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Form 51-102F1

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Period Ended March 31, 2012

DATE: October 29, 2012

GENERAL

This Management's Discussion and Analysis ("MD&A") of Confederation Minerals Ltd. ("Confederation" or the "Company") has been prepared by management and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the period ended March 31, 2012 and 2011 and the audited condensed consolidated financial statements for the fiscal years ended June 30, 2011 and 2010. Additional information relating to the Company, including other regulatory filings, can be found on the SEDAR website at www.sedar.com.

All figures are in Canadian dollars unless otherwise noted.

FORWARD-LOOKING INFORMATION

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.

DESCRIPTION OF BUSINESS

Confederation Minerals Ltd. was incorporated on November 3, 2005 under the *Business Corporations Act* (British Columbia) as "Medina Ventures Inc.", changed its name to "Sienna Minerals Ltd." on April 26, 2006 and changed its name to Confederation Minerals Ltd. on April 11, 2007. The Company is a junior resource company whose business is to seek out and develop mineral deposits.

On January 19, 2012, The Company purchased 50% interest of Manga Resources Ltd ("Magna").The purchase price of the acquisition is comprised of the Company's 50% interest in American Potash LLC ("American Potash") and in exchange, Magna issued 22,420,000 common shares and 2,400,000 common share purchase warrants of Magna. After the acquisition transaction (the "Purchase and Sale Transaction"), Magna holds a 100% membership interest in American Potash, which holds potash leases and an option in respect of potash lease applications in the State of Utah. In addition to Purchase and Sale Transaction, the Company subscribed for 6,666,666 common shares of Magna at $0.30 per share for gross proceeds to Magna of $2,000,000. As at June 30, 2012, the Company hold 56.47% of the shares and 50% of the warrants in Magna. As a result, Magna and American Potash are considered the subsidiaries of the Company.

Newman Todd Project

On November 19, 2011, the Company entered into an option agreement with Redstar Gold Corp ("Redstar") entitling it to earn up to 70% of Redstar's Newman Todd gold project (the "Property") in the Red Lake Mining District of Northern Ontario. To exercise the option to earn an initial 50% interest, the Company will be required to incur a cumulative of $5,000,000 of work expenditures on the Property, issue to Redstar a total of 500,000 shares of the Company and make payments to Redstar totaling $250,000 in the following manner:.

a) 100,000 shares (issued) and a $50,000 payment (paid) within 10 business days of approval of the Agreement by the TSX Venture Exchange (December 22, 2010);

b) work expenditures of $2,000,000 (incurred), 100,000 shares (issued) and a further $50,000 payment (paid) on or before the first anniversary of the Agreement;

c) further work expenditures of $1,500,000 (incurred), a further 150,000 shares and a further $75,000 payment on or before the second anniversary of the Agreement; and

d) further expenditures of $1,500,000 (incurred), a further 150,000 shares and a further $75,000 payment on or before the third anniversary of this Agreement.

To exercise the option to earn a further 20% interest, thereby increasing its overall interest to 70%, the Company will be required to produce, at its own cost, a preliminary assessment of the Property and issue a further 500,000 shares to Redstar on or before the sixth anniversary of the Agreement, subject to minimum annual expenditures of $250,000 during the last three years of the option period. The parties also have agreed to form a joint venture following the exercise of the option by Confederation. The Property is subject to a 2% net smelter return and a 15% net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest. On November 19, 2010, total finder's fee of $132,500 was paid in the form of $66,250 cash and the issuance of 228,448 shares at a deemed value of $0.29.

On April 14th, 2011, the Company and Redstar entered into a purchase agreement with Ronald Gangloff ("Gangloff") to purchase a 50% interest in 18 mineral claims immediately adjacent to the Newman Todd Project. Of the 50% interest acquired, the Company has acquired an undivided 35% interest in the claims for a sum of $50,000 (paid May 25, 2011) and 125,000 shares (issued May 12, 2011) and Redstar acquired an undivided 15% interest in the claims for the sum of $70,000. On May 16, 2011, the Company agreed to lend $70,000 to Redstar, secured by a promissory note payable on the earlier of May 16, 2012 and the date Redstar completes its next equity financing. On September 15, 2011, Redstar repaid in full the total amount of $70,000 plus interest to date.

As at March 31, 2012 the Company had incurred $6,405,290 in acquisition and exploration expenditures on the property.

American Potash LLC.

American Potash, a Nevada corporation which owns certain potash exploration leases and an option to acquire potash exploration permit applications in respect of certain potash prospects in the Paradox basin in Utah. On November 2, 2010 the option agreement dated June 2009 between American Potash (owned 50% by each of the Company and Magna), Sweetwater River Resources LLC ("Sweetwater"), John Glasscock and Kent Ausburn (the "Sweetwater Option Agreement") (collectively called the "Optionors") was amended to exclude the Arizona permits and properties which were previously part of the subject of that agreement.

On November 12, 2010, Confederation, Magna and Sweetwater granted an option to Passport Potash Inc. ("Passport") to acquire 100% of the Arizona properties, subject to a 2% royalty, in consideration of the issue of 500,000 shares by December 15, 2010 (received), payments of $90,000 in three instalments of $30,000 each at 12, 18, and 24 months from the date of signing the agreement (received), and by meeting the exploration expenditures as required by the Arizona State Land Department. The consideration is to be shared as follows: Sweetwater (29.3%) and American Potash (70.7%).

Passport has the right, but not the obligation, to make the cash payments. Passport has the right at any time to buy the royalty for $150,000 USD per percentage point.
During the period ended March 31, 2012, Passport paid the remaining US$60,000 due for option payments to acquire a 100% interest in five Arizona State Land Department exploration permits and US$300,000 to obtain 100% of the 2% NSR royalties. American Potash's share of the received payment is US$254,484 (CAD $254,833).

In July 2011, American Potash acquired 100% of 160 Federal lithium placer mining claims totaling 3200 acres in northwestern Paradox Basin, southeast Utah, USA. The lithium claims are located on Bureau of Land Management administered Federal lands and are staked over a portion of existing American Potash BLM pending potash prospecting permit areas. The new American Potash lithium claims occur approximately 30 miles (50 km) northwest of Moab, Utah and 20 miles (38 km) northwest of Intrepid Potash's Cane Creek solution potash mine in the southeastern Paradox Basin of Utah.

In September 2011, American Potash acquired an additional 960 acres of potash and lithium leases as part of the Green River Potash Project in the Paradox Basin, Southeast Utah.

On January 19, 2012, the Company purchased the Magna's 50% interest. The purchase price for the Magna's 50% interest is comprised of the Company's 50% interest in American Potash and in exchange, Magna issued 22,420,000 common shares and 2,400,000 common share purchase warrants of Magna. Each warrant entitles the Company to purchase a further common share at a price of $0.10 until February 25, 2016. Prior to the completion of the acquisition, Magna completed a 2 for 1 stock split of the outstanding common shares of Magna, resulting in 22,420,000 Magna shares being outstanding immediately prior to the issuance of any shares to the Company.

As a result of the Purchase and Sale Transaction, the Company effectively controlled Magna and Magna holds a 100% membership interest in American Potash, which holds potash leases and an option in respect of potash lease applications in the State of Utah.

The transaction was accounted for in accordance with IFRS 3, Business Combination, and the Company is considered to be the accounting acquirer. Magna and American Potash are considered the subsidiaries of the Company. The consolidated June 30, 2012 financial statements include the accounts of the Company and its interest in Magna and American Potash (see Note 5 of consolidated March 31, 2012 financial statements).

In addition to Purchase and Sale Transaction, the Company subscribed for 6,666,666 common shares of Magna at $0.30 per share for gross proceeds to Magna of $2,000,000. As at June 30, 2012, Magna has an aggregate of 51,506,666 common shares and 4,800,000 common share purchases warrants exercisable at $0.10 per share issued and outstanding (on a non-diluted basis) and the Company hold 56.47% of the shares and 50% of the warrants in Magna.

The Company will subsequently distribute the 29,086,666 shares of Magna to its shareholders (the "Spin-Out") at a date to be determined by the Confederation board of directors in consultation with Magna. It is the intention of all parties that the Spin-Out will be completed on a tax deferred basis such that generally no taxable event will occur until a Confederation shareholder disposes of the shares so received.

Due to the Purchase and Sale Transaction, the related assets and liabilities of American Potash at June 31, 2011, have been reported as Assets held for sale and Liabilities held for sale and all operating expenses and income have been reported as Net Income/Loss from discontinued operations.

Other Properties

The Company also owns certain mineral claims in northern Ontario know as the Confederation Lake claims (sometimes referred to as the Mitchell-Belanger claims) and the Matless Lake claims. No work was undertaken on the properties during the last two fiscal years and therefore at June 30, 2011 management decided to write off all costs incurred to date. The Company abandoned its interest in the Matless Lake claim on February 3, 2012.

Other than its interest in American Potash, all of the Company's presently held exploration and evaluation assets are situated in the Red Lake mining district of the province of Ontario, Canada. However, the Company may seek to acquire interests in other provinces or countries.

The Company finances its properties by way of equity or debt financing. Additional information is provided in the Company's condensed consolidated financial statements. These documents are available on the SEDAR website at www.sedar.com.

EXPLORATION UPDATE

Newman Todd Project

By March 31, 2012, the Company carried out an exploration program on its Newman Todd Project which consisted of some mapping and sampling and approximately 28,672 metres of diamond drilling at a cost of $1,852,751. As of March 31, 2012, the Company has spent a total of $6,405,290 in exploration at its Newman Todd Project. The specific results of the program are discussed in the Company's news releases of March 14, 2011, June 9, 2011, June 20, 2011, June 28, 2011, August 16, 2011, September 12, 2011, October 19, 2011, November 2, 2011, November 22, 2011, January 12, 2012, January 23, 2012, and April 18, 2012, all of which are available on www.sedar.com.

The 2011 drill program has confirmed the existence of a large scale open ended gold-bearing hydrothermal system. Several zones of high grade gold mineralization have been drill traced to date for an approximate strike length of 2.2 kilometers and from surface to a depth of 500m. Gold mineralization is associated with veining and silica/sulphide replacement zones within the widespread iron-carbonate alteration system of the NTS. Current interpretation suggests several individual steeply plunging and structurally controlled amoeba shaped high-grade bodies along the strike length of the NTS. Wide zones of disseminated gold mineralization occur peripherally to the high grade bodies.

US Potash Prospects

During the last completed fiscal year in the course of processing the exploration permit applications on the Utah potash prospects, the Company and American Potash has incurred costs of $326,737 for preparation of exploration plans for the Utah properties that were required by the United States Bureau of Land Management. As at March 31, 2012, the applications in Utah are pending approval from the United States Bureau of Land Management.

The above technical content of the above property updates was reviewed by Lawrence Dick.

OTHER CORPORATE INFORMATION

These consolidated financial statements include the accounts of the Company and its controlled interest in Magna and 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 board of directors consists of Brian Bapty, Lawrence Dick, Kenneth R. Holmes, Kent Ausburn and Scott Parsons. Lawrence Dick is the Chief Executive Officer, Brian Bapty is the President, and Savio Chiu is the Chief Financial Officer.

On March 22, 2011, Peter Bryant resigned as Chief Financial Officer and director. Savio Chiu was appointed as Chief Financial Officer on April 6, 2011. Scott Parsons was appointed as director on February 22, 2011. The members of the Audit Committee are Lawrence Dick, Kent Ausburn and Scott Parsons. On February 23, 2011, Kent Ausburn and Scott Parsons were appointed as members of the Compensation Committee. On March 15, 2012, Larry Dick resigned as President and Brian Bapty was appointed as President and director.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta.

The Company's head office is located at Suite 1980, 1075 West Georgia Street, Vancouver, BC, V6E 3C9.

The Company's common shares were approved for listing on the TSX Venture Exchange and trading commenced on July 15, 2008 under the symbol CFM.

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the unaudited condensed consolidated interim financial statements for the nine month ending March 31, 2012 and the audited financial statements for the year ended June 30, 2011.

The statement of financial position as at March 31, 2012 indicates a cash balance of $538,973 (June 30, 2011 - $685,229), short term investment of $9,334,116 (June 30, 2011 - $10,532,493), HST receivable of $98,776 (June 30, 2011 - $301,662), and prepaid expense of $27,936 (June 30, 2011 - $14,161). Total current assets amount to $9,999,801 (June 30, 2011 - $11,987,456). The decrease in total current assets is mainly due to payments of various operating expenses during the past nine months, including consulting fees, legal fees, audit fees, and exploration expenditures associated with the Newman Todd and Green River Potash projects.

The total current liabilities at March 31, 2012 is $169,585 (June 30, 2011 - $1,429,084). Shareholders' equity is comprised of share capital of $19,391,466 (June 30, 2011 - $14,792,879), share option and warrant reserves of $3,068,637 (June 30, 2011 - $1,209,800), deferred share based payment of $46,128 (June 30, 2011 - $64,998), accumulated other comprehensive income of $15,982 (June 30, 2011 - $19,159), non-controlling interest of $1,077,277 (June 30, 2011 - $Nil) and deficit of $5,190,572 (June 30, 2011 - $3,009,535). The increase in shareholders' equity is due to the exercise of share purchase warrants and agent warrants.

Working capital, which is current assets less current liabilities, is $9,830,216 at March 31, 2012 compared to $10,558,372 at June 30, 2011. The Company's working capital decreased over the period due to the increases in operating expenses and exploration expenditures.

The significant increase in non-current assets from $2,358,837 at June 30, 2011 to $8,454,482 at March 31, 2012 was due to exploration and evaluation costs at the Newman Todd property as well as due to the Purchase and Sale Transaction completed on January 19, 2012. The Purchase and Sale Transaction was accounted for in accordance with IFRS 3, Business Combination, and the Company is considered to be the accounting acquirer. The acquired asset and liabilities are recorded at fair value. The condensed consolidated interim financial statements of March 31, 2012 included the accounts of the Company and its interest in Magna and American Potash.

The exploration and evaluation assets have been revalued by an independent valuator to determine the fair value of the property of the Green River Potash Project. The value decreased from $12,692,536 stated in previously filed unaudited condensed consolidated interim financial statements of March 31, 2012 to $8,454,482 stated in the restated unaudited condensed consolidated interim financial statements for the period ended March 31, 2012.

As at March 31, 2012, 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 should exploration results provide further information that does not support the underlying value of such properties.

SELECTED ANNUAL INFORMATION

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

	Restated as per IFRS		As per Canadian GAAP
	Year-Ended June 30, 2011*	Year-Ended June 30, 2010	Year-Ended June 30, 2009
Net Sales or Total Revenues	NIL	NIL	NIL
Net Income or (Loss)	($1,727,206)	($224,112)	($531,951)
Net Comprehensive Income or (Loss)	($1,746,365)	($224,112)	NIL
Net Income or (Loss) per fully diluted share basis	($0.07)	($0.02)	($0.04)
Total Assets	$14,346,293	$913,062	$824,820
Weighted Average Number of Shares Outstanding	26,084,782	13,966,352	13,464,234
Total long-term liabilities	$Nil	$36,800	$37,444
Shareholders' Equity	$12,908,987	$776,569	$711,521

* The annual information for 2011 reflects the presentation required for the sale of American Potash having classified its balance sheet items as Assets and Liabilities Held for Sale.

RESULTS OF OPERATIONS

During the nine month period ended March 31, 2012, the Company incurred a net loss of $2,407,954 (2011: $796,707) and a net comprehensive loss of $2,402,329 (2011: $812,665). The variance is mainly attributable to an increase in operations during fiscal 2012 and the consolidation of losses from the Company's subsidiaries acquired on January 19, 2012. The significant costs during the period relate to consulting fees of $685,312 (2011: $219,555), and share-based payments of $2,011,908 (2011: $595,596).

The increase in general operating costs were mainly attributable to the following:

- Consulting fees of $685,312 (2011: $219,555) were paid or accrued to companies controlled by directors and to other directors and consultants of the Company for the management services they provided to the Company. The increase in fees compared to the prior year is due to an overall increase in fees paid to officers and directors which came into effect in January 2011. In May 2011, the Company entered into an agreement with Milestone Media AG for public relations services for $15,000 per month. On January 15, 2012, the Company entered into an agreement with Carta Exploration Ltd. for geological consulting services for $5,000 per month. Furthermore, the company's subsidiary Magna also incurred $19,070 consulting fees paid to management and consultants during the period ended March 31, 2012.

- Share-based payments of $2,011,908 (2011: $595,596) were recognized for the period ended March 31, 2012. 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 period ended March 31, 2012, 2,700,000 incentive stock options were granted to directors, officers, and consultants of the Company and 3,285,000 incentive stock options were granted to directors, officers, and consultants of Magna. Black-Scholes option pricing model is used for the fair value calculation.

- Legal fees of $50,951 (2011 - $16,697) were incurred for general corporate matters.

- Travel and accommodation expenses of $47,132 (2011 - $7,453) increased over the period due to an overall increase in corporate travel by the Company's management, directors, and consultants.

- Interest income of $74,249 (2011: $21,529) increased over the period due to interest earned on funds held in an interest bearing GIC account. The funds received from the financing held in January and March 2011 were transferred to a GIC account on receipt.

- Other income of $254,833 (2011: $Nil) was recorded since Passport paid American Potash and Sweetwater US$60,000 option payments to acquire a 100% interest in five Arizona State Land Department exploration permits and US$300,000 to obtain 100% of the 2% NSR royalties. American Potash's share of the received payment is US$254,484 (CAD $254,833), which is recorded as other income.

- Deferred income tax expense of $283,480 (2011: $Nil) was reported. The deferred income tax recovery income was resulted mainly from the renunciation of flow-through share issued on March 2011.

- All other operating costs have increased over the period due to an overall increase in activity.

Summary of Quarterly Results

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

	Restated as per IFRS			
For the Quarter Periods Ending on	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
Total Revenues	Nil	Nil	Nil	Nil
Total Net Loss	$1,727,428	$267,088	$435,162	$1,070,842
Total Net Comprehensive Loss	$1,721,820	$267,071	$435,162	$1,073,447
Basic Loss Per share	$0.03	$0.01	$0.01	$0.02

	Restated as per IFRS			**As per Canadian GAAP**
For the Quarter Periods Ending on	**March 31, 2011**	**December 31, 2010**	**September 30, 2010**	**June 30, 2010**
Total Revenues	Nil	Nil	Nil	Nil
Total Net Loss	$615,762	$122,062	$58,924	$52,987
Total Net Comprehensive Loss	$623,447	$130,335	$58,924	$52,987
Basic Loss Per Share	$0.02	$0.01	$0.01	$0.00

The exploration and evaluation assets increased from $6,211,102 at quarter ended December 31, 2012 to $8,454,482 at quarter ended March 31, 2012 was mainly due to the completion of the Purchase and Sale Transaction on January 19, 2012. The Company included the fair value of its interest in Magna and American Potash in its condensed consolidated interim financial statements of March 31, 2012.

Overall consulting fees and share based payments are the major components that caused variances in net loss from quarter to quarter. During the quarter ended March 31, 2012, the increase in general operating costs were mainly attributable to the following:

- Consulting fees of $259,147 (2011: $137,055) increased over the quarter since the Company entered into new agreements for geological consulting and management services during the quarter. Furthermore, due to the business combination with Magna during the quarter-ended March 31, 2012, the consulting fees also included $19,070 management fees paid by Magna.

- Share based payments of $1,867,319 (2011: $551,191) were recorded since the Company and its subsidiary Magna granted stock options to its management, directors, and consultants.
- Other income of $254,833 (2011: $Nil) was reported since Passport paid American Potash and Sweetwater US$60,000 option payments to acquire a 100% interest in five Arizona State Land Department exploration permits and US$300,000 to obtain 100% of the 2% NSR royalties. American Potash's share of the received payment is US$254,484 (CAD $254,833), which is recorded as other income.
- Deferred income tax expense of $284,761 (2011: $Nil) was recognized due to the renunciation of flow-through share issued on March 2011.

LIQUIDITY

During the quarter ended March 31, 2012, the Company had a cash balance of $538,973 compared to $685,229 as at June 30, 2011. The decrease in cash is mainly due to the expenditures incurred for the exploration projects. The Company has working capital of $9,830,216 as at March 31, 2012 compared to $10,558,372 as at June 30, 2011.

Net cash used in operating activities for the period ended March 31, 2012 was $873,478 compared to $512,326 for the period ended March 31, 2011. During the period ended March 31, 2012, operations increased significantly due to the increase in exploration and drilling activities incurred on the Newman Todd Project. The overall general and administrative costs increased due to costs incurred to support the Company's corporate operations.

Net cash used in investing activities for the period ended March 31, 2012 was $4,900,680 compared to $563,114 for the period ended March 31, 2011. This increase is mainly attributable to cash used in exploration activities for the Newman Todd Project.

Net cash derived from financing activities for the period ended March 31, 2012 was $5,615,763 compared to $13,113,222 for the period ended March 31, 2011.

The Company has no history of profitable operations and its exploration and evaluation projects are at an early stage. Therefore, the Company is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

CAPITAL RESOURCES

The Company's sources of funds are derived from financings. The Company has a capitalization of an unlimited number of common shares without par value of which 54,266,532 common shares are issued and outstanding as at March 31, 2012.

During the period ended March 31, 2012, the Company did not complete any financing. A total of 8,836,219 share purchase warrants and 980,192 agents warrants were exercised at a price of $0.45 for gross proceeds of $4,417,386 during the period ended March 31, 2012.

Subsequent to the period ended March 31, 2012, a total of 862,000 share purchase were exercised for gross proceeds of $215,000. A total amount of $34,480 was transferred out of reserves and into share capital.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

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 by:	Notes	Three Months Ended March 31, 2012	2011	Nine Months Ended March 31, 2012	2011
Lawrence Dick	(a)	$ 30,000	$ 25,000	$ 90,000	$ 41,500
Brian Bapty	(b)	6,705	-	6,705	-
Primarius Capital Corp.	(c)	30,000	25,000	90,000	41,500
Pineview Enterprises	(d)	-	5,500	-	22,000
Baron Global Financial Canada Ltd.	(e)	30,000	20,000	90,000	20,000
Compensation benefits to key management	(f)	633,709	-	1,045,790	-

(a) Lawrence Dick, the President and CEO of the Company provided management services throughout the period.

(b) Brian Bapty, the President of the Company provided management services during the period.

(c) Primarius Capital Corp. is a privately held corporation controlled by a director, which provides consulting services to the Company.

(d) Pineview Enterprises is a privately held corporation controlled by the former Chief Financial Officer and director, which provided consulting services to the Company.

(e) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.

(f) Compensation benefits to key management personnel consist of share-based payments made during the period.

Related party payables:

	March 31, 2012	June 30, 2011
Lawrence Dick	$ 842	$ -
Brian Bapty	2,552	-
Primarius Capital Corp.	-	-
Pineview Enterprises	-	-
Baron Global Financial Canada Ltd.	2,662	1,663
Kenneth Holmes	-	-

CRITICAL ACCOUNTING ESTIMATES

For the preparation of condensed consolidated interim financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The purchase price allocation. Business acquisitions are accounted for by the acquisition method of accounting whereby the purchase price is allocated to the assets acquired and the liabilities assumed

based on fair value at the time of the acquisition. The excess purchase price over the fair value of identifiable assets and liabilities acquired, if any, is goodwill. The determination of fair value often requires management to make assumptions and estimates. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally require a high degree of judgment. Changes in the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill, if any, in the purchase price allocation. If material, such adjustments would be reflected via a restatement of previously issued financial statements.

(b) The provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.

(c) The recoverability of exploration and evaluation assets in the consolidated statements of financial position.

(d) The inputs used in accounting for share purchase option expense in the interim consolidated statements of comprehensive loss.

FINANCIAL INSTRUMENTS

Classification of financial instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at March 31, 2012 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 $**	**March 31, 2012**	**June 30, 2011**	**July 1, 2010**
Cash and cash equivalents	$ 538,973	$ -	$ -	$ 538,973	$ 685,229	$ 47,211
Short term investment	$ 9,334,116	$ -	$ -	$ 9,334,116	$ 10,532,493	$ -
Total	$ 9,873,089	$ -	$ -	$ 9,873,089	$ 11,217,722	$ 47,211
Accounts payables	$ 169,587	$ -	$ -	$ 169,587	$ 1,074,463	$ 99,693
Total	$ 169,587	$ -	$ -	$ 169,587	$ 1,074,463	$ 99,693

The fair values of other financial instruments, which include accounts receivable, accounts payable and accruals, 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. The Company limits its exposure to credit loss by placing its cash 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. At March 31, 2012, the assets and liabilities of the American Potash subsidiary have been converted at the period end exchange rate.

At March 31, 2012, June 30, 2011 and July 1, 2010 the US dollar denominated assets and liabilities of the Company's subsidiary are as follows:

	March 31, 2012	June 30, 2011	July 1, 2010
	US$	US$	US$
Monetary assets			
Cash and cash equivalents	$ 289,416	$ 12,588	$ 2,747
Marketable securities	-	104,268	-
Reclamation bond	-	-	7,500
	$ 289,416	$ 116,856	$ 10,247
Monetary liabilities			
Accounts payable and accruals	$ 115,663	$ 77,902	$ 15,701
	$ 115,663	$ 77,902	$ 15,701

The following table discusses the Company's sensitivity to a 10% increase or decrease in the Canadian dollar against the US dollar denominated assets and liabilities above. The sensitivity analysis measures the effect from recalculation of these items as at the balance sheet date by using adjusted foreign exchange rates.

March 31, 2012	CDN appreciation by 10%	CDN depreciation by 10%
Increase (decrease) comprehensive loss	$ 40,471	$ (40,471)

June 30, 2011	CDN appreciation by 10%	CDN dereciation by 10%
Increase (decrease) comprehensive loss	$ (18,781)	$ 18,781

July 1, 2010	CDN appreciation by 10%	CDN dereciation by 10%
Increase (decrease) comprehensive loss	$ 1,957	$ (1,957)

(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.

	Less than 3 months	3-12 months	1-5 years	Longer than 5 years	Total
	$	$	$	$	$
March 31, 2012					
Accounts receivable	98,776	-	-	-	98,776
Payables	117,408	52,179	-	-	169,587
June 30, 2011					
Accounts receivable	301,662	-	-	-	301,662
Payables	1,074,463	-	-	-	1,074,463
July 1, 2010					
Accounts receivable	5,446	-	-	-	5,446
Payables	99,693	-	-	-	99,693

(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 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 March 31, 2012, the Company and its subsidiaries have in total $9,334,116 (June 30, 2011: $10,532,493) 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.

SUMMARY OF OUTSTANDING SHARE DATA

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

(1) Authorized: Unlimited common shares without par value.
(2) As at October 29, 2012, the Company has 55,128,532 common shares, and 5,050,000 stock options issued and outstanding.

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has expensed the following material cost components during the period ended March 31, 2012:

		Nine Months Ended March 31, 2012	2011
		$	$
Accounting and audit fees	(a)	51,051	19,971
Consulting fees	(b)	685,312	219,555
Filing fees	(c)	39,157	16,844
Shareholder information	(d)	36,536	7,824
Legal fees	(e)	50,951	16,697
Share-based payments	(f)	2,011,908	595,596
Travel and accommodation	(g)	47,132	7,453
Interest and miscellaneous income	(h)	74,249	21,529
Other income	(i)	254,833	-
Deferred income tax	(j)	283,480	-

(a) For the period ended March 31, 2012, the accounting and audit fees were mainly relating to the previous year's financial statement audit.

(b) Consulting fees totalling $685,312 were paid to directors, officers and consultants of the Company and its subsidiaries to provide geological, corporate communication, administrative, investor relations and management services. The transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

(c) $39,157 filing fees were paid for financial statement filing, stock exchange listing, and news releases fees.

(d) Shareholder information fees of $36,536 were incurred mainly for preparing annual general meeting and other shareholder information material.

(e) Legal fees of $50,951 were recognized for general corporate matters.

(f) Share-based payments of $2,011,908 were expensed for the period. 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 period ended March 31, 2012, 2,700,000 incentive stock options of the Company and 3,285,000 incentive stock options of Magna, the Company's subsidiary, were granted to officers, directors, and consultants of the Company and Magna. The Black-Scholes option pricing model was used for the fair value calculation.

(g) Travel and accommodation expenses of $47,132 were paid the period in relation to corporate travel by the Company's management, directors, and consultants.

(h) The Company reported interest income of $74,249 for interest earned on funds held in an interest bearing GIC account. The funds received from the financing held in January and March 2011 were transferred to a GIC account on receipt.

(i) Other income of $254,833 was recorded since Passport paid American Potash and Sweetwater US$60,000 option payments to acquire a 100% interest in five Arizona State Land Department exploration permits and US$300,000 to obtain 100% of the 2% NSR royalties. American Potash's share of the received payment is US$254,484 (CAD $254,833), which is recorded as other income.

(j) Deferred income tax recovery of $283.480 was reported. The deferred income tax recovery income was resulted mainly from the renunciation of flow-through share issued on March 2011.

The Company has capitalized the following exploration and development costs during the period ended March 31, 2012:

	Green River Potash	Newman Todd Property	Total
	$	$	$
Total as at June 30, 2011	-	2,358,837	2,358,837
Mineral acquisition			
Cash Payments		50,000	50,000
Shares issued for mineral property	-	47,000	47,000
Re-allocation of expenditures	-	-	-
	-	97,000	97,000
Deferred exploration expenditure			
Assays and reports	-	687,982	687,982
Camp construction	-	65,394	65,394
Drilling	-	1,852,751	1,852,751
Field expenses	-	328,788	328,788
General administration		21,021	21,021
Surveys	(8,857)	-	(8,857)
Geological consulting	12,114	811,655	823,769
Other consulting	49,053	-	49,053
Permitting	-	1,237	1,237
Travel and Accommodation	-	170,625	170,625
Reclamation	-	10,000	10,000
	52,310	3,949,453	4,001,763
Exploration and evaluation asset acquired through business acquisition	1,531,488	-	1,531,488
Total as at March 31, 2012	1,583,798	6,405,290	7,989,088

The Company carried out an exploration program on its Newman Todd Project which consisted of mapping and sampling of diamond drilling. American Potash, the Company's subsidiary, holds the Green River Potash Project. Refer to Exploration Update section above for details.

RISK AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks applicable to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's condensed consolidated interim financial statements for the third quarter ended March 31, 2012 are reported in accordance with IFRS, with comparative information for 2011 restated.

The Company developed and executed a changeover plan in order to begin reporting in accordance with IFRS from July 1, 2011. The changeover plan included a diagnostic phase, an impact analysis, evaluation on conversion phase and an implementation and review phase, each of which set out activities to be performed over the life of the project, resulting in the Company's first interim reporting under IFRS for the first quarter of 2012. The implementation and review phase will continue and the company will continue to monitor accounting and regulatory developments and evaluate impacts on our financial reporting, and continuing to fulfill presentation and reporting requirements and culminate in the preparation of our financial reporting under IFRS in 2012.

Significant Differences between IFRS and Canadian GAAP in the Company's Financial Statements

• *Share-Based Payment* ("IFRS 2")

IFRS and Canadian GAAP largely converge on the accounting treatment for share based transactions with only a few differences. For stock options that vest in installments, IFRS 2 requires the Company to determine the fair value of each installment as a separate share option grant while Canadian GAAP treats the entire grant of stock options as a pool and recognize expense on a straight line basis. Under IFRS the Company must make an estimate of stock options that are forfeited before they vest whereas under Canadian GAAP the Company records forfeitures as they occur. The Company has not applied this standard to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before July 1, 2010.

• *Exploration for and evaluation of mineral resources* ("IFRS 6")

Under Canadian GAAP, acquisition and exploration costs of exploration and evaluation are capitalized as incurred. IFRS 6 permits mining companies to retain their existing policies with respect to the capitalization of exploration and evaluation costs until guidance that is more definitively developed in this area. Such guidance is not expected to be issued until after the Company's changeover to IFRS. The Company will retain its existing policies with respect to mining interests and exploration costs.

• *Flow- through shares*

Under Canadian GAAP, the proceeds from shares issued under flow-through share financing arrangements are credited to capital stock and the tax impact to the Company of the renouncement is recorded on the date that the renunciation is filed with taxation authorities, through a decrease in capital stock and the recognition of a future tax liability.

Under IFRS, a premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and then is recognized through the statement of loss at the time the qualifying expenditures are made. When the qualified expenditures are renounced for tax purposes the other liabilities amount is removed, income tax is expensed and a deferred income tax liability is set up.

• *Foreign Currencies* ("IAS 21")

Under Canadian GAAP, all the Company's subsidiaries are integrated foreign operations. Therefore, monetary items are translated at year-end rates and non-monetary items are translated at historic rates with all foreign currency gains and losses recognized in statement of operations.

Under IFRS, functional currency of each subsidiary of the Company is determined separately. It is determined that the functional currency of the Company is Canadian dollars and the functional currency of its joint venture is USD. Therefore, the financial statements of the joint venture are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Mandatory Exemptions at IFRS Transition Date

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

Optional exemptions

IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates" for cumulative foreign currency translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative foreign currency translation difference and adjusted deficit by the same.

Furthermore, IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

Reconciliations from Canadian GAAP to IFRS

The Company's condensed consolidated interim financial statements for the third quarter ended March 31, 2012 include reconciliations from our previous Canadian GAAP reporting to IFRS for our opening balance sheet as at July 1, 2010, our comparative balance sheets as at March 31, 2011 and June 30, 2011 and our statements of comprehensive loss, cash flows and changes in shareholders' equity for the nine months ended March 31, 2011 and the year ended June 30, 2011.

The Company's significant accounting policies under IFRS are disclosed in our condensed consolidated interim financial statements for period ended March 31, 2012 and resulting accounting changes are highlighted in our reconciliations from previous Canadian GAAP reporting.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2012 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

(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 beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

(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 is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(c) IFRS 11, Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on 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 is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(e) IFRS 13, Fair Value Measurements

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(f) IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

(g) IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

(h) IAS 1 Presentation of Financial Statements

The IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.

(i) IAS 19 Employee Benefits

A number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the consolidated financial statements and notes thereto, MD&A and other information contained in this annual report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors'). The Directors are responsible for reviewing and approving the annual audited consolidated financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

SUBSEQUENT EVENTS

The following occurred subsequent to the period ended March 31, 2012:

(i) In April 2012, Matrix Diamond Drilling Inc. was contracted to undertake a minimum 5,000 metre diamond drill program at the Newman Todd property. Mobilization and the initiation of drilling is anticipated in mid-May.

(ii) On May 1, 2012, the Company terminated an investor relation agreement signed on January 1, 2012. As a result, the consultant has 30 days after the termination to exercise any amount of the vested portion of the 150,000 options granted to the consultant on January 1, 2012. The options vested but expired unexercised.

(iii) On May 9, 2012, a total of 187,000 share purchase warrants issued on June 1, 2010 were exercised at a price of $0.25 for gross proceeds of $46,750. A total amount of $7,480 was transferred out of reserves and into share capital.

(iv) On May 28, 2012, a total of 200,000 share purchase warrants issued on June 1, 2010 were exercised at a price of $0.25 for gross proceeds of $50,000. A total amount of $8,000 was transferred out of reserves and into share capital.

(v) On May 29, 2012, a total of 200,000 share purchase warrants issued on June 1, 2010 were exercised at a price of $0.25 for gross proceeds of $50,000. A total amount of $8,000 was transferred out of reserves and into share capital.

(vi) On June 1, 2012, a total of 275,000 share purchase warrants issued on June 1, 2010 were exercised at a price of $0.25 for gross proceeds of $68,750. A total amount of $12,000 was transferred out of reserves and into share capital.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional information relating to the Company's operations and activities can be found by visiting the SEDAR website at www.sedar.com.