

MAGNA RESOURCES LTD.
1220 - 1066 West Hastings Street,
Vancouver, BC, V6E 3X1
Phone: 604.558.4955 Fax: 604.558.4956

Form 51-102F1

**Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Year
Ended July 31, 2013**

Date: November 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 audited consolidated financial statements for the years ended July 31, 2013 and July 31, 2012. The audited financial statements, together with this 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 audited financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company.

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

Forward-Looking Statements

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

Overview 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". On August 15, 2013, the Company also commenced trading on OTCQX® International, a segment of the OTCQX marketplace in the U.S., under the symbol 'MGRZF'. The Company is dedicated to the acquisition and development of potash mineral deposits in the United States and elsewhere. American Potash LLC ("*American Potash*"), a Nevada corporation wholly owned by the Company, owns and operates the Green River Potash Project in Utah. American Potash's area of interest covers key land positions in known potash-bearing sedimentary cycles in Utah.

The audited consolidated financial statements of the Company for the years ended July 31, 2013 and July 31, 2012 include the accounts of the Company and its 100% interest in American Potash. 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 will hold its Annual General and Special Meeting at 10 a.m. Pacific Standard Time on December 20, 2013 at 2600 – 1066 West Hastings Street, Vancouver, BC.

The board of directors consists of Rudy de Jonge, Darryl Yea, Dr. Kent Ausburn, John Greig, Dr. Lawrence Dick and Kenneth R. Holmes. Michael Sieb is the President and Alexander Peck is the Chief Financial Officer. The members of the Audit Committee are Darryl Yea, John Greig and Dr. Lawrence Dick.

Results of Operations

During the year ended July 31, 2013, the Company generated a net loss of \$740,794 (2012: \$944,563) and a net comprehensive loss of \$701,126 (2012: \$926,934).

Restatement of Acquisition of American Potash LLC

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

In consideration for Confederation’s 50% interest in American Potash, the Company issued 22,420,000 common shares of the Company (the “Consideration Shares”) to Confederation with a fair value of \$1,229,200 and 2,400,000 common share purchase warrants with a fair value of \$327,600 to exactly match the number of issued and outstanding securities of the Company immediately prior to the closing of the Purchase and Sale Transaction. Each warrant entitles Confederation to purchase a further common share at a price of \$0.10 until February 25, 2016.

During the year ended July 31, 2012, the Purchase and Sale Transaction was accounted for under IFRS 3 as a business combination. Under the IFRS 3 treatment, the reassessment at fair value of the previously held interest in American Potash gave rise to a gain of \$1,001,754 that was recognized in the statement of comprehensive loss under “Gain on business combination achieved in stages”. The fair value of the previously held 50% interest was set at \$1,328,805, being the same value as the 50% interest of American Potash acquired. On January 19, 2012, the Purchase and Sale Transaction was completed.

The Purchase and Sale Transaction was accounted for using the acquisition method with operating results included in the Company’s statements of comprehensive loss from the date of acquisition in accordance with IFRS 3, Business Combinations, and the Company is considered to be the accounting acquirer. Acquisition related costs of \$52,975 were reported as legal expenses in the consolidated statements of comprehensive loss for the year ended July 31, 2012.

During the year ended July 31, 2013, the Company re-assessed whether the acquisition of American Potash constitutes a business combination or an acquisition of assets. Previously, the Company accounted for the acquisition of American Potash as a business combination, recognizing a gain in the consolidated statement of comprehensive loss and a deferred tax liability on the fair value bump of the exploration and evaluation assets.

The Company concluded that the acquisition of American Potash should be accounted for as an asset acquisition, with the excess fair value of consideration over the identifiable net assets being allocated to the exploration and evaluation assets. Acquisition related costs are capitalized to the assets acquired.

The purchase price was allocated to the identifiable net assets, based on the acquisition being an asset acquisition, as follows:

Consideration	\$
Fair value of 50% interest in American Potash	1,286,318
Allocation to the fair value of identifiable net assets of American Potash:	
Cash	1,884
Prepaid	5,047
Exploration and evaluation assets	1,490,198
Intangible assets	161,405
Trade and other payables	(74,220)
Due to Confederation	(297,996)
Net assets acquired	1,286,318

The financial statement impact resulting from accounting for the acquisition of American Potash as an asset acquisition as at July 31, 2012 is as follows:

	As Previously Reported	Restatement	Restated
	\$	\$	\$
Consolidated statement of financial position			
Exploration and evaluation assets	2,935,031	(991,265)	1,943,766
Intangible assets	480,986	-	480,986
Deferred income tax liability	340,595	(340,595)	-
Deficit	(1,591,598)	(608,184)	(2,199,782)
Consolidated statement of comprehensive loss			
Legal fees	90,669	(52,975)	37,694
Gain on business combination achieved in stage	(1,001,754)	1,001,754	-
Deferred income tax expense (recovery)	332,183	(340,595)	(8,412)
Net loss	336,379	608,184	944,563
Comprehensive loss	318,750	608,184	926,934
Loss per share – basic and diluted	(0.01)	(0.01)	(0.02)
Consolidated statement of cash flows			
Cash used in operating activities	(384,117)	337,989	(46,128)
Cash used in investing activities	(1,654,628)	(327,487)	(1,982,115)

As at July 31, 2012, the Company withheld 10% withholding tax on the gross sales price of American Potash in the amount of \$162,680.

Property Information and Recently Completed Activities

American Potash LLC – Green River Potash Project

In May, 2009, and amended on November 2, 2010 and further amended on December 6, 2011, American Potash entered into an option agreement (the "Sweetwater Option Agreement") with Sweetwater River Resources LLC ("Sweetwater"), John Glasscock and Kent Ausburn (collectively called the "Optionors"), to acquire exploration permit applications to the United States Bureau of Land Management ("BLM") in respect of certain Utah permits, together with all permits and other rights issued pursuant to the applications, to allow for the exploration of potash prospects in Utah.

The option agreement entitles American Potash to acquire a 100% interest in permit applications, 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 the Company pay a total of \$270,000 USD and issue in aggregate, 4,000,000 shares of Company to the Optionors upon receiving grants of exploration permits for not less than 25,000 acres of Utah property, as follow:

- \$70,000 USD upon signing the option agreement (paid);
- 400,000 shares of the Company upon grant of the permits representing not less than 25,000 acres;
- \$50,000 USD cash and 1,200,000 shares of the Company on or before the first anniversary date;
- \$50,000 USD cash and 1,200,000 shares of the Company on or before the second anniversary date;
- \$50,000 USD cash and 1,200,000 shares of the Company on or before the third anniversary date; and
- \$50,000 USD cash on or before the fourth anniversary 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 shares of the Company, payable on the grant date of the exploration permits, and thereafter 10% of the cash and stock payments made under the option agreement, payable as and when such payments are made. Expenditures relating to these permit applications have been presented as intangible assets on the statement of financial position (Note 6).

In 2011, American Potash acquired 160 Federal lithium placer mining claims in northwestern Paradox Basin, Utah. These claims are located on BLM-administered Federal lands and are staked over a portion of American Potash's BLM pending potash prospecting permit areas.

In 2011, American Potash acquired eleven non-contiguous Utah State Trust Land potash lease units in the potash bearing Paradox Basin. The eleven lease units are all within the boundaries of the BLM potash prospecting permit applications held by American Potash.

Exploration Update

The Company's progress towards the receipt of federal prospecting permits on American Potash's Green River Potash Project that would permit the Company to drill four holes on Federal lands, is ongoing. The BLM has reviewed the Company's Exploration Plan and has determined it complete. In addition, on June 6, 2013, the Company announced the subsequent completion by the BLM of the Environmental Assessment ("EA") conducted on the Green River Potash Project. The EA represents a comprehensive study of all aspects and environmental considerations associated with the proposed exploration plan submitted by the Company. The final 30 day public notice period regarding BLM's EA conducted on the Green River Potash Project regarding the Company's exploration plan, closed at the end of business July 8, 2013. The Company anticipates BLM's review of the comments submitted, in order to determine appropriate responses and modifications to the EA if warranted, will be addressed in a timely manner. This represents the final stage of the Company's prospecting permits application process with a successful conclusion arriving at a 'Finding of No Significant Impact' ("FONSI") decision on the Company's proposed action. In September 2013, the BLM arrived at a FONSI decision on the Green River Potash Project. Following this FONSI determination, the Company will expect the timely issuance of Federal Prospecting Permits by the BLM.

Overall Performance

The following discussion of the Company's financial performance is based on the audited financial statements for the years ended July 31, 2013 and July 31, 2012.

The statement of financial position as at July 31, 2013 indicates a cash position of \$21,217 (2012: \$Nil) and short-term investments of \$145,963 (2012: \$1,484,273). The Company has other current assets of HST receivables of \$57,001 (2012: \$22,844), prepaid expenses of \$33,104 (2012: \$25,791) and other receivables of \$Nil (2012: \$162,680). Non-current assets consist of exploration and evaluation assets of \$2,017,260 (2012: \$1,943,766) and intangible assets of \$928,802 (2012: \$480,986).

Current liabilities at July 31, 2013 total \$70,286 (2012: \$368,554), comprising bank indebtedness of \$Nil (2012: \$65,788), accounts payable and accrued liabilities of \$55,635 (2012: \$72,202), withholding tax payable of \$Nil (2012: \$162,680), income tax payable of \$Nil (2012: \$54,776) and due to related parties of \$14,651 (2012: \$13,108).

Shareholders' equity at July 31, 2013 is comprised of share capital of \$4,628,161 (2012: \$4,622,161), reserves of \$1,406,605 (2012: \$1,330,204), foreign currency translation reserve of \$38,871 (2012: \$(797)) and an accumulated deficit of \$2,940,576 (2012: \$2,199,782) for total shareholders' equity of \$3,133,061 (2012: \$3,751,786). During the year ended July 31, 2013, the Company granted 75,000 common shares with a fair value of \$6,000 to the President of the Company pursuant to the terms of an employment agreement. The increase in reserves comprises an incremental increase in share based payment reserves of \$57,680 resulting from the cancellation and re-issuance of 3,285,000 stock options granted to directors, officers and consultants and the granting of a total of 450,000 stock options to officers and consultants of the Company, resulting in share based payment reserves of \$18,721 (\$76,401 in total).

On October 18, 2013, the Company announced a non-brokered private placement (the "Private Placement") for up to 2,500,000 Units ("Units") at a price of \$0.15 per Unit to raise total proceeds of \$375,000. Each Unit is comprised of one common share of the Issuer (a "Share") and one-half of one common share purchase warrant of the Issuer (each whole warrant, a "Warrant"). Each Warrant will be exercisable into a common share of the Company (a "Warrant Share") for a period of 24 months from the date of issuance at an exercise price of \$0.25 per Warrant Share. On November 8, 2013, the Company completed a partial closing of 1,759,232 Units for gross proceeds of \$263,884.80. The Shares and Warrant Shares will be subject to a four month hold period expiring March 9, 2014. The expiry date of the Warrants is November 7, 2015. Finders' fees totalling \$11,189.00 were paid in connection

with the partial closing. The proceeds of the Private Placement are for the Company's general working capital as well as preparatory work for the Phase 1 drill program at the Company's Green River Potash Project in Utah.

Working capital, which is current assets less current liabilities, is \$186,999 (2012: \$1,327,034).

As at July 31, 2013, the Company has no earnings and therefore finances 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.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the three most recently completed financial years.

	Year-Ended July 31, 2013	Year-Ended July 31, 2012 Restated	Year-Ended July 31, 2011
Net Sales or Total Revenues	\$NIL	\$NIL	\$NIL
Net Income or (Loss)	\$(790,794)	\$(944,563)	\$3,526
Net Comprehensive Income of (Loss)	\$(701,126)	\$(926,934)	\$(14,900)
Net Income or (Loss) per share, basic and diluted	\$(0.01)	\$(0.02)	\$(0.00)
Total Assets	\$3,203,347	\$4,120,340	\$424,274
Weighted Average Number of Shares Outstanding-basic	51,531,529	37,879,762	10,550,984
Weighted Average Number of Shares Outstanding-diluted	51,531,529	37,879,762	10,677,321
Shareholders' Equity	\$3,133,061	\$3,751,786	\$363,510

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed fiscal quarters of the Company, prepared in accordance with IFRS and stated in Canadian dollars:

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (Loss)	\$(177,060)	\$(111,302)	\$(325,785)	\$(126,647)	\$157,571	\$(931,404)	\$(99,769)	\$(70,961)
Basic Income (Loss) per share	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)	\$0.01	\$(0.02)	\$(0.01)	\$(0.00)

- Notes:
1. Fully diluted per share amounts are not scheduled as they would be anti-dilutive.
 2. 2012 has been restated as disclosed elsewhere in this MD&A.

In quarter 2 of Fiscal 2013, the Company expensed \$124,122 in share-based payments for 3,285,000 stock options cancelled and reissued to directors, officers and consultants. In quarter 4 of Fiscal 2013, this amount was corrected to \$57,680, being the incremental increase in the value of the grants.

Liquidity & Capital Resources

The Company's cash balance is \$21,217 and working capital is \$186,999 at July 31, 2013 compared with a cash balance of \$Nil and working capital of \$1,327,034 at July 31, 2012.

The Company will be required to raise additional cash for continued operations and exploration activities.

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:

Services provided:

	Years ended July 31,	
	2013	2012
	\$	\$
Consulting fees	123,588	68,500
Wages	156,000	50,000
Geological consulting - exploration and evaluation assets	-	21,442
	279,588	139,942

Key management personnel compensation:

	Years ended July 31,	
	2013	2012
	\$	\$
Consulting fees	123,588	68,500
Wages	156,000	50,000
Share-based payments	56,894	513,426
	336,482	631,926

Related party balances:

	July 31, 2013	July 31, 2012
	\$	\$
Companies controlled by directors of the Company	3,084	13,000
Directors of the Company and of its subsidiaries	11,567	108
	14,651	13,108

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

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.

On January 1, 2012, the Company entered into an agreement with Alec Peck to provide consulting services as Chief Financial Officer of the Company. Mr. Peck received \$23,920 during the year ended July 31, 2013 (2012 – \$13,500).

On April 1, 2012, the Company entered into an employment agreement with Mike Sieb to provide services as President of the Company. During the year ended July 31, 2013, Mr. Sieb received \$150,000 in wages and the Company issued 75,000 common shares to Mr. Sieb. Pursuant to the agreement, the Company must issue 75,000 common shares on the second anniversary of employment, and an additional 75,000 common shares on the third anniversary of employment.

On September 1, 2012, American Potash entered into an agreement with Global Mining Services Inc., a company wholly-owned by a director of the Company and a manager of American Potash, to provide consulting services as COO of American Potash. Global Mining Services Inc. will receive US\$3,000 per month for these services.

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after July 31, 2013 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

- a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
- b) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 and SIC-12);
- c) IFRS 11 Joint Arrangements;
- d) IFRS 12 Disclosure of Interests in Other Entities;
- e) IFRS 13 Fair Value Measurement; and
- f) IAS 1 Presentation of Financial Statements (Amendments regarding Presentation of Items of Other Comprehensive Income).

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Financial Instruments and financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company limits its exposure to credit loss by placing its cash and cash short-term investments with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure. The risk is assessed as low.

(b) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. 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.

The following is an analysis of Canadian Dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	July 31, 2013	July 31, 2012
	\$	\$
Cash	31,969	(61,376)
Accounts payable	(32,798)	(41,979)
	(829)	(103,355)

Based on the above net exposures, as at July 31, 2013, a 10% change in the US dollar to Canadian Dollar exchange rate would impact the Company's net loss by \$83.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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
	\$	\$	\$	\$	\$
July 31, 2013					
Accounts payable	40,635	-	-	-	40,635
Due to related parties	14,651	-	-	-	14,651
July 31, 2012					
Bank indebtedness	65,788	-	-	-	65,788
Accounts payable	72,202	-	-	-	72,202
Due to related parties	13,108	-	-	-	13,108

(d) 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.

(e) 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 immaterial. As at July 31, 2013, the Company has in total \$145,963 (July 31, 2012: \$1,484,273) in guaranteed investment certificates.

(f) Fair Values

Financial instruments recognized at fair value on the consolidated statement of financial position must be classified in one of the following three fair value hierarchy levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at July 31, 2013 and 2012:

	As at July 31, 2013		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	21,217	-	-
Short term investments	145,963	-	-
Total	167,180	-	-

	As at July 31, 2012		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	-	-	-
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 due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Summary of Outstanding Share Data

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 November 28, 2013, the Company has 53,340,898 common shares issued and outstanding, 5,450,000 stock options outstanding and 5,679,616 warrants outstanding.

Additional Disclosure for Junior Issuers

The Company has expensed the following material cost components during the years ended July 31, 2013 and 2012 and the quarters ended July 31, 2013 and 2012:

	Notes	Year Ended		Three Months Ended	
		July 31,		July 31,	
		2013	2012	2013	2012
		\$	\$	\$	\$
Accounting and audit fees	a)	110,486	67,010	17,411	11,055
Interest expense and bank charges		1,512	951	548	338
Consulting fees	b)	151,565	72,366	43,705	19,540
Foreign exchange		5,613	1,209	6,375	1,190
Legal fees	c)	77,206	37,694	21,562	(37,836)
Insurance	d)	13,229	252	3,415	252
Research		949	-	949	-
Licenses and permits		452	623	121	12
Travel and entertainment	e)	19,779	31,744	9,241	19,831
Office expenses		23,811	21,365	12,503	15,093
Project investigation		-	148,934	-	(247,403)
Rent	f)	20,680	5,769	8,678	4,327
Share-based payments	g)	76,401	688,410	(47,721)	270
Transfer agent and filing fees	h)	31,469	21,645	11,794	5,499
Wages	i)	159,365	52,878	42,500	39,462
Investor relations, website and promotion	j)	72,068	6,242	41,687	101

- (a) Accounting and audit fees - increases are primarily related to work done in connection with the Company's acquisition of Confederation's 50% share of American Potash LLP.
- (b) In September, 2012, a director of the Company was contracted to provide services as Managing Member of American Potash LLC at a rate of US\$3,000 per month. Consultants were paid \$28,500 during Fiscal 2013 to sponsor and to assist the Company with listing on the OTCQX. The CFO was paid a consulting fee for his services, commencing January 1, 2012 and for the full year during Fiscal 2013.
- (c) Legal fees increased primarily due to legal research done on behalf of American Potash in relation to the Bureau of Land Management's 2012 decision to establish a Ten Mile Known Potash Lease Area. The decision resulting in a reduction of the Company's prospecting permit applications of approximately 30%. *See Item (f) below.*
- (d) Fiscal 2013 was the first full year that the Company maintained D & O liability insurance.
- (e) Management took fewer trips to Utah in Fiscal 2013 related to the potash prospects.
- (f) On May 4, 2012, the US Department of the Interior, Bureau of Land Management, posted a notice on the Federal Registry regarding the establishment of the Ten Mile Known Potash Lease Area ("KPLA). This action establishes that the lands within the Ten Mile KPLA may no longer be available for non-competitive leasing for potash and may instead be available through a competitive leasing process. The newly established Ten Mile KPLA boundary overlies a portion of the Company's prospecting permit applications (non-competitive lease applications) and as a result has reduced the Property by 8,738 ha from 29,358 ha to 20,620 ha. As a result of this reduction, during the year ended July 31, 2012, the Company expensed proportionate costs related to these reductions of \$148,934 to property investigation costs.
- (g) The Company began renting office space in April of 2012 (partial year). Fiscal 2013 includes a full year of office rental.
- (h) In Fiscal 2012, share-based payments of \$688,410 were paid to directors, officers and consultants of the Company. This is a non-cash expense which records the fair value of stock options that have been granted and vested during the period. During the year ended July 31, 2012, 3,285,000 incentive stock options were granted to directors, officers and consultants of the Company. The Black-Scholes option pricing model was used for the fair value calculation. During Fiscal 2013 share-based compensation comprises an incremental increase in of \$57,680 resulting from the cancellation and re-issuance of 3,285,000 stock options granted to directors, officers and consultants during Fiscal 2012 and the granting of a total of 450,000 stock options to officers and consultants of the Company, resulting in share based compensation expense of \$18,721.
- (i) In April, 2012, the Company retained Mike Sieb as President. Fiscal 2013 comprises a full year of employment.
- (j) In April, 2013 the Company retained an investor relations company at a rate of \$7,500 per month, with a corresponding increase in the Company's promotion expenses.

The Company has capitalized the following exploration and evaluation assets during the year:

Green River Potash Project Expenditures

	Total for year ended July 31,	
	2013	2012
	\$	\$
Mineral acquisition costs:		
Balance, beginning	187,320	115,515
Cash payments	28,999	63,793
Foreign exchange translation	5,148	8,012
Balance, ending	221,467	187,320
Exploration and evaluation expenditures:		
Balance, beginning	266,248	57,215
Bonding	7,833	10,123
General administration	15,390	-
Surveys	3,859	17,827
Geological consulting	2,063	177,116
Foreign exchange translation	10,202	3,967
Balance, ending	305,595	266,248
Reassessment through asset acquisition	1,490,198	1,490,198
Total	2,017,260	1,943,766

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

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

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