MAGNA RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JULY 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 audited consolidated financial statements and accompanying notes for the year ended July 31, 2009 as well as the MD&A and audited financial statements and accompanying notes for the year ended July 31, 2008. The audited 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 analysis for the year ended July 31, 2009 and contains disclosure of material changes occurring up to and including November 20, 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.

MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

a) Shanty Bay Mining claims – Dent Township, Ontario

During the fiscal year 2007, the Company signed an assignment agreement with Triple Dragon Resources Inc. (Assignor) and Rubicon Minerals Inc. (Optionor) on October 27, 2006. The Optionor is the owner of three mining claims: #4200361 to #4200363 inclusive located in Dent Township, claim map M-2155, Red Lake Mining Division, Ontario. On March 14, 2006, the Optionor granted an option to the Assignor to acquire an undivided 100% interest in and to the property. The Optionor retained a 2% Net Smelter Return. The exercise terms of the Shanty Bay Option Agreement were $96,000 and 100,000 common shares to the Optionor as follows:

Date	Cash	Shares
Upon signing	$8,000 (paid)	30,000 (issued at $0.125 per share)
First anniversary of signing	$12,000 (paid)	30,000 (issued at $0.125 per share)
Second anniversary of signing	$16,000 (paid)	40,000 (issued at $0.125 per share)
Third anniversary of signing	$20,000	-
Fourth anniversary of signing	$40,000	-
	$96,000	100,000

During the year ended July 31, 2009 the Company undertook a trenching program on the Shanty Bay showing at a total cost of $46,204. A 125 m and 35 m area (3,800 sq m) was stripped of overburden via an excavator and high-pressure water pump. Assays were taken. On March 16, 2009, based on the assay results, the Company dropped the option for the property and as a result, during the year ended July 31, 2009, the Company wrote off $48,500 in property acquisition costs and $65,176 in related deferred exploration expenses.

b) 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”) 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. As at July 31, 2009, five Permits have been approved.

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 USD $2,000,000. The option may be exercised by having the Company and Confederation each pay a total of USD $135,000 and each issue in aggregate 1,000,000 shares to Sweetwater as follows:

- 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; and
- USD $25,000 cash on or before the fourth anniversary date.

During the year ended July 31, 2009, the Company paid $2,780 (USD $2,500) to a consultant as a retainer in providing consulting services in the mining and exploration of the potash properties. Additionally, the Company paid $39,109 (USD $35,000) to Sweetwater as reimbursement for application filing fees which will be refunded if mineral applications are not accepted.

PERFORMANCE SUMMARY DURING THE PERIOD

The balance sheet as of July 31, 2009 indicates a cash position of $259,077 (2008 - $114,836). On October 16, 2008 the Company completed an initial public offering of 2,000,000 common shares at a price of $0.16 per share that included share issuance costs of $101,405 and issuance of 200,000 agent options. The Company has other current assets of $5,625 at July 31, 2009 (2008 - $4,900) for total current assets of $264,702 (2008 - $119,736). The increase in current assets is mainly due to completion of the initial public offering net of general and administrative expenses.

Deferred charges at July 31, 2009 total $Nil (2008 - $48,500). The decrease in deferred charges is due to reallocating the deferred costs of the initial public offering to share issuance costs.

Other assets consist of mineral properties $Nil (2008 - $48,500), deferred exploration expenditures of $Nil (2008 - $18,972) and prepaid expenses of $41,889 (2008 - $Nil). The year over year decrease in mineral properties and deferred exploration expenditures are due to the write off of the Shanty Bay mineral property and related deferred exploration expenses based on the Company’s decision to drop its option on the property. Prepaid expenses consist of payments made in relation to the American Potash joint venture. (Refer to Note 3b *Mineral Properties and Deferred Exploration Expenditures – American Potash Joint Venture* of the audited consolidated financial statements for the year ended July 31, 2009).

Current liabilities at July 31, 2009 total $60,789 (2008 - $750), comprised of legal fees of $32,116, management fee of $25,000, accounting $1,535, transfer agent and filing fees $700 and general office expenses of $1,438. Shareholders’ equity is comprised of share capital of $1,219,845 (2008 - $1,001,250), contributed surplus of $225,103 (2008 - $Nil) and a deficit of $1,199,146 (2008- $766,292) for a net of $245,802 (2008 - $234,958). The increase in capital stock is due to the issuance of 2,000,000 common shares under the initial public offering, net of share issuance costs of $101,405. The contributed surplus resulted from the granting of 200,000 agent’s options and 1,000,000 stock options granted to directors and officers of the Company. The agent options were granted to the agent with an exercise price of $0.16 and expire on October 16, 2010. The options granted to directors and officers of the Company have an exercise price of $0.25 per share and expire on June 8, 2014. In accordance with CICA Handbook Section 3860, the agent options were valued at fair market value of $17,159 determined using the Black-Scholes option pricing model assuming a risk-free return of 2.30%, volatility of 104% and an average expected life of 2 years. These costs have been recorded as share issuance costs. The options granted to directors and officers were valued at fair market value of $207,944, determined using the Black-Scholes option pricing model, assuming a risk-free return of 2.71%, an expected volatility of 120% with an average expected life of 5 years. These costs have been recorded as stock based compensation expense.

Working capital, which is current assets less current liabilities, is $203,913 (2008 - $118,986).

The weighted average number of common shares outstanding for the year ended July 31, 2009 was 9,589,235 (2008 – 7,984,932).

The deficit as at July 31, 2009 is $1,199,146 compared to a deficit of $766,292 at July 31, 2008.

RESULTS OF OPERATIONS

During the year ended July 31, 2009 the Company reported a net loss of $432,854 ($0.05 basic and diluted loss per share) compared to a net loss of $73,564 ($0.01 basic and diluted loss per share) reported for year ended July 31, 2008. The loss in fiscal 2009 represents accounting and legal $62,138, management fee of $25,000, consulting fees $8,800, transfer agent and filing fees $13,624 , stock based compensation $207,944, general operating expenses $2,213, loss on disposition of property $113,676, net of interest income of $541. The loss in fiscal 2008 represents accounting and legal $64,981, transfer agent and filing fees $14,014, general operating expense $404, net of an adjustment to stock-based compensation $1,350 and interest income of $4,485. (Refer to Note 3a *Mineral Properties and Deferred Exploration Expenditures – Mining Claims – Dent Township, Ontario* of the audited consolidated financial statements for the year ended July 31, 2009 for additional explanation of the loss on disposition of property and Note 4d *Share Capital – Stock Options* of the audited consolidated financial statements for the year ended July 31, 2009 for an explanation of stock based compensation).

SELECTED ANNUAL INFORMATION

The following table sets out selected financial information derived from the Company's audited consolidated financial statements for the most recently completed financial years:

	Year Ended **July 31, 2009** **$**	**Year Ended** **July 31, 2008** **$**	**Year Ended** **July 31, 2007** **$**
OPERATIONS			
Revenue	N/A	N/A	N/A
Net Loss	(432,854)	(73,564)	(692,728)
Basic and diluted loss per share	(0.05)	(0.01)	(0.57)
BALANCE SHEET			
Working capital (deficit)	203,913	118,986	276,022
Total assets	306,591	235,708	304,945

During the year ended July 31, 2009 the Company incurred a net loss of $432,854 ($0.05 basic and diluted loss per share) compared to a net loss of $73,564 ($0.01 basic and diluted loss per share) for the same period in 2008. The increase in net loss was mainly due to stock based compensation of $207,944 and loss on disposition of the Shanty Bay properties of $113,676. (Refer to Note 3a *Mineral Properties and Deferred Exploration Expenditures – Mining Claims – Dent Township, Ontario* of the audited consolidated financial statements for the year ended July 31, 2009 for additional explanation of the loss on disposition of property and Note 4d *Share Capital – Stock Options* of the audited consolidated financial statements for the year ended July 31, 2009 for an explanation of stock based compensation).

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.

	2009				2008			
	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net Loss	(269,802)	(3,212)	(146,499)	(13,341)	(15,757)	(29,079)	(9,836)	(18,892)
Basic and diluted Loss per share	(0.04)	(0.00)	(0.01)	(0.00)	(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). (Refer to Note 3 – *Mineral Properties and Deferred Exploration Expenditures* of the audited consolidated financial statements for the year ended July 31, 2009).

FOURTH QUARTER RESULTS

	Three Months Ended July 31, 2009 $	Three Months Ended July 31, 2008 $	Twelve Months Ended July 31, 2009 $	Twelve Months Ended July 31, 2008 $
Accounting and legal fees	33,081	13,953	62,138	64,981
Bank charges	53	55	384	404
Consulting fees	-	-	8,800	-
Management fee	25,000	-	25,000	-
Meals and entertainment	1,258	-	1,258	-
Office supplies and expenses	179	-	571	-
Stock based compensation	207,944	-	207,944	(1,350)
Transfer agent and filing fees	2,287	2,159	13,624	14,114
Loss before other income and other expenses	**(269,802)**	**(16,167)**	**(319,719)**	**(78,049)**
Interest income	-	411	541	4,485
Loss on disposition of property	-	-	(113,676)	-
Net loss and comprehensive loss	**(269,802)**	**(15,756)**	**(432,654)**	**(73,564)**

Losses for Quarter 4 of fiscal 2009 were mainly due to stock based compensation expense totally $207,944 due to the granting of 1,000,000 stock options granted to directors and officers of the Company. (Refer to Note 4d - *Share Capital – Stock Options* of the audited consolidated financial statements for the year ended July 31, 2009).

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company will continue to seek capital through the issuance of shares and/or debt.

	July 31, 2009	July 31, 2008
Working capital	$ 203,913	$ 118,986
Deficit	1,199,146	766,292

During the year ended July 31, 2009 net cash used in operating expenses was $140,013 (2008 - $98,858). The year over year increase was mainly due to an increase in prepaid expenses ($41,889) related to the American Potash joint venture. Net cash used in investment activities was $Nil (2008 - $16,000). Net cash flows from financing activities were $284,254 (2008 - $(47,150), mainly due to the completion of the Company's initial public offering in October, 2008.

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

During the year ended July 31, 2009 the Company paid consulting fees of $5,300 to a company in which a director of the Company owns a 50% interest.

During the year ended July 31, 2009 the Company paid consulting fees of $3,500 to a company wholly owned by a director of the Company.

During the year ended July 31, 2009 the Company accrued reimbursable expenses of $1,438 and management fee of $25,000 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 audited consolidated financial statements for the year ended July 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.

Mining Exploration Costs

On March 27, 2009 the Emerging Issues Committee of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended July 31, 2009. There was no impact on the financial statements.

Recent Accounting Pronouncements

On August 1, 2009, the Company will be required to adopt CICA Section 3064, Goodwill and Intangible Assets. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and other intangible assets. The adoption of this standard is not expected to have any material impact on the Company's financial statements.

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. 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 are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations".

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its financial statements.

On February 13, 2008, Canada's Accounting Standard Board confirmed January 1, 2011 as the effective date for complete convergence of Canadian GAAP to International Financial Reporting Standards ("IFRS"). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has determined that the key elements of this IFRS changeover on the Company will be in the areas of accounting for resource properties' acquisition and exploration costs, impairment of long-lived assets, accounting for share capital including stock options and warrant valuations and general IFRS disclosure requirements. The Company is currently assessing the specific impact on the Company's financial reporting and developing an implementation timetable. 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 income taxes and first-time adoption of IFRS (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 July 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.

EVENTS SUBSEQUENT TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2009

1. On October 20, 2009, through its 50% owned subsidiary American Potash, the Company paid $137,137 (USD$130,000) to States 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. The amount of USD$65,000 (50%) of the acquisition cost is to be repaid to the Company by Confederation.

2. In November, 2009 American Potash LLC acquired nine non-contiguous Utah State trust land potash lease units in the potash-bearing Paradox Basin in Grand County, Utah. The nine lease units total approximately 9.5 square miles (26.6 sq km) or 6,090 acres.

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 audited consolidated 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 audited consolidated financial statements for the year ended July 31, 2009.

Outstanding share data
Common shares issued and outstanding as at July 31, 2009 are described in detail in Note 4b of the audited consolidated financial statements or the year ended July 31, 2009.

As at the date of this document, November 20, 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	1,219,845	200,000	$0.16	October 16, 2010
			1,000,000	$0.25	June 8, 2014
Total	**10,010,000**		**1,200,000**		