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**Form 51-102F1**

# Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Nine Months Ended April 30, 2013

**Date: June 28, 2013**

## General

This Management's Discussion & Analysis ("MD&A") of Magna Resources Ltd. ("Magna" or the "Company") has been prepared by management and should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the nine months ended April 30, 2013 and the audited consolidated financial statements and accompanying notes for the year ended July 31, 2012. Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at www.sedar.com.

## Forward-Looking Statements

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the Company's consolidated financial statements, additional important factors, if any, are identified here.

## Overview of Business

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.

## Exploration Update

### The Green River Potash Project

The Green River Potash Project ("GRPP") comprises 11 state potash leases totaling 2,853 ha, 25 federal potash prospecting permit applications ("PPAs") totaling 17,767 ha and 160 lithium placer claims totaling 1,295 ha staked over a portion of the federal potash PPA area. American Potash holds 100% title to the potash mineralization through the state leases, including all chlorides, sulfates, carbonates, borates, silicates, and nitrates of potassium, holds 100% title to the lithium placer claims through staking and holds a 100% option on the PPAs pursuant to the Sweetwater Option Agreement. The GRPP is situated 32 kilometers west of Moab in the renowned Paradox Basin in Utah, which contains the stratigraphic sequence of evaporite/salt layers that comprise the United States' sole solution mining potash operation, Intrepid Potash Inc.'s Cane Creek potash mine. The Cane Creek mine is currently exploiting Potash Cycle 5, which underlies and extends throughout the GRPP area and is the prime exploration target.

On September 13, 2012, the Company announced that American Potash LLC received final approval from the State of Utah to commence drilling on three of its State leases which form part of the GRPP. Stratigraphic test wells have been designed to test the Cycle 5 potash evaporite horizon in the northwest portion of the GRPP on select Utah State leases. To date, three drill permits have been granted.

On September 13, 2012, the Company announced that American Potash has formally initiated the review process towards the granting of prospecting permits on Federal Lands by submitting an Exploration Plan to the Bureau of Land Management ("BLM"). The BLM has reviewed American Potash`s Exploration Plan and has determined it complete. The next stage of the review process towards the granting of Federal Prospecting Permits, which would permit the Company to drill four holes on Federal lands, is for BLM to complete the environmental assessment report on the Exploration Plan. Management continues to focus on facilitating a timely completion to the Federal Prospecting Permit approval process. Management is preparing for the upcoming Phase 1 drill program on State lands and awaits the commencement of drilling upon the sourcing of funds necessary to support the program.

## Other Corporate Information

The condensed consolidated interim financial statements of the Company for the nine months ended April 30, 2013 include the accounts of the Company and its 100% interest in American Potash (50% before January 19, 2012). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

The Company's shares are listed on the Canadian National Stock Exchange under the trading symbol "MNA".

## Overall Performance

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the nine months ended April 30, 2013.

The statement of financial position as at April 30, 2013 indicates a cash position of $31,611 (July 31, 2012: $Nil) and short-term investments of $440,450 (July 31, 2012: $1,484,273). The Company has other current assets of HST receivables of $52,965 (July 31, 2012: $22,844), other receivables of $Nil (July 31, 2012: $162,680), and prepaid expenses of $24,337 (July 31, 2012: $25,791).

Non-current assets consist of exploration and evaluation assets of $3,005,012 (July 31, 2012: $2,935,031) and intangible assets of $845,658 (July 31, 2012: $480,986).

Current liabilities at April 30, 2013 total $456,741 (July 31, 2012: $751,635), comprising bank indebtedness of $Nil (July 31, 2012: $65,788), accounts payable and accrued liabilities of $60,451 (July 31, 2012: $85,310), future income taxes payable of $Nil (July 31, 2012: $54,776), deferred income tax liability of $344,260 (July 31, 2012: $340,595), withholding tax payable of $Nil (July 31, 2012: $162,680) and due to related parties of $52,030 (July 31, 2012: $42,486).

Shareholders' equity at April 30, 2013 is comprised of share capital of $4,622,161 (July 31, 2012: $4,622,161), reserves of $1,454,326 (July 31, 2012: $1,330,204), accumulated other comprehensive income (loss) of $22,137 (July 31, 2012: $(797)) and a deficit of $2,155,332 (July 31, 2012: $1,591,598) for total shareholders' equity of 3,943,292 (July 31, 2012: $4,359,970).

Working capital, which is current assets less current liabilities, is $92,622 (July 31, 2012: 944,223).

As at April 30, 2013, the Company has no earnings and therefore has financed exploration activities by the issuance of its common shares. The key determinants of the Company's operating results are the following:

(a) the state of capital markets, which affects the ability of the Company to finance its exploration activities; and

(b) the write-down and abandonment of exploration and evaluation assets and intangible assets should permits for exploration not be granted and should exploration results provide further information that does not support the underlying value of such assets.

### Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters.

| | 2013 | | | 2012 | | | | 2011 |
|---|---|---|---|---|---|---|---|---|
| | April | January | October | July | April | January | October | July |
| Net Sales/ Revenue | $Nil | $Nil | $Nil | $Nil | $Nil | $Nil | $Nil | $Nil |
| Net Income (Loss) | $(111,302) | $(325,785) | $(126,647) | $765,755 | $(931,404) | $(99,769) | $(70,961) | $(43,596) |
| Basic Income (Loss) per share | $0.01 | $(0.01) | $(0.00) | $0.02 | $(0.02) | $(0.01) | $(0.00) | $(0.00) |

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

### Liquidity & Capital Resources

The Company's cash balance is $31,611 and working capital is $92,622 at April 30, 2013 compared with a cash balance of $Nil and working capital of $944,223 at July 31, 2012.

Cash used in operating activities during the nine months ended April 30, 2013 is $504,584 (2012: $403,320. Cash from investing activities is $543,382 (2012: $(1,473,852)), comprised of sale of short term investment of $1,043,823 (2012: purchase of $1,604,000), exploration and evaluation assets and intangible assets of $434,653 (2012: $42,964), bank indebtedness of $65,788 (2012: $Nil), cash acquired from subsidiary of $Nil (2012: $1,884) and sale of marketable securities of $Nil (2012: $86,300).

The Company's major sources of funds have been derived from equity financings. The Company has a capitalization of an unlimited number of common shares without par value of which 51,506,666 common shares are issued and outstanding as at April 30, 2013.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

### Related Party Transactions

The aggregate value of transactions and outstanding balances relating to key management personnel and entities which they have control over or significant influence of were as follows:

| | | Nine months ended April 30, | |
|---|---|---|---|
| **Service provided by:** | | **2013** | **2012** |
| | | **$** | **$** |
| Alexander Peck | a) | 17,420 | 9,000 |
| St. Cloud Mining Services Inc. | b) | 45,000 | 45,000 |
| Mike Sieb | c) | 112,500 | 12,500 |
| Global Mining Services Inc. | d) | 29,927 | 4,005 |
| Compensation benefits to key management | e) | 91,501 | - |
| | | 296,348 | 70,505 |

a) Alexander Peck, the CFO of the Company provided management services to the Company.
b) St. Cloud Mining Services Inc. is a privately held corporation controlled by a director who provided consulting services to the Company.
c) Mike Sieb, the president of the Company provided management services to the Company
d) Global Mining Services Inc. is a privately held corporation controlled by a director, who provided services to American Potash LLC.
e) Compensation benefits to key management personnel consist of share-based payments made during the period.

| **Accounts payable at:** | **April 30, 2013** | | **April 30, 2012** |
|---|---|---|---|
| | **$** | | **$** |
| Rudy de Jonge | 7,000 | | - |
| Kent Ausburn/Global Mining Services | 3,612 | | - |
| Confederation Minerals Ltd. | 41,418 | * | - |
| | 52,038 | | - |

* Shareholder's loan which is unsecured, non-interest bearing, and payable on demand.

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

### Investor Relations Activities

Effective April 15, 2013, the Company engaged Bridgemark Capital Corp. ("Bridgemark") to act as investor relations consultants to the Company for an initial term of six months at $7,500 per month. Bridgemark is a financial advisory firm focused on providing services in connection with developing financial strategies, undertaking capital raises and negotiating strategic partnerships. Bridgemark has an established international network of financial industry professionals including investment advisors, bank owned investment dealers and leading independent financial firms.

### Accounting standards not yet implemented

The following standards have been issued but are not yet effective. They may result in future changes to accounting policies and other note disclosures.

Financial Instruments

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such investments are either recognized at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Consolidation

IFRS 10 builds on existing principles by identifying the concept as the determining factor in whether an entity should be within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for annual periods beginning on or after January 1, 2013. The implementation of this standard is not expected to have a material impact on the Company's consolidated financial statements.

Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is effective for annual periods beginning on or after January 1, 2013. The implementation of this standard is not expected to have a material impact on the Company's consolidated financial statements.

**Financial Instruments**

Classification of financial instruments

(a) Fair Values

Assets and liabilities measure at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as follows:

| As at April 30, 2013 | Fair Value Measurements Using<br>Quoted prices in active markets for identical instruments (Level 1)<br>$ | Significant other observable inputs (Level 2)<br>$ | Significant unobservable inputs (Level 3)<br>$ |
|---|---|---|---|
| Cash and cash equivalents | 31,611 | - | - |
| Short term investments | 440,450 | - | - |
| Total | 472,061 | - | - |

| As at July 31, 2012 | Fair Value Measurements Using<br>Quoted prices in active markets for identical instruments (Level 1)<br>$ | Significant other observable inputs (Level 2)<br>$ | Significant unobservable inputs (Level 3)<br>$ |
|---|---|---|---|
| Cash and cash equivalents | - | - | - |
| Short term investments | 1,484,273 | - | - |
| Total | 1,484,273 | - | - |

The fair values of other financial instruments, which include other receivable, other assets, bank indebtedness, accounts payable and accruals and due to related parties, approximate their carrying value due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The functional currency of the Company's subsidiary American Potash is the US dollar. Foreign currency risk arises from the fluctuation in currency exchange between the Canadian dollar and US dollar. The Company has not entered into financial instruments to hedge against this risk.

(d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual maturity analysis is as follows:

| | Less than 3 months | 3-12 months | 1-5 years | Longer than 5 years | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **April 30, 2013** | | | | | |
| Accounts payable and accrued liabilities | 60,451 | - | - | - | 60,451 |
| Due to related parties | 10,612 | 41,418 | - | - | 52,030 |
| | 71,063 | 41,418 | | | 112,481 |
| **July 31, 2012** | | | | | |
| Bank indebtedness | 65,788 | - | - | - | 65,788 |
| Accounts payable and accrued liabilities | 85,310 | - | - | - | 85,310 |
| Due to related parties | - | 42,486 | - | - | 42,486 |
| | 151,098 | 42,486 | | | 193,584 |
| **April 30, 2012** | | | | | |
| Accounts payable and accrued liabilities | 155,518 | - | - | - | 155,518 |

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. As at April 30, 2013, the Company has in total $440,450 (July 31, 2012: $1,484,273) in guaranteed investment certificates.

The policies to manage interest rate risk have been followed by the Company during prior periods and are considered to be effective.

## Additional Disclosure for Junior Issuers

The Company has expensed the following material cost components during the three and nine months ended April 30, 2013 and 2012:

| | | Nine months ended April 30, | | Three months ended April 30, | |
|---|---|---|---|---|---|
| | | **2013** | 2012 | **2013** | 2012 |
| **General and administrative expenses** | | | | | |
| Accounting fees | | $ 47,235 | $ 36,965 | $ 7,176 | $ 20,995 |
| Audit and related fees | (i) | 45,840 | 18,990 | 4,840 | 4,570 |
| Bank charges and interest | | 964 | 613 | 381 | 370 |
| Consulting fees | (ii) | 107,860 | 52,829 | 31,022 | 15,312 |
| Foreign exchange loss/(gain) | | (762) | 19 | - | 19 |
| Legal fees | | 55,644 | 75,530 | 13,966 | 23,323 |
| Licenses and permits | | 331 | 611 | 36 | 611 |
| Insurance | | 9,814 | - | 3,200 | - |
| Share-based payments | (iii) | 124,122 | 688,410 | - | 688,410 |
| Office expenses | | 11,308 | 6,272 | 1,839 | 4,656 |
| Rent | | 12,002 | 1,442 | 2,930 | 1,442 |
| Transfer agent listing and filing fees | | 19,675 | 16,146 | 9,276 | 3,523 |
| Travel and accommodation | | 10,538 | 11,913 | 4,018 | 10,622 |
| Property Investigation | (iv) | - | 396,337 | - | 396,337 |
| Salaries and benefits | (v) | 116,865 | 13,416 | 40,205 | 13,416 |
| Investor relations, website, promotion | (vi) | 30,381 | 6,141 | 13,886 | 775 |

(i) Audit and related fees – the year over year increase is primarily due to fees relating to the acquisition of 100% of American Potash.

(ii)_ Consulting fees - increased year over year due to an agreement entered into between American Potash and Global Mining Services, a company wholly owned by a director of the Company, to provide consulting services, commencing September 1, 2012 at a rate of US$3,000 per month. Also, the Company engaged Baxter Capital Advisors., a US-based financial consultant to assist with the Company's listing application for the OTCQX for a fee of US$14,500.

(iii) Share-based payments - relate to stock options granted during the period.

(iv) Property investigation costs – Expenses shown in fiscal 2012 were subsequently capitalized as intangible assets.

(v) Salaries and benefits - In April, 2012, the Company employed a President.

(vi) Investor relations – On April 15, 2013, the Company entered into an investor relations agreement with Bridgemark Capital Corp. for an initial term of six months for a fee of $7,500 per month.

The Company has capitalized the following exploration and evaluation assets:

**Property Expenditures**

| | Green River Potash |
|---|---|
| | $ |
| **Mineral acquisition** | |
| Opening balance, July 31,2011 | 115,515 |
| Cash payments | 18,830 |
| | 134,345 |
| **Deferred exploration expenditures** | |
| Opening balance, July 31, 2011 | 57,215 |
| Bonding | 10,123 |
| Geological surveys | 17,827 |
| Geological consulting | 181,084 |
| | 266,249 |
| **Reassessment exploration and evaluation asset through business acquisition (Note 4)** | 2,534,437 |
| **Total as at July 31, 2012** | 2,935,031 |
| **Mineral acquisition** | |
| Cash payments | 28,212 |
| **Deferred exploration expenditures** | |
| Bonding | 2,660 |
| Geological surveys | 3,754 |
| Geological consulting | 15,909 |
| | 22,323 |
| **Foreign exchange translation adjustment** | 19,446 |
| **Total as at April 30, 2013** | 3,005,012 |

**6. INTANGIBLE ASSETS**

| | April 30, 2013 | July 31, 2012 |
|---|---|---|
| | $ | $ |
| Potash Prospects Applications | 845,658 | 480,986 |

## 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.

### Proposed Transactions

There are no proposed transactions currently approved by the Board of Directors.

### Other MD&A Requirements

The Company's issued and outstanding share capital as at the date of this MD&A is as follows:

(1) Authorized: Unlimited common shares without par value.
(2) As at June 28, 2013, the Company has 51,506,666 common shares issued and outstanding, 5,300,000 stock options outstanding and 4,800,000 warrants outstanding.

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