



**FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2008**

This Management's Discussion and Analysis ("MD&A") of Athabasca Potash Inc. ("API" or the "Company") is dated March 12, 2009 and provides an analysis of the Company's performance and financial condition for the year ended December 31, 2008 as well as an analysis of future prospects. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2008, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts referred to in this MD&A are in Canadian dollars unless otherwise specified. These documents along with others published by the Company are available on the Canadian System for Electronic Analysis and Retrieval (SEDAR) at www.sedar.com. Some of the information contained in this MD&A is forward-looking information that involves risks and uncertainties. Please read the cautionary note at the end of this document.

Overall Performance:

API was incorporated under *The Business Corporations Act* (Saskatchewan) on April 10, 2006, and is in the development stage. As of the date hereof, the Company has not had any revenue from operations other than interest and rental income. The Company is actively engaged in the exploration and development of potash projects in Saskatchewan, Canada. The Company's objectives are to establish itself as the pre-eminent Canadian public company engaged solely in potash exploration and development.

During the year ended December 31, 2008, the Company raised a total of \$7,154,391 through the issuance of common shares (before issuance costs) and upon the exercise of the over-allotment and brokers warrants related to the initial public offering ("IPO") completed in December of 2007. Expenditures on mineral properties totaled \$17,017,955 for the year ended December 31, 2008, compared to \$7,305,385 during 2007 (before amortization and stock based compensation costs). Total assets increased to \$62,279,671 at December 31, 2008 from \$55,285,777 at December 31, 2007, with \$31,577,777 of total assets represented by cash and cash equivalents compared to \$44,263,925 at the end of the previous year.

The year ended December 31, 2008 saw a significant increase in activity in all areas of the Company's operations, and corresponding growth in the Company's senior management team and staff levels over the same period in 2007. Expenses for the year ended December 31, 2008 increased \$2,165,389 and totaled \$2,717,055 (before stock based compensation) compared to \$551,666 for the year ended December 31, 2007. The charge for stock based compensation was \$598,293 for 2008 compared to \$2,913,437 for 2007. Revenues increased \$1,294,263 to \$1,587,643 for the year ended December 31, 2008 from \$293,380 for 2007. This increase was due to additional interest income resulting from significantly higher cash deposits held during 2008 compared to 2007 and rental income earned on surface land owned by the Company in 2008.

The basic and fully diluted loss per share for 2008 was \$.015 compared to a basic and fully diluted loss per share of \$.155 in 2007.

During the year, API continued to focus on exploration and development of its 100% owned Burr Project. A 3D seismic survey was completed in January 2008 and in the summer of 2008 the Company completed an additional four potash test wells. An updated *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* (“NI 43-101”) compliant technical report entitled *NI 43-101 Technical Report for a Resource Estimation on the Burr Project, Athabasca Potash Ltd., Saskatchewan, Canada*, (the “Technical Report”) incorporating the drill results from five potash test wells completed in 2007, the four holes drilled in the summer of 2008 and the 3-D seismic results was issued with an effective date of September 18, 2008. The Technical Report was commissioned from AMEC Americas Ltd. (“AMEC”). Susan Lomas, P.Geo. of Lions Gate Geological Consulting Inc, was retained by AMEC as the “qualified person”, as defined in NI 43-101, for the writing of the Technical Report and prepared the mineral resource estimates and the scientific and technical information contained therein.

API has continued to purchase surface rights and freehold mineral rights in the Burr Project area. This strategy helps ensure that potential mine site locations are secured and, where freehold mineral rights are purchased, may also increase the overall resource. The Company believes that the surface rights and freehold mineral rights acquired to date through this program are sufficient to support future mine development at the Burr Project.

In 2008 API made three significant appointments to its management team. Mr. Bradley Fettis was appointed Chief Mine Development Engineer (and subsequently Vice-President, Mining), Mr. Terry Walbaum was appointed Chief Operating Officer and Mr. James Davidson was appointed Chief Financial Officer. Also during the year, Mr. Ken MacNeill resigned as director and chairman of the API Board of Directors. Mr. John King Burns assumed the position of Lead Director. Mr. Robert Connochie was appointed as a director of the Company and Chairman of the Compensation Committee. In January 2009, the Company made an additional appointment, appointing Mr. Leo Bingleman as director of the Company and Chairman of the Audit Committee.

Selected Annual Information

The following table presents the data for the years ended December 31, 2008 and December 31, 2007:

	2008	2007
	\$	\$
Total revenues	1,587,643	293,380
Net loss	534,683	2,696,523
Basic and diluted loss per share	0.015	0.155
Total assets	62,279,671	55,285,777
Long-term liabilities	1,031,703	Nil
Cash dividends	Nil	Nil

Increases in revenue from 2007 to 2008 were due to interest earned on significantly higher cash balances and rental income from farm properties. The total assets amount increased as a result of increased expenditures on mineral properties during 2008, offset by a reduction in cash. The change in net loss resulted from higher operating costs in 2008 which reflected a full year of operations with increased administration support. The operating cost increase was offset with lower stock based compensation (\$598,293 in 2008 and \$2,913,437 in 2007).

Results of Operations

Results for the year ended December 31, 2008 reflect a significantly larger operating entity than the Company's results for 2007. In its first year as a publicly-traded entity, API continued to focus on the exploration and development of its 100%-owned Burr Project.

Operating costs increased to \$2,717,055 (before stock based compensation in the amount of \$598,293) for the year ended December 31, 2008, compared to \$551,666 for 2007 (before stock based compensation of \$2,913,437). This increase was reflected in all cost categories as API significantly expanded operations. Management salary, wages and benefits increased by \$653,153 to \$885,915 in 2008 from \$232,762 for 2007 as a result of growth in the Company's management team and personnel levels. Increased reliance on legal and accounting expenses caused professional fees to increase to \$591,070 from \$88,632 last year. Business development, investor relations and advertising expenses increased to \$386,655 for 2008, from \$81,847 for 2007 as a result of increased expenditures associated with operating as a public company. The need for increased office space, and related supplies and other expenses, resulted in office and administration costs increasing to \$229,877 for 2008 from \$36,038 in 2007. Directors' fees also increased during 2008 and totaled \$263,278 compared to nil for 2007. Interest earned on the Company's significant cash balance held during 2008 produced interest revenue of \$1,478,800 compared to \$293,380 for 2007. Rent received from tenants farming surface land was \$108,843 in 2008 as compared to nil in 2007.

The Company raised \$7,154,391 in capital during 2008 through the issuance of common shares upon the exercise of the over allotment related with the IPO completed in December, 2007 and the broker warrants related with the Company's pre-IPO private placements. As a result of the issuance of common shares combined with the revenue generated for the year ended December 31, 2008, less capital and operating expenditure, the Company's cash position decreased to \$31,577,777 at December 31, 2008 from \$44,263,925 at December 31, 2007. Overall current assets also decreased to \$31,874,836 at December 31, 2008 compared to \$44,625,755 at December 31, 2007, and current liabilities decreased to \$1,506,661 at December 31, 2008 compared to \$1,779,404 at December 31, 2007. Working capital decreased to \$30,368,175 at December 31, 2008 from \$42,846,351 at December 31, 2007.

Projects

The following table provides a comparison of the Company's proposed use of proceeds, as stated in the IPO prospectus dated December 6, 2007, the Company's expenditures as at December 31, 2008, and the funds remaining to the Company under the stated use of proceeds.

Use	Use of Proceeds IPO December 2007	Accrued as of December 31, 2008	Funds Available as of December 31 2008
Burr Project			
Phase I			
Scoping study (1)	\$225,000	\$292,775	\$(67,775)
2D and 3D seismic surveys	1,920,000	274,975	1,645,025
2008 Drilling Program (2)	4,330,000	4,846,738	(516,738)
Sampling and mechanical test work on 2007 drill core	300,000	208,906	91,094
Phase II			
Preliminary feasibility (including environmental study, NC43-101 and other related items)	16,000,000	4,587,892	11,412,108
Freehold mineral and surface land acquisitions	5,000,000	4,811,740	188,260
Additional Properties			
Other properties – geology compilation & exploration program	5,494,000	1,136,378	4,357,622
Contingency Amount	1,227,000	0	1,227,000
Permit maintenance payments – two years	1,950,000	858,551	1,091,449
Working capital and general corporate purposes – 10%	3,644,600	2,014,907	1,629,693
Total	\$40,090,600	\$19,032,862	\$21,057,738
Funds on hand as of December 31, 2008			\$31,577,777

- (1) Scoping study costs exceeded the IPO estimate by \$67,775 (30.1%). This will have a minimal effect on the project and will not impact API's ability to achieve its project objectives.
- (2) The 2008 drilling program, as described in the IPO prospectus, was originally planned to include six potash test wells. On September 10, 2008, the Company announced that it intended to expand the 2008 drilling program to nine potash test wells from six. The Company decided to restrict the 2008 drilling program to the seven potash test wells completed to date on the Burr Property in 2008 in line with the Company's efforts to reduce short-term expenditures. The completion of the expanded program has resulted in an overrun of \$516,738 (11.9%). These additional costs have provided additional value to the project and will not negatively impact the company's ability to achieve its IPO objectives.

The following table reproduces the Company's mineral properties balance from the audited consolidated financial statements at December 31, 2008:

	Burr Project (\$)	Other (\$)	Total (\$)
Balance December 31, 2007	8,959,933	453,269	9,413,202
Expenditures during 2008			
Acquisition	5,154,509	858,551	6,013,060
Drilling	4,846,738	-	4,846,738
Geophysics	274,975	1,079,122	1,354,097
Engineering and consulting fees	4,746,804	57,256	4,804,060
Amortization	13,010	-	13,010
Stock Based Compensation	1,800,243	-	1,800,243
Balance December 31, 2008	25,796,212	2,448,198	28,244,410

Burr Project

Overview

Except as specifically noted, the scientific and technical information contained in this MD&A respecting the Burr Project and the Company's other mineral properties, other than the disclosure relating to the acquisition of those properties, is extracted from the Technical Report. Susan Lomas, P.Geo. of Lions

Gate Geological Consulting Inc, is the independent Qualified Person (as defined by NI 43-101) for the Technical Report, and prepared the mineral resource estimates, the scientific and technical information contained therein. The Technical Report provides a mineral resource estimate for the Burr Project in compliance with NI 43-101. A complete copy of the Technical Report is available on SEDAR at www.sedar.com.

The Company currently holds a 100% interest in the Permit to Prospect for Subsurface Minerals Permit KP308 (the Burr Project area) that was granted on the 19th of September, 2006. The permitted area of Crown Mineral Rights covers approximately 80,000 acres (32,320 hectares) of land in portions of Townships 35 and 36, Ranges 21, 22 and 23 over sections 1 to 36.

The Burr Project site is located 107 km (140 km by highway) east of the City of Saskatoon in the Province of Saskatchewan, Canada. The southern boundary of the project area is located 13.5 km north of the Lanigan Mine head frame (owned and operated by Potash Corporation of Saskatchewan) and 26 km from the town site of the same name.

To keep the Subsurface Minerals Permit KP308 in good standing API must undertake certain work on the project area and file assessment reports. API must pay an annual rental fee for the permit area for the first five years at the rate of \$0.50/acre (\$37,500). After five years the exploration phase of the project can be extended for one year according to the following fee schedule; \$10,000 for the first extension, \$20,000 for the second and \$40,000 for the third. During the second and third years of permit ownership, API must spend at least \$40,000 for work on the project, in each year. In the fourth and fifth years, this amount increases to \$80,000 in each year. If API performs work on the permit area that does not exceed the minimum amount for that year, they are permitted to make a cash payment to the government to make up the difference. As the Company completes exploration work and satisfies fee and work commitment requirements, it will be entitled to convert the permit to a lease or leases.

Exploration by API

Exploration techniques used to locate and define potash mineralization include potash wells, down hole geophysics and 2D and 3D surface seismic surveys. Due to the predictable nature of the potash mineralization, relatively few potash wells are required to support a mineral resource estimate. Detail is needed from surface 2D and 3D seismic studies to outline areas that may present a hazard to an underground mining operation. These hazards are ground water or brines from overlying units, infiltrating the potash-bearing members through regional and mine scale collapse structures.

Historical work on the Burr Property includes six potash test wells completed in the late 1950s. In 2008, API undertook a resampling program of the historical core. Sample from two potash test wells were released by the Government of Saskatchewan and submitted to SRC for analysis. The results showed good agreement with the historical assay data and the historical results were accepted for inclusion in the updated mineral resource estimate for the Burr Property.

In January 2008, Boyd Exploration Consultants Ltd. completed a 3D seismic survey over a portion of the Burr project area. The survey was undertaken to gain subsurface information about the continuity and structures affecting the Prairie Evaporite Formation and the overlying stratigraphic units. The survey covered 60.22 square kilometres and will be used to help identify localized geological hazards, aid in mine design, and will also identify the optimal location for a mine shaft.

On February 19, 2008, API announced assay results for five potash test wells drilled in the fall of 2007 at the Burr Project. The core recovered from the program was logged and sampled, with the samples submitted to the Saskatchewan Research Council (SRC) for analysis. Assay results were received

subsequent to the 2007 year end and confirmed the presence of significant potash in several horizons, including the Upper and Lower Patience Lake Sub-members. Details respecting the assay results are available on SEDAR at www.sedar.com in Form 51-102F3 Material Change Report filed February 28, 2008.

From late July to early October 2008, seven more potash test wells were completed on the Burr Property. The potash test wells were drilled by Precision Drilling using a conventional rotary drill rig. Estimated or eK₂O grades for the first four wells drilled in 2008 were included in the updated resource estimate. The eK₂O grades of potash mineralization and insoluble content intersected were estimated using down hole wire line geophysical logs. The chemical assay from these four wells and the remaining three wells drilled in 2008 are in the process of being analysed in the SRC lab.

An updated Technical Report, incorporating the drill results from five potash test wells completed in 2007, the four holes drilled in the summer of 2008 and the 2007 3D seismic results, was issued with an effective date of September 18, 2008.

The last three wells drilled in 2008 were drilled after the effective date of the Technical Report and were not included in the updated resource estimate contained therein. The results of these three wells will be included in an updated NI 43-101 technical report which is expected to be issued in the third quarter of 2009.

The tabulated Indicated and Inferred Mineral Resources of the fourteen potash test wells from the Technical Report are presented in the table below. The tonnage in this table is net of the 35% extraction ratio, Freehold Mineral Rights and the collapse features.

Polygonal Resource Tabulation of Burr Project Mineral Resource Estimation Tonnages are Net of Deductions for Freehold Lands, Collapse Structures and the Extraction Ratio (35%), September 2008.

Potash Test Well	Polygon Volume (m3)	Bulk Density	Height (m)	Tonnes (t)	K ₂ O (%)	eK ₂ O (%)	MGO (%)	Acid Insol (%)	H ₂ O Insol (%)	eInsol (%)
Indicated Mineral Resources – Lower Patience Lake										
Burr07-01-17	8,800,000	2.08	5.53	18,400,000	20.26		0.10		6.78	
Burr-01	12,000,000	2.08	4.55	24,900,000	24.44		0.04		3.59	
Sinn-01	11,400,000	2.08	5.07	23,700,000	25.35		0.06	2.32		
Casey-01	3,300,000	2.08	4.65	6,800,000	23.32		0.04	2.88		
Attica-01	8,600,000	2.08	4.38	17,900,000	23.55		0.05	2.80		
Loyola-01	-	2.08	4.39	-	24.71		0.06	2.32		
Burr08-04-23	12,200,000	2.08	5.00	25,400,000		24.30				7.60
Burr08-01-34	11,900,000	2.08	4.70	24,800,000		25.20				5.00
Burr07-09-29	13,200,000	2.08	4.84	27,500,000	23.01		0.12		7.97	
Burr08-16-32	8,100,000	2.08	4.20	16,700,000		24.90				8.00
Burr07-16-24	16,100,000	2.08	5.30	33,500,000	20.40		0.08		6.84	
Burr08-16-36	10,400,000	2.08	4.20	21,600,000		22.80				6.30
Summary				241,200,000	23.34		0.07	2.58	6.48	
Inferred Mineral Resources Lower Patience Lake										
Burr07-01-17	20,400,000	2.08	5.53	42,400,000	20.26		0.10		6.78	
Burr-01	8,300,000	2.08	4.55	17,300,000	24.44		0.04		3.59	
Sinn-01	7,400,000	2.08	5.07	15,500,000	25.35		0.06	2.32		
Casey-01	5,700,000	2.08	4.65	11,900,000	23.32		0.04	2.88		
Attica-01	6,300,000	2.08	4.38	13,000,000	23.55		0.05	2.80		
Loyola-01	5,300,000	2.08	4.39	11,000,000	24.71		0.06	2.32		
Burr08-04-23	5,800,000	2.08	5.00	12,000,000		24.30				7.60
Burr08-01-34	13,700,000	2.08	4.70	28,600,000		25.20				5.00
Burr07-09-29	-	2.08	4.84	-	23.01		0.12		7.97	
Burr08-16-32	3,000,000	2.08	4.20	6,300,000		24.90				8.00
Burr07-16-24	4,800,000	2.08	5.30	10,100,000	20.40		0.08		6.84	
Burr08-16-36	7,200,000	2.08	4.20	15,000,000		22.80				6.30
Summary				183,100,000	23.20		0.07	2.57	6.06	
Inferred Mineral Resources Upper Patience Lake										
Burr07-13-21	11,000,000	2.08	2.85	22,800,000	17.04		0.08		6.6	
Burr07-13-23	7,900,000	2.08	2.85	16,500,000	7.84		0.10			
Summary				39,300,000	13.18		0.09		6.60	

An “Indicated Mineral Resource” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

An “Inferred Mineral Resource” is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling

gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Due to the uncertainty associated with Inferred Mineral Resources, it cannot be assumed that all or any part of the Inferred Mineral Resource presented above will be upgraded to an Indicated or Measured Mineral Resource as a result of any additional exploration work on the property. Because confidence in the estimate is insufficient to allow meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure, the Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies. The Inferred Mineral Resource is sufficient to encourage further exploration.

On January 22, 2009, the Company announced it had identified the preferred shaft and mill site location for the Burr Project. The selection was based on a site location study performed by MDH Engineered Solutions Corp. (“MDH”) and supported by the 2007 3D seismic survey interpretation program performed by Boyd Exploration Consultants Ltd. over the targeted potential shaft locations.

As recommended in the Technical Report, the Company has initiated pre-feasibility studies on the Burr Project. The Company, SNC-Lavalin, MDH Engineered Solutions Corp., Thyssen Mining Construction of Canada Ltd. and other consultants will each address specific elements of the pre-feasibility study (the “Study”). Based on this work SNC-Lavalin will develop capital and operating cost estimates with an intended accuracy of plus or minus 25% and a preliminary project execution schedule. The Company intends to file a new NI 43-101 compliant technical report in connection with the Study. The Study is scheduled for completion in the third quarter of 2009.

Environmental baseline studies initiated in early 2008 and a tailing management siting study were carried out during 2008 to support the completion of an Environmental Assessment and Permitting Report for the Burr Project. The Company intends to submit an environmental impact study report on the Burr Project to the Ministry of Saskatchewan Environment for environmental permitting in the third quarter of 2009.

Other Properties

In addition to the Burr Project, the Company has received an additional twenty-two permits. These permits cover approximately two million acres (or 800,000 hectares) of prospective potash mineralization. The Company is prioritizing its exploration targets and will systematically explore them in the future.

The following table lists the permit areas held by API in addition to KP308 at the end of the period.

Disposition Number	NTS Area	Area of Mineral Rights	Annual Rental Fees based on \$0.50/Acre
KP295	73-A-3, 73-A-4, 73-A-5, 73-B-8	66,485.20	\$33,242
KP310	72-P-8, 72-P-9	75,102.19	\$37,550
KP311	62-M-6, 62-M-11	98,917.59	\$49,458
KP314	72-O-14, 73-B-3	77,013.62	\$38,506
KP320	73-B-5, 73-B-6	87,218.56	\$43,610
KP321	73-B-4, 73-B-5, 73-C-1, 73-C-8	97,139.00	\$48,570
KP326	62-M-2, 62-M-3, 62-M-6, 62-M-7	99,556.00	\$49,778
KP327	62-M-5, 62-M-12, 72-P-9	93,938.21	\$46,992
KP328	72-I-13, 72-I-14, 72-P-3	90,559.66	\$45,280
KP329	72-J-16	10,134.00	\$5,067
KP331	72-P-7	25,429.00	\$12,725
KP332	72-P-03, 72-P-04, 72-P-05, 72-P-06	96,081.73	\$48,041
KP333	62-L-15, 62-L-16	76,357.88	\$38,179
KP334	72-I-11, 72-I-12, 72-I-13, 72-I-14	17,446.00	\$8,723
KP345	72-O-7, 72-O-10	92,679.72	\$46,340
KP346	62-M-10, 62-M-11, 62-M-14, 62-M-15	99,256.41	\$49,628
KP347	62-M-11, 62-M-12, 62-M-13, 62-M-14	94,864.28	\$47,432
KP348	72-O-5, 72-O-12, 72-O-13	94,245.00	\$47,123
KP349	62-M-6, 62-M-11, 62-M-12	92,662.40	\$46,331
KP350	72-I-13	9,737.90	\$4,869
KP351	72-P-04, 72-P-05	28,717.89	\$14,359
KP359	72-O-15, 72-O-16	71,490.96	\$35,745
Total		1,595,075.85	\$797,538

During the second and third years of permit ownership, API must spend at least \$40,000 for work on each permit, in each year. In the fourth and fifth years, this amount increases to \$80,000 for each permit in each year. If API performs work on the permit area that does not exceed the minimum amount for that year, they are permitted to make a cash payment to the government to make up the difference. As the Company completes exploration work and satisfies fee and work commitment requirements, it will be entitled to convert the permit to a lease or leases.

Quarterly Comparison

The following table represents selected financial information for the eight most recently completed quarters:

For the Quarter Ended	Dec 31, 2008 \$	Sept 30, 2008 \$	June 30, 2008 \$	Mar 31, 2008 \$	Dec 31, 2007 \$	Sept 30, 2007 \$	June 30, 2007 \$	Mar 31, 2007 \$
Revenue	342,785	330,770	379,528	534,560	157,482	108,518	16,722	10,658
Net Gain/(Loss)	(706,585)	(574,511)	(209,894)	956,307	(2,113,191)	(457,831)	(72,324)	(53,178)
Gain/(Loss) per Share (1)	(0.02)	(0.02)	(0.01)	0.02	(0.155)	(0.01)	(0.01)	(0.01)

(1) The basic and diluted gain (loss) per share has the same value for the quarters noted above.

Note: All data is in Canadian dollars prepared in accordance with Canadian GAAP applied on a consistent basis.

The loss of \$2,113,191 for the quarter ended December 31, 2007 resulted from stock based compensation in the amount of \$2,913,437 being charged to operations. The income in the quarter ended March 31, 2008 resulted from recording a future income tax recovery in the amount of \$846,742. The losses of \$209,894, \$574,511 and \$706,585 in the second, third and fourth quarters (respectively) of 2008 reflect the increased expenditures resulting from the increased support activities of the Company. These support activities include increases in staff, occupancy, governance, professional support and office operating costs which have increased through successive quarters as the Company has expanded.

Liquidity and Capital Resources

Further exploration on, and development of, the Burr Project and the Company's other exploration projects will require additional capital over a time frame of several years. In addition, a positive production decision on any of the Company's projects would require significant capital for project engineering and construction. Accordingly, the continuing exploration and development of the Company's properties will depend upon the Company's ability to obtain additional financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes. There can be no assurance that the Company will be able to complete development of any potash development project at all or on time or on budget due to, among other things, the cyclical nature of the potash industry, changes in the economics of the mining project, delays in receiving required consents, permits and licenses (including mineral subsurface rights), delays in the delivery and installation of plant and equipment and cost overruns, and the risk that the Company's personnel, systems, procedures and controls will be inadequate to support operations.

During 2008, the Company's working capital position decreased to \$30,368,175 from \$42,846,351 at December 31, 2007. The Company raised capital for gross proceeds of \$7,154,391 during 2008. This capital was derived from the exercise of the over-allotment, stock options and brokers warrants related to the IPO completed in December 2007. Total assets increased to \$62,279,671 at December 31, 2008 compared to \$55,285,777 at December 31, 2007. Mineral properties increased to \$28,244,410 at December 31, 2008, compared to \$9,413,202 at December 31, 2007.

The Company's planned exploration and development activities on the Burr Project and its other properties, including the expenditures required to maintain the Company's permits in good standing, are described above under the "Results of Operations – Projects". The Company's current working capital position is expected to be sufficient to fund the completion of the pre-feasibility study, the environmental impact study report and supporting activities that will create additional value to the Burr Project through the end of 2009. In addition, there is projected to be sufficient working capital to support the general and administrative activities of the Company beyond the end of 2010.

Related Party Transactions

During the period ended December 31, 2008, the Company paid \$134,984 for rent and occupancy costs for office space and has incurred \$480,309 in leasehold improvement costs to the property owned by CSIT Consulting Inc., a company controlled by Dawn Zhou, a director and officer of the Company. These transactions are in the normal course of operations, and approximate fair value. The amount of consideration is established and agreed to by the related parties.

Fourth Quarter 2008 Results

The fourth quarter of 2008 saw continued increased activity in all areas of the Company's operations over the same period in 2007. Expenses for the three months ended December 31, 2008 increased \$1,036,798

and totaled \$2,717,055 (before stock based compensation) compared to \$227,307 for the three months ended December 31, 2007. The charge for stock based compensation was \$149,502 for the fourth quarter of 2008 compared to \$2,509,765 for the same period in 2007. For the quarter ended December 31, 2008 the Company reported interest income of \$233,942 and rental revenue of \$108,843. This is compared to interest income of \$157,482 and rental revenue of nil for the three months ended December 31, 2007. The increase in revenues is due to higher cash balances in the fourth quarter of 2008 compared to the fourth quarter of 2007 but was slightly offset by lower interest rates. Rental revenue was earned on surface land property.

Critical Accounting Estimates

The Company's consolidated financial statements are prepared in conformity with Canadian Generally Accepted Accounting Principles ("GAAP"). The Company's accounting policies are described in note two in the annual audited financial statements. Generally accepted accounting principles require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Areas of significance requiring the use of management estimates related to the determination of the recoverability of capitalized mineral exploration costs, stock based compensation and the determination of future income tax assets and liabilities. Actual amounts could differ from those estimates.

International Financial Reporting Standards (IFRS)

Management of API is aware of the reporting changes that will be required for 2010 and 2011 in respect to reporting financial information. Management is in the process of developing and documenting a plan that will provide for transition reporting to occur in 2010 and IFRS compliant reporting to occur in the first quarter of 2011.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 101102166 Saskatchewan Ltd. All intercompany transactions are eliminated on consolidation.

1. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, guaranteed investment certificates, and a banker's acceptance with maturities of less than one year.

2. Mineral properties

The Company capitalizes mineral property acquisition costs and exploration and development expenditures on a property-by-property basis. These costs will be amortized over the estimated productive lives of the properties upon commencement of production using the unit-of-production method, or written down to their estimated fair value if the properties are abandoned, allowed to lapse, there is little prospect of further work being carried out by the Company, or there has been a permanent impairment in their value, with the associated write-down being charged to operations. Mineral property acquisition costs include cash consideration paid and the appropriate value of common shares issued. The amounts shown for mineral properties represent costs incurred to date, less recoveries and write-downs, and do not necessarily reflect present or future values.

3. Capital assets

Capital assets are recorded at cost. Amortization is provided on a declining balance over the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method. Annual amortization rates are as follows:

Automobiles	30%
Furniture and equipment	20%
Operations software	20%
Exploration software	20%
Exploration equipment	20%
LAN equipment	20%
Leasehold improvements	1/5

4. Income taxes

The Company uses the asset and liability method of recording income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences), and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset value will not be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment.

The Company finances a portion of its exploration activities through the use of flow through shares. The company records the tax cost of expenditures renounced to subscribers on the date the deductions are renounced to the subscribers. Share capital is reduced and future income tax liabilities are increased by the estimated tax benefits renounced by the company to the subscribers, except to the extent that the company has unrecorded loss carry forwards and tax pools in excess of book value available for deduction.

5. Non-monetary transactions

Non-monetary transactions are measured at the more reliably measurable amount of either the fair value of the asset given up or fair value of the asset received.

6. Income per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated, based on the treasury stock method, which assumes that any proceeds received on exercise of warrants would be used to purchase common shares at the average market price during the year the weighted average number of shares outstanding is then adjusted by the net change.

7. Stock-based compensation plan

As of December 10, 2007, the Company has adopted revised CICA Handbook Section 3870, "Accounting for Stock-Based Compensation and Other Stock-Based Payments". The revision of Section 3870 requires that when stock options or other stock-based compensation awards

("Incentives") are granted, a fair value be calculated and assigned to these Incentives and the calculated value be recognized in the financial statements in the period the Incentives vest with the recipient. This revision effectively requires companies to expense the fair value of stock-based compensation as options are granted and vesting occurs. No subsequent recovery of these expensed amounts is recognized if previously expensed stock-based compensation Incentives expire unexercised. Prior to December 10, 2007, no compensation expense was recognized when options were granted to employees, officers and directors ("Grantees") and any consideration paid by Grantees upon exercise of these stock options was credited to share capital.

The Company uses the Black-Scholes option-pricing method to determine the fair value of these Incentives.

8. Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include determination of the recoverability of capitalized mineral costs, fair value of related party transactions, stock-based compensation expenses, useful lives for amortization of capital assets, and contingencies reported in the notes to the financial statements. Financial results as determined by actual events could differ from those estimates.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable value could change by a material amount.

9. Financial instruments comprehensive income and hedges

In January 2005, the CICA issued handbook Sections 3855, "Financial Instruments-Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This section requires that:

- a) All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- b) All financial liabilities are measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method;
- c) All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. This section applies to unrealized gains and losses such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or

losses on derivatives designed as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

10. Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company evaluated the effectiveness and design of its Disclosure Controls and Procedures (“DCP”) and its Internal Controls over Financial Reporting (“ICFR”) for the year ended December 31, 2008, and based on this evaluation (which included testing of the key controls by examining evidence demonstrating their existence on a test basis) have determined these controls to be effective.

The Company’s financial reporting procedures and practices have enabled the certification of the Company’s annual filings in compliance with Multilateral Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings”. Management has designed its DCP and ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other annual filings in accordance with Canadian Generally Accepted Accounting Principles.

Management is aware that given the few number of employees involved in the design of DCP and ICFR that in-house expertise to deal with complex taxation, accounting and reporting issues may not always be sufficient. The Company obtains outside assistance and advice on new accounting pronouncements and complex accounting and reporting issues from external accountants, legal counsel, and applicable regulatory authorities, which is common with companies of a similar size. During the year management has documented the delegation of authority policy and has implemented a purchase order system.

The audited consolidated financial statements have been prepared by management using the same accounting policies and methods as were used for the consolidated financial statements for the year ended December 31, 2007, except for the following new accounting pronouncements which have been adopted. These consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements filed on SEDAR.

As required by the Canadian Institute of Chartered Accountants (“CICA”), on January 1, 2008, the Company adopted CICA Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments-Disclosures*, and Section 3863, *Financial Instruments-Presentation*. Section 1535 establishes disclosure requirements about an entity’s capital and how it is managed. The purpose is to enable users of the financial statements to evaluate objectives, policies and processes for managing capital. Sections 3862 and 3863 replaced Section 3861, *Financial Instruments – Disclosure and Presentation*, and increase emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Application of these pronouncements had no impact on reported results of operations.

Risks and Uncertainties

The following is a summary of the risks relating to API’s business:

- potash exploration and development is highly speculative, characterized by significant inherent risk and may not be successful;
- the extraction of potash from identified deposits may not be economically viable;
- the development of any of API’s exploration projects into commercially viable mining operations on time, on budget or at all, cannot be assured;

- API lacks Measured Mineral Resources and Proven and Probable Mineral Reserves;
- API lacks revenues and cash flow from mineral production;
- the cyclical nature of the potash industry can result in supply/demand imbalances and pressure on potash prices and profit margins;
- potential potash supply increases, either from the opening of new potash mines or the expansion of existing potash mines, could depress prices and have a material adverse effect on the Company;
- brown field expansion of production from existing potash mines owned by competitors of API may be more cost effective than green field development of a new potash mine on one of API's properties;
- the Company currently does not have the transportation arrangements with the railways or port services necessary to get the product to market;
- historic potash test well data for the Burr Project prior to 2005 lacks documentation regarding sample preparation, analysis and security;
- historic potash test well data for the Burr Project prior to 2005 lacks documentation of quality assurance and quality control measures applied;
- further exploration on, and development of, the Company's properties will depend on the Company's ability to obtain additional financing;
- the Company has a limited operating history;
- API's title to its properties may be subject to potential challenges or impairments;
- to date the Company has not obtained all subsurface mineral rights necessary to develop its current exploration projects;
- access to potash mineralization not owned by the Crown may have to be negotiated with owners of Freehold Mineral Rights and private landowners and cannot be assured;
- the volatility of potash prices;
- currency exchange rate fluctuations;
- API's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable;
- API relies on its senior management, technical team and outside contractors and the loss of one or more of these persons may adversely affect API;
- there are potential conflicts of interest involving certain of API's directors, officers and shareholders;
- the Burr Project's Mineral Resources are estimates only and may be imprecise;
- the Company cannot be certain that it will receive the necessary permits in order to conduct further exploration on, or to develop its properties;
- government regulations may have an adverse effect on API's exploration activities, development projects and future mining operations;
- changes in aboriginal land use plans and policies may adversely affect the Company's business and results of operations;
- API's properties are subject to environmental risks;
- API is generally subject to competition for mineral properties, technical expertise, labour and capital;
- API may not be successful in attracting, training and retaining qualified personnel which could adversely impact the efficiency of the Company's operations;
- potential changes to, or interpretations of, tax laws, may negatively impact the Company's business and results of operations;

The ability of the Company to realize its goal of becoming a North American potash producer is dependent on its ability to raise capital to finance the evaluation and development of its properties. The

Company must demonstrate that a project will generate the internal rate of return demanded for a positive production decision and then raise the capital required to construct and run the mine until commercial production is achieved.

Additional Data

Additional information relating to the Company, including the Company's Annual Information Form, can be found on the SEDAR website at www.sedar.com. Details of deferred exploration and development expenditures, by property, and details of general and administrative expenses can be found in the Consolidated Financial Statements for the years ended December 31, 2008, December 31, 2007 and December 31, 2006.

Outlook

While continuing to advance the Burr Project, API is exercising financial caution and will continue to manage cash conservatively and focus available human resources and short-term expenditures on the most critical activities. The Company's current working capital position is expected to be sufficient to fund the completion of the pre-feasibility study, the environmental impact study report and supporting activities that will create additional value to the Burr Project through the end of 2009. A new NI 43-101 compliant technical report, prepared in connection with the pre-feasibility studies being undertaken on the Burr Project, is expected to be available in the third quarter of 2009. In addition, there is projected to be sufficient working capital to support the general and administrative activities of the Company beyond the end of 2010.

With the completion of the geological exploration and a mineral resource estimate of sufficient quality to support a pre-feasibility study or a feasibility study, API is advancing its search for a strategic alliance to develop the Burr Project.

Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares.

	Common Shares	Share Capital (\$)
Balance December 31, 2007	34,400,053	51,762,028
Exercise of brokers' warrants	939,530	884,821
Exercise of over-allotment	1,521,000	6,464,250
Stock options exercised	57,500	71,389
Flow through renunciation	-	(1,401,534)
Issue costs	-	(558,585)
Balance at December 31, 2008	36,918,083	57,222,369

As at December 31, 2008, the Company had a total of 36,918,083 issued and outstanding common shares. As at December 31, 2008 there were 3,500,956 unexercised stock options outstanding, exercisable for 3,500,956 common shares of the Company and 43,234 share purchase warrants outstanding exercisable for 43,234 common shares of the Company.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed

investigation for analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

Caution Regarding Forward-Looking Information

This MD&A contains “forward-looking information” which reflects expectations of the Company’s management (“Management”) regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. In particular, among other statements, statements with respect to the Company’s objectives for the ensuing year, the Company’s medium and long term goals, and strategies to achieve those objectives and goals, future operations, future exploration and development as well as statements with respect to the Company’s beliefs, plans, objectives, expectations, anticipations, estimates and intentions contain forward-looking information. Often, but not necessarily always, words such as “believe”, “plan”, “expect”, “does not expect”, “is expected”, “estimates”, “intend”, “budget”, “scheduled”, and similar expressions or statements that contain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify forward-looking information. This information reflects Management’s current beliefs and is based on information currently available to Management. Forward-looking information involves significant risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in forward-looking information, including exploration and development risks, the economic viability of the extraction of potash from identified deposits, the cyclical nature of the potash industry, potash supply increases, the cost-effectiveness of Brownfield expansion of potash production, lack of historic potash test well documentation, additional funding requirements, challenges or impairments to title, the negotiation of access to certain potash mineralization, volatility in potash prices, currency exchange rate fluctuations, insurance limitations, the loss of key employees, imprecision in the Burr Project’s Mineral Resource estimate, permit requirements, governmental regulations, aboriginal land use, environmental risks, competition, attracting and retaining personnel, and changes to tax laws.

Certain statements herein may contain forward-looking information within the meaning of applicable securities laws. Although Management has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information is based upon Management’s beliefs, estimates and opinions as of the date of this MD&A and, except as required by applicable securities laws, the Company assumes no obligation to update or revise forward-looking information if these beliefs, estimates or opinions should change to reflect new events or circumstances. There can be no assurance that forward-looking information in this MD&A will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty thereof.