publicly listed companies to adopt International Financial Reporting Standards ("IFRS"). Accordingly, IFRS compliant financial statements for the Company will be required for the first quarter of fiscal 2012. Comparative figures presented in these financial statements are also required to comply with IFRS.

The Company's conversion plan to transition from Canadian GAAP to IFRS consists of three phases:

- Phase 1 (scoping and diagnostic) – A preliminary diagnostic review which included the determination, at a high level, of the financial reporting differences and options under IFRS and the key areas that may be impacted was completed in 2009.
- Phase 2 (Impact, analysis, quantification and evaluation) – In this phase, completed in the second quarter of the calendar year 2010, the Company performed a detailed assessment and technical analysis of each area identified from Phase 1 that will result in the conclusion of IFRS transitional adjustments, decisions on accounting policy choices and the drafting of accounting policies.
- Phase 3 (Implementation phase) – This phase includes the collection of financial information necessary to compile IFRS compliant financial statements and the preparation of the opening balance sheet as at August 1, 2010.

Based on the review in Phase 1 and the work to date under Phase 2, a number of key accounting areas were identified where IFRS differs from current GAAP, which are expected to have an impact on the Company's financial statements. These key

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areas are explained below. It would appear that IFRS will require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The Company's review has not identified any significant impact on its accounting processes, financial reporting systems and controls.

#### **IFRS 1, First-time Adoption of IFRS**

IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective applications of IFRS. The purpose of the options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction. We have analyzed the various exemptions available and are working towards implementing those most appropriate in our circumstances.

#### **Mineral Properties, Exploration and Development Costs**

IFRS currently allows exploration and evaluation expenses to be either capitalized or expensed. The Company expects to continue to capitalize its exploration and evaluation expenses.

#### **Impairment of Mineral Properties**

Canadian GAAP provides for a 2 step test with no impairment being required if the undiscounted future expected cash flows relating to an asset are higher than the carrying value of that asset. Under IFRS, the undiscounted cash flows are not considered and an impairment is recorded when the recoverable amount (defined as the higher of 'value in use' and 'fair value less costs to sell') is below the asset's carrying value.

The Company will be required to adopt the discounted future cash flow approach with respect to impairment analysis of its mineral properties. Impairment under this approach may generate a greater likelihood of write-down in the future.

Write-down to net realizable value can be reversed under IFRS if the conditions of impairment cease to exist. This difference in approach between Canadian GAAP and IFRS could result in potentially significant volatility in earnings.

#### **Asset Retirement Obligations**

IFRS defines asset retirement obligations ("ARO") as legal or constructive obligations. Under IFRS, ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates. Under Canadian GAAP, ARO is calculated using a current credit-adjusted, risk-free rate for upward revisions and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rate. The change in calculation of ARO and the discounting process will likely generate some changes in the other value of ARO on transition.

#### **Stock Based Compensation**

Under IFRS, each instalment is to be treated as a separate share option grant with graded-vesting features, forfeitures are to be estimated at the time of grant and revised if actual forfeitures are likely to differ from previous estimates and options granted to parties other than employees are measured on the date the goods or services received. The concept of employees and others providing similar services under IFRS is a broader concept under IFRS. The Company is currently recording its stock based compensation expenses on a straight line basis over the vesting period and forfeitures as they occur. The transition to IFRS would likely result in more variability in the compensation expenses.

The Company continues to monitor IFRS standards development as issued by the International Accounting Standard Board and the regulators which may affect the timing, nature and disclosure of the Company's adoption of IFRS.

#### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, 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 April 30, 2011, the carrying and fair value amounts of the Company's financial instruments related to cash and cash equivalents, accounts payable and accrued liabilities are the same due to their short terms to maturity. Unless otherwise noted, it is management's

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opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### RISKS RELATED TO THE COMPANY'S BUSINESS

##### 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.

**Joint Venture.** The Company and Confederation each own 50% of American Potash which is exploring for potash prospects in Utah. They are negotiating a joint venture agreement but as of the date of this document no joint venture agreement has been executed between the Company and Confederation.

**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 potash prospects 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 commodities. An adverse change in these commodities' 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 Company 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. In particular, the per share price on the CNSX Exchange of the Company's common stock fluctuated from a high of \$0.50 to a low of \$0.10 in the period beginning June 25, 2010 and ending on the date of this Management Discussion and Analysis. There can be no assurance that these price fluctuations and volatility will not continue to occur.

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**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.

**Foreign Countries and Regulatory Requirements.** Currently, the Company's properties are located in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation and political risk. Both mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental legislation, water use, labour standards and workplace safety. The Company maintains the majority of its funds in Canada and only forwards sufficient funds to meet current obligations.

**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.



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**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.

#### 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](http://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 the consolidated schedule of mineral properties and deferred exploration charges attached to the interim consolidated financial statements for the nine months ending April 30, 2011.

##### Outstanding share data

Common shares issued and outstanding as at April 30, 2011 are described in detail in Note 4 of the interim consolidated financial statements for the nine months ending April 30, 2011.

As at the date of this document, June 28, 2011, the Company had the following number of securities outstanding:

	Number of shares	\$	Number of options	Exercise price	Expiry date
Issued and outstanding	11,210,000	1,412,052	857,500	\$0.25	June 8, 2014
			Number of warrants		
			1,200,000	\$0.20	February 26, 2016