

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of CNSX Issuer: Magna Resources Ltd. (the "Issuer").

Trading Symbol: MNA

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the CNSX Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period.
- (b) summary of options granted during the period,

### **3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

<b>Rudy de Jonge</b>	<b>Director and Chief Executive Officer</b>
<b>John Greig</b>	<b>Director</b>
<b>Kenneth Holmes</b>	<b>Director</b>
<b>Darryl Yea</b>	<b>Director</b>
<b>Kent Ausburn</b>	<b>Director</b>
<b>Lawrence Dick</b>	<b>Director</b>
<b>Alexander (“Alec”) S. Peck</b>	<b>Chief Financial Officer</b>
<b>Mike Sieb</b>	<b>President</b>

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.
5. Dated March 27, 2013

Mike Sieb

Name of Director or Senior Officer

*"Mike Sieb"* (signed)

President

Official Capacity

<b>Issuer Details</b> Name of Issuer Magna Resources Ltd.	For Quarter Ended January 31, 2013	Date of Report YY/MM/D March 27, 2013
Issuer Address 1220-1066 West Hastings Street		
City/Province/Postal Code Vancouver, BC V6E 3X1	Issuer Fax No. 604.558.4956	Issuer Telephone No. 604.558.4955
Contact Name Mike Sieb	Contact Position President	Contact Telephone No. 604.805.6345
Contact Email Address mikesieb@magnaresourcesltd.com	Web Site Address magnaresourcesltd.com	

## **SCHEDULE "A"**

### **MAGNA RESOURCES LTD.**

An Exploration Stage Enterprise

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JANUARY 31, 2013**

Expressed in Canadian Dollars

Unaudited – Prepared by Management

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Management's Responsibility for the Condensed Interim Consolidated Financial Statements**

The accompanying unaudited condensed consolidated interim financial statements of Magna Resources Ltd. (the "Company") have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards of the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.



**MAGNA RESOURCES LTD.****Condensed Consolidated Interim Statements of Financial Position****(Expressed in Canadian Dollars - unaudited)**

	<i>Notes</i>	<b>January 31, 2013</b>	<b>July 31, 2012</b>
<b>ASSETS</b>		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Cash and cash equivalents		20,258	-
Short-term investments	3	740,450	1,484,273
Prepaid expenses		27,697	25,791
HST/GST receivable		47,792	22,844
Other receivable	4	162,680	162,680
<b>Total current assets</b>		<b>998,877</b>	<b>1,695,588</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	2,979,953	2,935,031
Intangible assets	6	731,388	480,986
<b>Total non-current assets</b>		<b>3,711,341</b>	<b>3,416,017</b>
<b>Total assets</b>		<b>4,710,218</b>	<b>5,111,605</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank indebtedness		-	65,788
Accounts payable and accrued liabilities		117,621	85,310
Other payable	4	162,680	162,680
Future income taxes payable		20,600	54,776
Deferred income tax liability		339,747	340,595
Due to related parties	8	40,842	42,486
<b>Total liabilities</b>		<b>681,490</b>	<b>751,635</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders</b>			
Share capital	7	4,622,161	4,622,161
Reserves		1,454,326	1,330,204
Accumulated deficit		(2,044,030)	(1,591,598)
Accumulated other comprehensive income (loss)		(3,729)	(797)
<b>Total equity</b>		<b>4,028,728</b>	<b>4,359,970</b>
<b>Total liabilities and equity</b>		<b>4,710,218</b>	<b>5,111,605</b>

These condensed consolidated financial statements are authorised by the Board of Directors on March 27, 2013.

They are signed on the Company's behalf by:

On behalf of the Board:

*"Rudy de Jonge" (signed)**"Darryl Yea" (signed)*\_\_\_\_\_  
Rudy de Jonge\_\_\_\_\_  
Darryl Yea**MAGNA RESOURCES LTD.**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(Expressed in Canadian Dollars - unaudited)**

	Six months ended		Three months ended	
	January 31,		January 31,	
	2013	2012	2013	2012
<b>General and administrative expenses</b>				
Amortization	\$ -	\$ -	\$ -	(681)
Accounting fees	40,059	15,970	20,237	11,290
Audit and related fees	41,000	14,420	41,000	2,180
Bank charges and interest	583	243	319	79
Consulting fees	76,838	37,517	47,002	22,517
Foreign exchange loss/(gain)	(762)	-	(762)	-
Legal fees	41,678	52,207	14,791	44,079
Licenses and permits	295	-	-	-
Insurance	6,614	-	3,307	-
Share-based payments	124,122	-	124,122	-
Office expenses	9,469	1,616	4,054	1,472
Rent	9,072	-	4,572	-
Transfer agent and filing fees	10,399	12,623	8,277	9,313
Travel and accommodation	6,520	1,291	7,486	1,291
Salaries and benefits	76,660	-	38,434	-
Website, advertising and promotion	16,495	5,366	15,745	3,826
Total income (expenses)	(459,042)	(141,253)	(328,584)	(95,366)
Other income (expenses)				
Interest income	6,610	(674)	2,799	(674)
FIT expense	-	10,057	-	10,057
Gain on business combination achieved in stage	-	1,001,754	-	1,001,754
Gain (loss) on marketable securities	-	(25,937)	-	(864)
Loss on sale of asset	-	-	-	-
<b>Net income (loss) for the period</b>	<b>(452,432)</b>	<b>843,947</b>	<b>(325,785)</b>	<b>914,907</b>
Other comprehensive income (loss)				
Foreign currency translation	(2,932)	17,335	(3,709)	18,900
<b>Total comprehensive loss</b>	<b>\$ (455,364)</b>	<b>\$ 861,282</b>	<b>\$ (329,494)</b>	<b>\$ 933,807</b>
Earnings (loss) per share, basic and diluted	\$ (0.01)	\$ 0.04	\$ (0.01)	\$ 0.04
Weighted average common shares outstanding – basic and diluted	51,506,666	24,463,928	51,506,666	26,485,878

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**MAGNA RESOURCES LTD.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars - unaudited)**

<b>For the six months ended January 31,</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash provided by (used in):		
<b>Operating activities:</b>		
Net profit (loss) for the period	(452,432)	843,947
Items not involving cash		
Gain on remeasurement of property purchase	-	(1,001,754)
Loss/(gain) on disposal of short-term investment	-	25,390
Deferred taxes	-	(9,953)
Share-based payments	124,122	-
Changes in non-cash working capital:		
Receivables	(24,948)	(11,323)
Prepaid expenses	(1,906)	(5,019)
Due to related parties	(42,486)	60,590
Accounts payable and accrued liabilities	(20,345)	30,951
	<b>(417,995)</b>	<b>(67,171)</b>
<b>Investing activities:</b>		
Cash acquired on acquisition of subsidiary	-	1,884
Sale of marketable securities	-	86,370
Exploration and evaluation assets and intangible assets	(236,850)	(57,807)
Sale (purchase) of short-term investment	743,823	(1,800,710)
Bank indebtedness	(65,788)	-
<b>Net cash used in investing activities</b>	<b>441,185</b>	<b>(1,770,263)</b>
<b>Financing activities:</b>		
Shares issued for cash	-	2,000,000
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>2,000,000</b>
Net change in cash and cash equivalents	23,190	162,566
Effect of exchange rate changes on cash	(2,932)	3,685
Cash and cash equivalents, beginning of period	-	34,250
<b>Cash and cash equivalents, end of period</b>	<b>20,258</b>	<b>200,501</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**MAGNA RESOURCES LTD.**  
**Condensed Consolidated Interim Statements of Changes in**  
**Shareholders' Equity**  
**(Expressed in Canadian Dollars - unaudited)**

	Common Shares		Reserve	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance on July 31, 2011	22,420,000	1,322,961	314,194	(1,255,219)	(18,426)	363,510
Common shares issued:						
Shares issued for cash @ \$0.16/share	22,420,000	1,299,200	-	-	-	1,299,200
Finders shares issued in private placement	6,666,666	2,000,000	-	-	-	2,000,000
Warrants	-	-	327,600	-	-	327,600
Net income (loss) for the period	-	-	-	843,947	-	843,947
Translation adjustment on foreign operations	-	-	-	-	17,335	17,335
Balance on January 31, 2012	51,506,666	4,622,161	641,794	(411,272)	(1,091)	4,851,592
Share-based payments	-	-	688,410	-	-	688,410
Net income (loss) for the period	-	-	-	(1,180,326)	-	(1,180,326)
Other comprehensive income (loss)	-	-	-	-	294	294
Balance on July 31, 2012	51,506,666	4,622,161	1,330,204	(1,591,598)	(797)	4,359,970
Share-based payments	-	-	124,122	-	-	124,122
Net income (loss) for the period	-	-	-	(452,432)	-	(452,432)
Other comprehensive income (loss)	-	-	-	-	(2,932)	(2,932)
Balance on January 31, 2013	51,506,666	4,622,161	1,454,326	(2,044,030)	(3,729)	4,028,728

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## 1. NATURE OF OPERATIONS

Magna Resources Ltd. (the "Company") was incorporated on June 5, 2006 under the laws of British Columbia. The Company's principal business activity is the acquisition and exploration of exploration and evaluation assets. The shares of the Company are traded on the Canadian National Stock Exchange ("CNSX") under the symbol "MNA".

The business of exploring for and mining of exploration and evaluation assets involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The financial information is presented in Canadian Dollars (CDN\$), which is the presentation and functional currency of the Company.

The Company has working capital as at January 31, 2013 of \$317,387 (July 31, 2012: \$943,953) and an accumulated deficit of \$2,044,030 (July 31, 2012: \$1,591,598). The Company incurred a net loss of \$452,432 for the six months ended January 31, 2013 (2012: \$202,337) These financial statements have been prepared under the assumptions of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new equity financing for its ongoing operations. Financing options available to the Company include public equity financings, loans and tax credit refunds. Realization values may be substantially different from carrying values, as shown in these financial statements, should the Company be unable to continue as a going concern.

The Company's head office and registered and records office is 2600 - 1066 West Hastings Street, Vancouver, BC, Canada V6E 3X1.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements are unaudited and prepared on a condensed basis in accordance with the International Accounting Standards ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standard Board. These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's Annual Financial Statements as at and for the year ended July 31, 2012. Accordingly, these condensed consolidated interim statements for the six months ended January 31, 2013 and 2012 should be read together with the Annual Financial Statements as at and for the year ended July 31, 2012.

## 3. SHORT-TERM INVESTMENT

Short-term investments consist of marketable securities and short-term deposit. As at January 31, 2013, the Company has a short term deposit of \$740,000 of principal (July 31, 2012: \$1,475,000) and \$450 of accrued interest due on January 18, 2014 (July 31, 2012: \$9,273) with an annual yield of prime minus 1.250%.

	January 31, 2013	July 31, 2012
	\$	\$
Short-term deposit	740,450	1,484,273

For the marketable securities, the fair market value are measured using quoted prices in active market for the identical assets, the total fair market value is the published market price per unit multiplied by the number of units held without consideration of transaction costs.

#### 4. BUSINESS ACQUISITION

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

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

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

On January 19, 2012, the Purchase and Sale transaction was completed. As a result of the Purchase and Sale Transaction, the Company holds a 100% interest in American Potash.

American Potash holds State potash leases and an option in respect of potash exploration permit applications in the State of Utah.

The Purchase and Sale Transaction was accounted for using the acquisition method with operating results included in the Company's statements of operations and comprehensive loss from the date of acquisition in accordance with IFRS 3, Business Combination and the Company is considered to be the accounting acquirer.

The purchase price allocation is as follows:

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

In addition to the above transaction, Confederation subscribed for 6,666,666 common shares of the Company at \$0.30 per share for gross proceeds of \$2,000,000. As at January 31, 2013, the Company has an aggregate of 51,506,666 common shares and 4,800,000 common share purchase warrants exercisable at \$0.10 per share issued and outstanding (on a non-diluted basis).

As at January 31, 2013, a 10% withholding tax on the gross sales price of American Potash in the amount of \$162,680 is held by the Company.

## 5. EXPLORATION AND EVALUATION ASSETS

### 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 pending exploration permit applications to the United States Bureau of Land Management ("BLM") in respect of certain Utah prospects and to the State of Arizona, 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 permits, subject to a 2% royalty to the Optionors which may be bought back for \$2,000,000 USD. The option may be exercised by having 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 Magna upon grant of the permits representing not less than 25,000 acres;
- \$50,000 USD cash and 1,200,000 shares of Magna on or before the first anniversary date;

- \$50,000 USD cash and 1,200,000 shares of Magna on or before the second anniversary date;
- \$50,000 USD cash and 1,200,000 shares of Magna 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 \$7,000 and 40,000 shares of Company, payable on the grant date, and thereafter 10% of the cash and stock payments made under the option agreement, payable as and when such payments are made.

In 2011, American Potash acquired 160 Federal lithium placer mining claims totalling 1,295 hectares (3,200 acres) in northwestern Paradox Basin, southeast Utah, USA. These claims are located on BLM-administered Federal lands and are staked over a portion of 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 total 2,853 hectares, (7,050 acres) and are all within the boundaries of the BLM potash prospecting permit applications held by American Potash.

As at January 31, 2013 the applications in Utah are pending approval from the BLM.

**Property Expenditures**

	<b>Green River Potash</b>
	<b>\$</b>
<b>Mineral acquisition</b>	
Opening balance, July 31, 2011	115,515
Cash payments	18,830
	<u>134,345</u>
<b>Deferred exploration expenditures</b>	
Opening balance, July 31, 2011	57,215
Bonding	10,123
Geological surveys	17,827
Geological consulting	181,084
	<u>266,249</u>
<b>Reassessment exploration and evaluation asset through business acquisition (Note 4)</b>	2,534,437
<b>Total as at July 31, 2012</b>	<u>2,935,031</u>
<b>Mineral acquisition</b>	
Cash payments	<u>28,212</u>
<b>Deferred exploration expenditures</b>	
Geological surveys	3,754
Geological consulting	15,909
	<u>19,663</u>
<b>Foreign exchange translation adjustment</b>	(2,953)
<b>Total as at January 31, 2013</b>	<u>2,979,953</u>

**6. INTANGIBLE ASSETS**

	<b>January 31, 2013</b>	<b>July 31, 2012</b>
	<b>\$</b>	<b>\$</b>
Potash Prospects Applications	731,388	480,986
	<u>731,388</u>	<u>480,986</u>

**7. SHARE CAPITAL**

**a) Authorized:** Unlimited common shares with no par value.

**b) Issued and outstanding:**

At January 31, 2013 there were 51,506,666 issued and fully paid common shares (July 31, 2012: 51,506,666).



### **c) Common shares**

During the year ended July 31, 2011, the Company completed a non-brokered private placement raising an aggregate of \$192,000 by the issuance of 1,200,000 units ("Units") at a price of \$0.16 per Unit. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant is exercisable into one additional common share for a period of five years at a price of \$0.20 per share ("Warrant Share"), expiring February 26, 2016. The Warrants were valued at \$207,777 based on the Black Scholes model which utilizes the following assumptions: expected dividend yield of nil, expected volatility of 131%, expected life of 5 years and a risk free interest rate of 2.60%. The relative fair value allocated is \$89,091.

During the year ended July 31, 2012, The Company and Confederation signed a Purchase Agreement in respect of the acquisition by the Company of Confederation's 50% interest in American Potash. On January 19, 2012, the Company issued 22,420,000 common shares at the fair value of \$0.20 and 2,400,000 common share purchase warrants to Confederation. Each warrant entitles the Company to purchase a further common share at a price of \$0.10 until February 25, 2016 (Also see note 4).

Also during the year ended July 31, 2012, Confederation subscribed for 6,666,666 common shares of the Company at \$0.30 per share for gross proceeds to the Company of \$2,000,000.

In December, 2012, Confederation distributed 21,086,656 common shares of the Company to Confederation shareholders. The distribution of the Company's shares by Confederation resulted in Confederation no longer maintaining a control block of the Company.

### **d) Stock options**

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

On February 2, 2012, the Company granted 3,285,000 stock options to directors, officers and consultants, exercisable at \$0.40 per share for a term of five years, expiring February 2, 2017. The fair value of these stock options was calculated using the Black-Scholes option pricing model. The options were valued at fair value of \$688,410 (\$0.21 per share) where the exercise price is equal to the market price at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.29%, a dividend yield of nil, an expected volatility of 98.51% and an average expected life of 5 years. A share-based payment expense of \$688,410 was charged to operations and added to reserves.

On December 14, 2012, the Company cancelled 3,285,000 stock options granted on February 2, 2012 and on January 16, 2013 the Company issued 3,285,000 stock options to directors, officers and consultants, exercisable at \$0.10 per share for a term of five years, expiring January 16, 2018. The options were valued at fair value of \$115,943 (\$0.04 per share) where the exercise price is \$0.055 per share at the date of grant and the fair value of each

option granted, assuming a risk-free interest rate of 1.40%, a dividend yield of nil, an expected volatility of 96.69% and an average expected life of 5 years. A share-based payment expense of \$115,943 was charged to operations and added to reserves.

On December 14, 2012, the Company granted 250,000 stock options to an officer and employee of the Company, exercisable at \$0.10 per share for a term of five years, expiring December 14, 2017 (the "Sieb Grant"). The options will vest in equal quarterly amounts over the course of the first three years of employment commencing April 1, 2012. At January 31, 2013, 62,500 options vested. The options were valued at fair value of \$4,544 (\$0.08 per share) where the exercise price is \$0.10 per share at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.36%, a dividend yield of nil, an expected volatility of 96.14% and an average expected life of 5 years. A share-based payment expense of \$4,544 was charged to operations and added to reserves.

On December 14, 2012, the Company granted 50,000 stock options to a consultant of the Company, exercisable at \$0.10 per share for a term of five years, expiring December 14, 2017. The options were valued at fair value of \$3,635 (\$0.08 per share) where the exercise price is \$0.10 per share at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.36%, a dividend yield of nil, an expected volatility of 96.14% and an average expected life of 5 years. A share-based payment expense of \$3,635 was charged to operations and added to reserves.

The continuity of stock options for the period ended January 31, 2013 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price (\$)
<b>Balance July 31, 2011 and 2010</b>	<b>1,715,000</b>	<b>0.25</b>
Granted, exercisable on or before February 2, 2017	3,285,000	0.40
<b>Balance, July 31, 2012</b>	<b>5,000,000</b>	<b>0.35</b>
Cancelled	(3,285,000)	(0.40)
Granted, exercisable on or before December 14, 2017	300,000	0.10
Granted, exercisable on or before January 16, 2018	3,285,000	0.10
<b>Balance, January 31, 2013</b>	<b>5,300,000</b>	<b>0.15</b>

The options outstanding and exercisable at January 31, 2013 are as follows:

Number Outstanding	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
1,715,000	0.25	1.40
3,285,000	0.10	4.96
300,000	0.10	4.87
<b>5,300,000*</b>	<b>0.15</b>	<b>3.54</b>

\*Following the re-issuance of stock options in January, 2013, options to purchase a total of 5,300,000 shares are outstanding, which exceeds the maximum number of shares currently available under the Stock Option Plan by 193,334 shares. Accordingly, options to purchase up to 193,334 shares granted as part of the Sieb Grant will not be exercisable until such shares become available under the plan.

#### e) Share purchase warrants

In January 2012, the Company issued 2,400,000 common share purchase warrants pursuant to the Purchase Agreement with Confederation. Each warrant entitles Confederation to purchase a further common share at a price of \$0.10 until February 25, 2016. The fair value of these warrants was calculated using the Black-Scholes option pricing model. The warrants were valued at fair value of \$327,600 where the exercise price is equal to the market price at the date of grant and the fair value of each warrant granted, assuming a risk-free interest rate of 1.25%, a dividend yield of nil, an expected volatility of 100.01% and an average expected life of 2 years.

The continuity of warrants for the period ended January 31, 2013 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, July 31, 2010	-	-
Issued, exercisable on or before February 25, 2016	2,400,000	0.10
<b>Balance, July 31, 2011</b>	<b>2,400,000</b>	<b>0.10</b>
Issued, exercisable on or before February 25, 2016	2,400,000	0.10
<b>Balance, July 31, 2012 and January 31, 2013</b>	<b>4,800,000</b>	<b>0.10</b>

#### 8. RELATED PARTY TRANSACTIONS

The following directors and/or senior officers transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

<b>Services provided by:</b>		<b>January 31, 2013</b>	<b>January 31, 2012</b>
		<b>\$</b>	<b>\$</b>
Alexander Peck	a)	10,920	3,500
St. Cloud Mining Services Inc.	b)	30,000	55,000
Mike Sieb	c)	75,000	-
Global Mining Services Inc.	d)	21,405	2,567
Compensation benefits to key management	e)	91,501	-
		<b>228,826</b>	<b>61,067</b>

- 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 geological consulting services to American Potash LLC.  
e) Compensation benefits to key management personnel consist of share-based payments made during the period.

<b>Accounts payable (receivable) at:</b>	<b>January 31, 2013</b>		<b>January 31, 2012</b>
	<b>\$</b>		<b>\$</b>
Global Mining Services Inc.	3,000	*	2,567
St. Cloud Mining Services Inc.	-		30,000
Rudy de Jonge	7,000	*	-
Confederation Minerals Ltd.	(121,838)	**	-
	<b>(111,838)</b>		<b>32,567</b>

\*The balance is included in accounts payable and accrued liabilities.

\*\*The balance included \$162,680 withholding tax receivable and \$40,842 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.

Also see Notes 5 and 10.

#### 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Stock options granted	124,122	-

#### 10. COMMITMENTS

- a) See Note 5.

- b) On April 1, 2012, American Potash renewed a consulting agreement with an independent party to provide advice and consultation to American Potash regarding exploration, leasing and mining on public lands. Compensation is \$5,000 USD for 35 hours of service per month for a period of one year. Additional hours to complete services will be billed at \$165 USD per hour.
- c) 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.
- d) On January 1, 2012, the Company entered into an agreement with Alec Peck to provide consulting services as CFO of the Company.
- e) On September 1, 2012, American Potash LLC entered into an agreement with Global Mining Services (wholly owned by one of the directors) to provide services as Chief Operating Officer of American Potash LLC.

## **11. FINANCIAL INSTRUMENTS**

### **(a) 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 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; or

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

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

	Fair Value Measurements Using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at January 31, 2013	\$	\$	\$
Cash and cash equivalents	20,258	-	-
Short term investments	740,450	-	-
Total	760,708	-	-

	Fair Value Measurements Using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at July 31, 2012	\$	\$	\$
Cash and cash equivalents	-	-	-
Short term investments	740,450	-	-
Total	740,450	-	-

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 values 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 and short-term investments. 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		Longer than		Total
	months	3-12 months	1-5 years	5 years	
	\$	\$	\$	\$	\$
<b>January 31, 2013</b>					
Accounts payable and accrued liabilities	117,621	-	-	-	117,621
Due to related parties	-	40,842	-	-	40,842
<b>July 31, 2012</b>					
Bank indebtedness	65,788	-	-	-	65,788
Accounts payable and accrued liabilities	85,310	-	-	-	85,310
Due to related parties	-	42,486	-	-	42,486
<b>January 31, 2012</b>					
Accounts payable and accrued liabilities	229,322	-	-	-	229,322
Due to related parties	-	60,235	-	-	60,235

(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 immaterial. As at January 31, 2013, the Company has in total \$740,450 (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.

**12. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**13. SEGMENTAL INFORMATION**

The Company's activities are all in one industry segment of mineral property acquisition and exploration. The Company's mining operations are centralized whereby management of the Company is responsible for business results and the everyday decision-making. The Company's operations therefore are segmented on a geographic basis. All of the Company's resource properties are located in the United States. The Company's total assets are located in the following geographic locations:

	January 31, 2013	July 31, 2012
Canada	\$ 994,739	\$ 1,750,634
United States	3,715,479	3,360,971
	\$ 4,710,218	\$ 5,111,605

**14. COMPARATIVE INFORMATION**

Certain comparative information has been reclassified to conform with the presentation adopted in the current period.



**SCHEDULE "B"**  
**MAGNA RESOURCES LTD.**  
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**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  
Six Months Ended January 31, 2013**

**Date: March 27, 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 six months ended January 31, 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](http://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.

In May, 2011, a Memorandum of Understanding was executed by American Potash with the Bureau of Land Management ("BLM") to expedite drilling on Federal Lands administered by the BLM. 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. The Exploration Plan is currently under review and American Potash is focused on facilitating a timely completion to the prospecting permit approval process.

### **Other Corporate Information**

The condensed consolidated interim financial statements of the Company for the six months ended January 31, 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".

On December 14, 2012, the Company cancelled 3,285,000 stock options granted on February 2, 2012 and on January 16, 2013 the Company issued 3,285,000 stock options to directors, officers and consultants, exercisable at \$0.10 per share for a term of five years, expiring January 16, 2018. The options were valued at fair value of \$115,943 (\$0.04 per share) where the exercise price is \$0.055 per share at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.40%, a dividend yield of nil, an expected volatility of 96.69% and an average expected life of 5 years. A share-based payment expense of \$115,943 was charged to operations and added to reserves.

On December 14, 2012, the Company granted 250,000 stock options to an officer and employee of the Company, exercisable at \$0.10 per share for a term of five years, expiring December 14, 2017 (the "Sieb Grant"). The options will vest in equal quarterly amounts over the course of the first three years of employment commencing April 1, 2012. At January 31, 2013, 62,500 options vested. The options were valued at fair value of \$4,544 (\$0.08 per share) where the exercise price is \$0.10 per share at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.36%, a dividend yield of nil, an expected volatility of 96.14% and an average expected life of 5 years. A share-based payment expense of \$4,544 was charged to operations and added to reserves.

On December 14, 2013, the Company granted 50,000 stock options to a consultant of the Company, exercisable at \$0.10 per share for a term of five years, expiring December 14, 2017. The options were valued at fair value of \$3,635 (\$0.08 per share) where the exercise price is \$0.10 per share at the date of grant and the fair value of each option granted, assuming a risk-free interest rate of 1.36%, a dividend yield of nil, an expected volatility of 96.14% and an average expected life of 5 years. A share-based payment expense of \$3,635 was charged to operations and added to reserves. Following the re-issuance of stock options in January, 2013, options to purchase a total of 5,300,000 shares are outstanding, which exceeds the maximum number of shares currently available under the Stock Option Plan by 193,334 shares. Accordingly, options to purchase up to 193,334 shares granted as part of the Sieb Grant will not be exercisable until such shares become available under the plan.

On December 24, 2012, Confederation Minerals Ltd. distributed 21,086,656 common shares of the Company to Confederation shareholders. The distribution of the Company's shares by Confederation resulted in Confederation no longer maintaining a control block of the Company. For more information, please refer to the Company's news release issued on December 19, 2012 and posted on [www.sedar.com](http://www.sedar.com).

### Overall Performance

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the six months ended January 31, 2013.

The statement of financial position as at January 31, 2013 indicates a cash position of \$20,258 (July 31, 2012: \$Nil) and short-term investments of \$740,450 (July 31, 2012: \$1,484,273). The Company has other current assets of HST receivables of \$47,792 (July 31, 2012: \$22,844), other receivables of \$162,680 (July 31, 2012: \$162,680), and prepaid expenses of \$27,697 (July 31, 2012: \$25,791).

Non-current assets consist of exploration and evaluation assets of \$2,979,953 (July 31, 2012: \$2,935,031) and intangible assets of \$731,388 (July 31, 2012: \$480,986).

Current liabilities at January 31, 2013 total \$681,490 (July 31, 2012: \$751,635), comprising bank indebtedness of \$Nil (July 31, 2012: \$65,788), accounts payable and accrued liabilities of \$117,621 (July 31, 2012: \$85,310), future income taxes payable of \$20,600 (July 31, 2012: \$54,776), deferred income tax liability of \$339,747 (July 31, 2012: \$340,595), withholding tax payable of \$162,680 (July 31, 2012: \$162,680) and due to a related party of \$40,482 (July 31, 2012: \$42,486).

Shareholders' equity at January 31, 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 loss of \$3,729 (July 31, 2012: \$797) and a deficit of \$2,044,030 (July 31, 2012: \$1,591,598) for total shareholders' equity of \$4,028,728 (July 31, 2012: \$4,359,970).

Working capital, which is current assets less current liabilities, is \$317,387 (July 31, 2012: 944,223).

As at January 31, 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	
	January	October	July	April	January	October	July	April
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (Loss)	\$(325,785)	\$(126,647)	\$765,755	\$(931,404)	\$(99,769)	\$(70,961)	\$(43,596)	\$58,492
Basic Income (Loss) per share	\$(0.01)	\$(0.00)	\$0.02	\$(0.02)	\$(0.01)	\$(0.00)	\$(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 \$20,258 and working capital is \$317,387 at January 31, 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 six months ended January 31, 2013 is \$417,995 (2012: \$(67,171)). Cash from investing activities is \$441,185 (2012: \$(1,770,263)), comprised of sale of short term investment of \$743,823 (2012: purchase of \$1,800,710), exploration and evaluation assets and intangible assets of \$236,850 (2012: \$57,807), bank indebtedness of \$65,788 (2012: \$Nil), cash acquired from subsidiary of \$Nil (2012: \$1,884) and sale of marketable securities of \$Nil (2012: \$86,370).

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 January 31, 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:

Service provided by:		January 31,	January 31,
		2013	2012
		\$	\$
Alexander Peck	a)	10,920	3,500
St. Cloud Mining Services Inc.	b)	30,000	55,000
Mike Sieb	c)	75,000	-
Global Mining Services Inc.	d)	21,405	2,567
Compensation benefits to key management	e)	91,501	-
		228,826	61,067

- 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 (receivable) at:	January 31, 2013		January 31, 2012
	\$		\$
Global Mining Services Inc.	3,000	*	2,567
St. Cloud Mining Services Inc.	-		30,000
Rudy de Jonge	7,000	*	-
Confederation Minerals Ltd.	(121,838)	**	-
	(111,838)		32,567

\*The balance is included in accounts payable and accrued liabilities.

\*\*The balance included \$162,680 withholding tax receivable and \$40,842 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.

### **New accounting standards and interpretations**

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

#### (a) IFRS 9, Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods on or after January 1, 2015.

#### (b) IFRS 10, Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included 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. The Company will adopt this standard in the accounting period beginning after January 1, 2013.

#### (c) IFRS 11, Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is a joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint ventures and IEC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The Company will adopt this standard in the accounting period beginning after January 1, 2013.

#### (d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet

vehicles. The Company will adopt this standard in the accounting period beginning after January 1, 2013.

(e) IFRS 13, 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 IFRS's. The requirements, which are largely aligned between IFRS 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 IFRS or US GAAP. The Company will adopt this standard in the accounting period beginning after January 1, 2013.

(f) IAS 7, Financial Instruments: Disclosures

Amendments to IAS 7 provide disclosure requirements for the offsetting of a financial asset and financial liabilities when offsetting is permitted under IFRS. The disclosure amendments will be adopted retrospectively for periods beginning January 1, 2013.

(g) IAS12 (revised), Income Taxes

In December 2010, the IASB issued amendments to IAS 12 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendments introduce a presumption that entities will assess whether the carrying value of an asset will be recovered through the sale of the asset. These amendments are effective for annual periods beginning on or after January 1, 2013. The impact, if any, of these amendments to its consolidated financial statements is not expected to be material.

(h) IAS 19, Employee Benefits

Amendments to IAS 19 provide new requirements for the accounting for defined benefit pension plans. Most notably, the amendments mandate the immediate recognition of actuarial gains and losses, and require companies to use the same discount rate for both the defined benefit obligation and the expected asset return when calculating the interest component of pension expense. The Company does not believe the adoption of IAS 19 will materially affect its financial performance or its financial position.

(i) IAS 32, Financial Instruments: Presentation

Amendments to IAS 32 provide specific guidance for when an entity can offset financial assets and liabilities by clarifying when a legally enforceable right to do so exists and when an entity meets the criterion for the intent to settle on a net basis. These amendments are effective for annual periods beginning after January 1, 2014. The Company does not believe the amendments to IAS 32 will materially affect its financial performance or its financial position.

**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:

	Fair Value Measurements Using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at January 31, 2013	\$	\$	\$
Cash and cash equivalents	20,258	-	-
Short term investments	740,450	-	-
Total	760,708	-	-

	Fair Value Measurements Using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at July 31, 2012	\$	\$	\$
Cash and cash equivalents	-	-	-
Short term investments	740,450	-	-
Total	740,450	-	-

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
	\$	\$	\$	\$	\$
<b>January 31, 2013</b>					
Accounts payable and accrued liabilities	117,621	-	-	-	117,621
Due to related parties	-	40,841	-	-	40,841
<b>July 31, 2012</b>					
Bank indebtedness	65,788	-	-	-	65,788
Accounts payable and accrued liabilities	85,310	-	-	-	85,310
Due to related parties	-	42,486	-	-	42,486
<b>January 31, 2012</b>					
Accounts payable and accrued liabilities	229,322	-	-	-	229,322
Due to related parties	-	60,235	-	-	60,235

(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 January 31, 2013, the Company has in total \$740,450 (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 six months ended January 31, 2013 and January 31, 2012:

	Six months ended		Three months ended	
	January 31,		January 31,	
	2013	2012	2013	2012
<b>General and administrative expenses</b>				
Amortization	\$ -	\$ -	\$ -	(681)
Accounting fees	40,059	15,970	20,237	11,290
Audit and related fees	41,000	30,390	41,000	2,180
Bank charges and interest	583	243	319	79
Consulting fees	76,838	37,517	47,002	22,517
Foreign exchange loss/(gain)	(762)	-	(762)	-
Legal fees	41,678	52,207	14,791	44,079
Licenses and permits	295	-	-	-
Insurance	6,614	-	3,307	-
Share-based payments	124,122	-	124,122	-
Office expenses	9,469	1,616	4,054	1,472
Rent	9,072	-	4,572	-
Transfer agent and filing fees	10,399	12,623	8,277	9,313
Travel and accommodation	6,520	1,291	7,486	1,291
Salaries and benefits	76,660	-	38,434	-
Website, advertising and promotion	16,495	5,366	15,745	3,826

Overall, general and administrative costs are higher year over year as currently the Company is more active in its exploration and mineral property evaluation activities. Audit fees, accounting and related services are significantly higher year over year. The period ended January 31, 2013 included both the year end audit and audit fees and services related to IFRS transition. In April of 2012, the Company established a corporate office in Vancouver and employed Mike Sieb as President.

The Company has capitalized the following exploration and evaluation assets:

<b>Property Expenditures</b>	<b>Green River Potash</b>
	<b>\$</b>
<b>Mineral acquisition</b>	
Opening balance, July 31, 2011	115,515
Cash payments	18,830
	<u>134,345</u>
<b>Deferred exploration expenditures</b>	
Opening balance, July 31, 2011	57,215
Bonding	10,123
Geological surveys	17,827
Geological consulting	181,084
	<u>266,249</u>
<b>Reassessment exploration and evaluation asset through business acquisition (Note 4)</b>	2,534,437
<b>Total as at July 31, 2012</b>	<u>2,935,031</u>
<b>Mineral acquisition</b>	
Cash payments	28,212
<b>Deferred exploration expenditures</b>	
Geological surveys	3,754
Geological consulting	15,909
	<u>19,663</u>
<b>Foreign exchange translation adjustment</b>	(2,953)
<b>Total as at January 31, 2013</b>	<u>2,979,953</u>

#### Intangible Assets

	<b>January 31, 2013</b>	<b>July 31, 2012</b>
	<b>\$</b>	<b>\$</b>
Potash Prospects Applications	731,388	480,986
	<u>731,388</u>	<u>480,986</u>

## 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 March 27, 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](http://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.