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Form 51-102F1

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Period Ended* September 30*, 2012

DATE: November 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 financial statements for the period ended September 30, 2012 and 2011 and audited consolidated financial statements for the fiscal years ended June 30, 2012. 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 September 30, 2012, the Company holds 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, 2010, 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 (issued) and a further $75,000 payment (paid) 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 September 30, 2012 the Company had incurred $8,145,921 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 year ended June 30, 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 $254,927).

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 considerations transferred were measured using the acquisition-date fair value. As a result, a discount from the deemed value of $0.20 per share have been applied due to a lack of marketability of Magna's shares which resulted in the fair value of the consideration shares at $0.06 being assigned per share. The consolidated September 30, 2012 and June 30, 2012 financial statements include the accounts of the Company and its interest in Magna and American Potash (see Note 4 of consolidated 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 September 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.

Other Properties

The Company also owns certain mineral claims in northern Ontario known 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 consolidated financial statements. These documents are available on the SEDAR website at www.sedar.com.

EXPLORATION UPDATE

Newman Todd Project

By September 30, 2012, the Company carried out an exploration program on its Newman Todd Project which consisted of some mapping and sampling and approximately 33,472 metres of diamond drilling. As of September 30, 2012, the Company has spent a total of $8,145,921 in exploration at its Newman Todd Project. The specific results of the program are discussed in the Company's news releases of August 16, 2011, September 12, 2011, October 19, 2011, November 2, 2011, November 22, 2011, January 12, 2012, January 23, 2012, April 18, 2012, June 21, 2012, July 17, 2012, July 31, 2012, September 13, 2012, September 19, 2012, and November 20, 2012 all of which are available on www.sedar.com.

The 2011/2012 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 the mineralization may be rheologically controlled, occurring several meters peripherally from the hanging wall contact with zones of concentrated gold which may be associated with folding and/or faulting of the contact.

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.

A technical report authored by Agapito Associates Inc. based in Grand Junction, Colorado, addressed to Magna and dated July 10, 2012 with an effective date of September 12, 2012 on the GRPP (the "GRPP Report") classifies Cycle 5 as a NI 43-101 exploration target (the "Exploration Target") projected to contain between 600 million and 1 billion tonnes of sylvinite with an average grade ranging between 19 and 29% eKCl* (*the prefix 'e' in eKCl indicates that the grade was estimated utilizing the response from the gamma ray log surveys and was not measured from chemical analysis of the core), assuming a bed thickness cut-off of 2.0 m and a composite grade cut-off of 15.8% eKCl*. Cycle 5 ranges between 1,200 and 1,900 m depth on the Property. It should be noted that Exploration Targets are conceptual in nature and there has been insufficient exploration to define them as Mineral Resources, and, while reasonable potential may exist, it is uncertain whether further exploration will result in the determination of a Mineral Resource under NI 43-101. The Exploration Target stated in the GRPP Report is not being reported as part of any Mineral Resource or Mineral Reserve.

On May 4, 2012, the US Department of the Interior, Bureau of Land Management, posted a notice on the Federal Registry regarding the establishment of the Ten Mile Known Potash Leasing Area ("Ten Mile KPLA"). This action establishes that the lands within the Ten Mile KPLA may no longer be available for non-competitive leasing for potash and may instead be available through a competitive leasing process. The newly established Ten Mile KPLA boundary overlies a portion of the GRPP's prospecting permit applications (non-competitive lease applications) and as a result reduced the GRPP by 8,738 ha from 33 PPAs totaling 29,358 ha to the current 25 PPAs totaling 20,620 ha.

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.

As stated in Magna's May 26, 2011 press release, 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.

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 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 interim condensed consolidated financial statements for the three month ending September 30, 2012 and the audited financial statements for the year ended June 30, 2012.

The statement of financial position as at September 30, 2012 indicates a cash balance of $194,006 (June 30, 2012: $96,899), short term investment of $7,098,290 (June 30, 2012: $8,962,775), HST receivable of $201,917 (June 30, 2012: $123,133), and prepaid expense of $51,145 (June 30, 2012: $35,417). Total current assets amount to $7,545,358 (June 30, 2012: $9,218,224). The decrease in total current assets is mainly due to payments of various operating expenses during the period, including consulting fees, legal fees, wages, and exploration expenditures associated with the Newman Todd and Green River Potash projects.

The total current liabilities at September 30, 2012 is $1,075,634 (June 30, 2012: $1,032,614). Shareholders' equity is comprised of share capital of $19,581,335 (June 30, 2012: $19,581,335), share option and warrant reserves of $3,095,283 (June 30, 2012: $3,078,871), deferred share based payment of $33,548 (June 30, 2012: $39,838), accumulated other comprehensive loss of $23,821 (June 30, 2012: $3,442), non-controlling interest of $881,184 (June 30, 2012: $951,620) and deficit of $6,615,179 (June 30, 2012: $6,221,380). The decrease in shareholders' equity is due to the increased deficit as a result of operating and exploration expenditures incurred during the period.

Working capital, which is current assets less current liabilities, is $6, 469, 724 at September 30, 2012 compared to $8,185,610 at June 30, 2012. The Company's working capital decreased over the period due to the increases in operating expenses and exploration expenditures.

As at September 30, 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:

	IFRS	Restated as per IFRS As per Canadian GAAP	
	Year-Ended June 30, 2012	Year-Ended June 30, 2011*	Year-Ended June 30, 2010
Net Sales or Total Revenues	NIL	NIL	NIL
Net Income or (Loss)	($3,572,699)	($1,727,206)	($224,112)
Net Comprehensive Income or (Loss)	($3,544,868)	($1,746,365)	($224,112)
Net Income or (Loss) per fully diluted share basis	($0.07)	($0.07)	($0.02)
Total Assets	$18,379,780	$14,346,293	$913,062
Weighted Average Number of Shares Outstanding	49,282,028	26,084,782	13,966,352
Total long-term liabilities	NIL	$8,222	$36,800
Shareholders' Equity	$17,347,166	$12,908,987	$776,569

* 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 period ended September 30, 2012, the Company incurred a net loss of $448,527 (2011: $435,162) and a net comprehensive loss of $484,614 (2011: $435,162). The variance is mainly attributable to an increase in operations 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 $229,927 (2011: $209,515), legal fees of $42,372 (2011: $3,358) and wage expense of $85,306 (2011: $Nil).

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

- Consulting fees of $229,927 (2011: $209,515) 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 the consolidation of expenses from the Company's subsidiaries acquired on January 19, 2012. The consolidated interim financial statements of September 30, 2012 included the consulting fees paid to the CFO and CEO of Magna.

- Legal expenses of $42,372 (2011 : $3,358) increased over the year since the consolidated interim financial statements of September 30, 2012 included the legal fees relating to the subsidiaries Magna and American Potash for general corporate matters and Green River Potash project permits.

- Wage expenses of $85,306 (2011: $Nil) increased over the year due to movement salaries incurred by the Company and Magna.

All other operating costs have increased over the period due to an overall increase in activity and the Purchase and Sale Transaction completed on January 19, 2012 since the consolidated interim financial statements of September 30, 2012 included expenses of the Company's subsidiaries Magna and American Potash.

Summary of Quarterly Results

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

For the Quarter Periods Ending on	**September 30, 2012**	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**
Total Revenues	Nil	Nil	Nil	Nil
Total Net Loss	$448,527	$1,143,022	$1,727,427	$267,088
Total Net Comprehensive Loss	$484,614	$1,120,816	$1,721,819	$267,071
Basic Loss Per share	$0.01	$0.02	$0.03	$0.01

		Restated as per IFRS		
For the Quarter Periods Ending on	**September 30, 2011**	**June 30, 2011**	**March 31, 2011**	**December 31, 2010**
Total Revenues	Nil	Nil	Nil	Nil
Total Net Loss	$435,162	$961,015	$585,205	$122,062
Total Net Comprehensive Loss	$435,162	$964,216	$592,890	$130,335
Basic Loss Per Share	$0.01	$0.02	$0.02	$0.01

Overall consulting fees and share based payments are the major components that caused variances in net loss from quarter to quarter.

Current Quarter

The Company recorded a net loss of $448,527 (2011: $435,162) during the quarter ended September 30, 2012. The net loss for the quarter ended September 30, 2012 relates primarily to operating loss of $481,956 (2011: $421,718) and non-operating income of $24,044 (2011: $29,483). The net loss for the period is mainly due to the following major expenses: consulting fees of $229,927 (2011: $209,515); legal fees of $42,372 (2011: $3,358); share-based payments of $22,702 (2011: $166,578); and wages of $85,306 (2011: $Nil). During the period, operating expenses were mitigated by interest income of $24,044 (2011: $29,483).

LIQUIDITY

At September 30, 2012, the Company had a cash balance of $194,006 (June 30, 2012: $96,899) and short-term investment of $7,098,290 (June 30, 2012: $8,962,775). The decrease in total cash and short-term investment is mainly due to the expenditures incurred for the exploration projects. The Company has working capital of $6,469,724 as at September 30, 2012 compared to $8,185,610 as at June 30, 2012.

Net cash used in operating activities for the period ended September 30, 2012 was $500,081 compared to $1,602,308 for the period ended September 30, 2011.

Net cash used in investing activities for the period ended September 30, 2012 was $1,267,297 compared to $1,225,410 for the period ended September 30, 2011. The increase is attributable to the increase in exploration activities.

Net cash derived from financing activities for the period ended September 30, 2012 was $1,864,485 compared to $2,900,222 for the period ended September 30, 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 55,128,532 common shares are issued and outstanding as at September 30, 2012.

During the period ended September 30, 2012, the Company did not complete any financing. A total of 7,278,599 warrants were expired during the period ended September 30, 2012.

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:

		Three Months Ended September 30,	
Services provided by:	**Notes**	**2012**	**2011**
Lawrence Dick	(a)	$ 30,000	$ 30,000
Brian Bapty	(b)	37,750	-
Primarius Capital Corp.	(c)	30,000	30,000
Baron Global Financial Canada Ltd.	(d)	34,680	30,000
St. Cloud Mining Services Inc.	(e)	30,000	30,000

(a) Lawrence Dick, the CEO of the Company provided management services throughout the year.

(b) Brian Bapty, the President of the Company received management salaries for the year.

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

(d) 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. During the period, the Company paid $30,000 in management fees and $4,680 in geological consulting fees to Baron.

(e) St. Cloud Mining Services Inc. is a privately held corporation controlled by a director of Magna, who provided consulting services to the Company.

Related party payables:

	September 30, 2012	June 30, 2012
Lawrence Dick	$ 2,032	$ 926
Brian Bapty	9,106	18,082
Baron Global Financial Canada Ltd.	1,590	2,563
Kenneth Holmes	373	-

CRITICAL ACCOUNTING ESTIMATES

For the preparation of consolidated 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 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 consolidated statements of financial position as follows:

As at September 30, 2012	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 $
Cash and cash equivalents	$ 194,006	$ -	$ -
Short term investment	$ 7,098,290	$ -	$ -
Total	$ 7,292,296	$ -	$ -

As at June 30, 2012	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 $
Cash and cash equivalents	$ 96,899	$ -	$ -
Short term investment	$ 8,962,775	$ -	$ -
Total	$ 9,059,674	$ -	$ -

The fair values of other financial instruments, which include loan receivable, current assets held for sale, accounts payable and accruals, current liabilities held for sale, and premium on flow-through shares, 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. 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. At September 30, 2012, the assets and liabilities of the American Potash subsidiary have been converted at the year-end exchange rate.

At September 30, 2012 and June 30, 2012, the US dollar denominated assets and liabilities of the Company's subsidiary American Potash are as follows:

	September 30, 2012 US$	June 30, 2012 US$
Monetary assets		
Cash and cash equivalents	(4,731)	$ 21,965
	(4,731)	$ 21,965
Monetary liabilities		
Accounts payable and accruals	$ 32,348	$ 79,777
	$ 32,348	$ 79,777

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.

September 30, 2012		CDN appreciation by 10%		CDN depreciation by 10%
Increase (decrease) comprehensive Income	$	3,646	$	(3,646)

June 30, 2012		CDN appreciation by 10%		CDN dereciation by 10%
Increase (decrease) comprehensive Income	$	5,892	$	(5,892)

(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**
	$	**$**	**$**	**$**	**$**
September 30, 2012					
Payables	568,970	-	-	-	568,970
June 30, 2012					
Payables	513,000	1,391	-	-	514,391

(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 September 30, 2012, the Company and its subsidiaries have in total $7,098,290 (June 30, 2012: $8,962,775) 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 November 29, 2012, the Company has 55,278,532 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 September 30, 2012:

		Three Months Ended September 30	
		2012	**2011**
		$	**$**
Accounting and audit fees	(a)	17,047	-
Consulting fees	(b)	229,927	209,515
Insurance	(c)	15,774	1,931
Legal fees	(d)	42,372	3,358
Office expenses	(e)	17,675	3,700
Share-based payments	(f)	22,702	166,578
Wages	(g)	85,306	-
Interest and miscellaneous income	(h)	24,044	29,483

(a) For the period ended September 30, 2012, the accounting and audit fees were relating to accounting fees incurred by the Company's subsidiaries

(b) Consulting fees 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) Insurance fees of $15,774 were recognized for the Company's property liability insurance

(d) Legal fees of $42,372 were recorded for general corporate matters and Green River Potash project permits.

(e) Office expense of $17,675 were incurred for general office and software expenses

(f) Share-based payments of $22,702 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 September 30, 2012, 200,000 incentive stock options of the Company were granted to a consultant. The Black-Scholes option pricing model was used for the fair value calculation.

(g) Wages of $85, 306 was paid to the management of the Company and Magna.

(h) The Company reported interest income of $24,044 for interest earned on funds held in an interest bearing GIC account. The funds received from the financing held in 2011 and 2012 were transferred to a GIC account on receipt.

The Company has capitalized the following exploration and development costs during the period ended September 30, 2012:

	Green River Potash	Newman Todd Property	Total
	$	$	$
Mineral acquisition			
Opening balance, June 30, 2011	-	2,358,837	2,358,837
Cash Payments	25,815	50,000	75,815
Shares issued for mineral property	-	47,000	47,000
	25,815	97,000	122,815
Deferred exploration expenditure			
Assays and reports	-	717,252	717,252
Camp construction	-	65,394	65,394
Drilling	-	2,100,468	2,100,468
Field expenses	7,814	387,380	395,194
General administration	-	23,736	23,736
Surveys	16,572	-	16,572
Geological consulting	137,953	1,011,963	1,149,916
Permitting	-	1,237	1,237
Travel and Accommodation	-	213,225	213,225
Reclamation	-	10,000	10,000
	162,339	4,530,655	4,692,994
Exploration and evaluation asset acquired through business acquisition	1,531,488	-	1,531,488
Total as at June 30, 2012	1,719,642	6,986,492	8,706,134
Deferred exploration expenditure			
Assays and reports	-	107,997	107,997
Drilling	-	529,482	529,482
Field expenses	-	101,532	101,532
General administration	-	5,085	5,085
Surveys	840	-	840
Geological consulting	27,290	355,515	382,805
Permitting	3,776	-	3,776
Travel and Accommodation	-	59,818	59,818
	31,906	1,159,429	1,191,335
Foreign exchange translation adjustment	(22,158)	-	(22,158)
Total as at September 30, 2012	1,729,390	8,145,921	9,875,311

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.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 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.

(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 is required to adopt the standard no later than the accounting period beginning on or after 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 is required to adopt the standard no later than the accounting period beginning on or 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 is yet to

assess the full impact of IFRS 12 is required to adopt the standard no later than the accounting period beginning on or 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 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 is required to adopt the standard no later than the accounting period beginning on or after January 1, 2013.

(f) IFRS 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 are required to 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, 2012. The Company is currently evaluating the impact of these amendments to its Consolidated Financial Statements, but the impact, if any, 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 expect 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.

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 September 30, 2012:

On November 13, 2012, the Company issued 150,000 shares at a fair value of $0.31 per share and paid $75,000 for the Newman Todd project. See Note 5 of the September 30, 2012 financial statements for details.

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.