ATHABASCA
POTASH INC

FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009

This Management's Discussion and Analysis (''MD&A'') of Athabasca Potash Inc. ("API" or the "Company") is dated August 14, 2009 and provides an analysis of the Company's performance and financial condition for the three and six months ended June 30, 2009 as well as an analysis of future prospects. This MD&A should be read in conjunction with the Company's interim unaudited financial statements and related notes for the six months ended June 30, 2009, which are prepared in accordance with Canadian generally accepted accounting principles. These documents along with others published by the Company are available on the Canadian System for Electronic Document 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.

All amounts referred to in this MD&A are in thousands of dollars ($000) Canadian unless otherwise specified. 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 three months ended June 30, 2009, the Company raised $205 through the issuance of common shares (before issuance costs) for stock options exercised and exercised brokers warrants related to the initial public offering ("IPO") completed in December of 2007. The Company raised $198 during the same period in 2008. Expenditures on mineral properties totaled $4,491 for the three months ended June 30, 2009, compared to $1,078 during the same period of 2008 (before amortization and stock based compensation costs). Total assets decreased to $61,091 at June 30, 2009 from $62,280 at December 31, 2008, with $22,909 of total assets represented by cash and cash equivalents compared to $31,578 at the end of the previous year.

During the three months ended June 30, 2009 expenses increased $912 and totaled $1,459 (before stock based compensation) compared to $547 for the three months ended June 30, 2008. The charge for stock based compensation was nil for the three months ended June 30, 2009 compared to $139 for the same period in 2008. Revenues decreased $257 to $122 for the three months ended June 30, 2009 from $379 for 2008. This decrease was due to lower interest income resulting from lower cash deposits held during 2009 compared to 2008 and the reduced interest rates on the cash deposits held during 2009. Rental income in the amount of $73 was earned in the three months ended June 30, 2009 as compared to nil in the same period in 2008.

During the six months ended June 30, 2009, the Company raised a total of $257 through the issuance of common shares, before issuance costs, upon the exercise of the over-allotment and brokers warrants related to the IPO completed in December of 2007. The company raised $7,100 during the same period in 2008. Expenditures on mineral properties totalled $7,878 for the first six months of 2009, compared to

$3,996 during the first six months of 2008, before stock based compensation costs. Total assets decreased to $61,091 at June 30, 2009 from $62,280 at December 31, 2008, with $22,909 of total assets represented by cash and cash equivalents compared to $31,578 at the end of the previous year. The first six months of 2009 saw an 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 2008. Expenses for the period ended June 30, 2009 increased $1,718 and totalled $2,690 (before stock based compensation) compared to $972 for the six months ended June 30, 2008. The charge for stock based compensation was $174 for the first six months of 2009 compared to $139 for the same period in 2008. Revenues decreased $699 to $215 for the six months ended June 30, 2009 from $914 for the same six months in 2008. This decrease was due to lower interest income resulting from significantly lower cash deposits held and lower interest rates during the six month period in 2009 compared to 2008.

The basic and fully diluted loss per share for the second quarter of 2009 was $.02 compared to a basic and fully diluted loss per share of $.01 for the same period in 2008.

During the second quarter of 2009, API continued to focus on the environmental impact studies (EIS) and the Environmental Assessment and Permitting Report and the Pre-feasibility study (PFS) for its 100% owned Burr Project. The PFS is expected to be completed in the third quarter of 2009. The Environmental Impact Study documents were received by the Saskatchewan Department of Environment for review on August 5, 2009. Expenses related to the studies being completed on the Burr Project are being managed using API's consultant management and purchase order tracking system. Using this system project expenses are reviewed by management, responsible project personnel and accounting on a bi-weekly basis.

API held a second round of open houses from March 30 to April 2, 2009 as part of its EIS public consultation process. Open houses were held in Burr, Humboldt, Lanigan and Saskatoon. In connection with the open houses, a number of one-on-one meetings were also arranged between API management and some of the residents around the mine site. In general there is positive public support for the development of a mine on the project, however, there are a number of minor issues that are being addressed.

Robert T. Boyd was appointed President and Chief Executive Officer and a Director of the Company. Additional information regarding the appointment of Mr. Boyd is available in the Company's press release dates August 6, 2009. At the same time Mr. Gary Billingsley resigned as Director of the Company. In June 2009 Mr. John King Burns was appointed Chairman of the Board of Directors of the company. In January 2009, the Company appointed Mr. Leo Bingleman as a Director of the Company and Chairman of the Audit Committee. In June 2009 Dawn Zhou, ceased to act as the President and Chief Executive Officer but remains as a director of the Company. In July, 2009 Kevan Bender ceased to act as Vice President of Communications and Investor Relations.

Results of Operations ($000)

Results for the six months ended June 30, 2009 reflect a slightly larger operating entity than the Company's results for the same period of 2008.

The second quarter of 2009 saw continued increased activity in all areas of the Company's operations over the same period in 2008. Expenses for the three months ended June 30, 2009 increased $912 and totalled $1,459 (before stock based compensation) compared to $547 for the three months ended June 30, 2008. The charge for stock based compensation was nil for the second quarter of 2009 compared to $139 for the same period in 2007. For the quarter ended June 30, 2009 the Company reported interest income of $49 and rental income of $73. This is compared to interest income of $379 and rental income of nil for the three months ended June 30, 2008. The decrease in revenues is due to lower cash balances and lower interest rates in the second quarter of 2009 compared to the second quarter of 2008.

Operating costs increased to $2,690 (before stock based compensation in the amount of $174) for the six months ended June 30, 2009, compared to $972 for 2008 (before stock based compensation of $139).

This increase was reflected in most cost categories. Salaries and wages increased by $427 to $818 in 2009 from $391 for 2008. The net change reflects a growth in the Company's personnel levels over the last year and the inclusion of the severance costs of $208 with the departure of Dawn Zhou as President and CEO. Increased reliance on legal and accounting expenses resulted in professional fees of $891 compared with $119 for the same period in 2008. Business development, investor relations and advertising expenses decreased to $210 for 2009, from $214 for 2008. Office and administration costs increased to $268 for 2009 from $63 in 2008. Rent and occupancy costs increased from $57 in 2008 to $178 in the same period of 2009. Governance expenses also increased during 2009 and totaled $216 compared to $124 for 2008. Interest earned on the Company's cash balance held during 2009 produced interest revenue of $142 and rental income of $73 compared to $914 and nil respectively for 2008.

The Company raised $257 in capital during 2009 through the issuance of common shares upon the exercise of stock options and the exercise broker warrants related with the Company's pre-IPO private placements. The Company's cash position decreased to $22,909 at June 30, 2009 from $31,578 at December 31, 2008. Overall current assets also decreased to $23,235 at June 30, 2009 compared to $31,875 at December 31, 2008, and current liabilities increased to $2,537 at June 30, 2009 compared to $1,507 at December 31, 2008. Working capital decreased to $20,698 at June 30, 2009 from $30,368 at December 31, 2008.

Projects ($000)

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 June 30, 2009, and the funds remaining to the Company under the stated use of proceeds.

Use	Use of Proceeds IPO December 2007	Accrued as of June 30, 2009	Funds Available as of June 30, 2009
Burr Project			
Phase I			
Scoping study (1)	$225	$305	$(80)
2D and 3D seismic surveys	1,920	275	1,645
2008 Drilling Program (2)	4,330	5,008	(678)
Sampling and mechanical test work on 2007 drill core	300	214	86
Phase II			
Preliminary feasibility (including environmental study, NI 43-101 and other related items)	16,000	11,586	4,414
Freehold mineral and surface land acquisitions	5,000	4,836	164
Additional Properties			
Other properties – geology compilation & exploration program	5,494	1,336	4,158
Contingency Amount	1,227	0	1,227
Permit maintenance payments – two years	1,950	1,336	614
Working capital and general corporate purposes – 10% (3)	3,645	4,672	(1,027)
Total	$40,091	$29,568	$10,523
Funds on hand as of June 30, 2009			**$22,909**

(1) Scoping study costs exceeded the IPO estimate by $80 (35.5%). 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 $678 (15.7%). These additional costs have provided additional value to the project and will not negatively impact the company's ability to achieve its IPO objectives.

(3) The estimate of working capital and general corporate purposes – 10% has been exceeded by $1,027 (28.2%). These are cash costs that are reflected in the operating analysis as well as the additions to the non-mineral property capital assets acquired since December 2007. The spending variance is 2.6% of the total IPO allocation and will not negatively impact the overall commitment of the project.

The following table reproduces the Company's mineral properties balance from the unaudited consolidated financial statements at June 30, 2009:

	Burr Project ($)	Other ($)	Total ($)
Balance December 31, 2008	25,796	2,448	28,244
Expenditures during 2008			
Acquisition	(302)	477	175
Drilling	(1)	-	(1)
Geophysics	592	-	592
Engineering and consulting fees	7,096	16	7,112
Amortization	9	-	9
Stock Based Compensation	-	-	-
Balance June 30, 2009	**33,190**	**2,941**	**36,131**

Burr Project ($000)

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 *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") with an effective date of September 18, 2008. 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 September 19, 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 northwest of the town site of Lanigan.

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). After five years the exploration phase of the project can be extended for one year according to the following fee schedule: $10 for the first extension, $20 for the second and $40 for the third. During the second and third years of permit ownership, API must spend at least $40 for work on the project in each year. In the fourth and fifth years, this amount increases to $80 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. The Company has paid the annual rental fees and is in compliance with the annual expenditure requirements for KP308.

Exploration by API

On May 29, 2009 the Company announced an updated National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") compliant potash resource estimate for the Burr Project prepared by Lions Gate Geological Consulting Inc. ("LGGC"). The targeted mining members, including both the Upper Patience Lake ("UPL") and Lower Patience Lake ("LPL") Sub-Members, contain Measured Mineral Resources of 125,800,000 tonnes at a grade of 21.27% potassium oxide ("K_2O"), Indicated Mineral Resources of 299,000,000 tonnes at a grade of 23.07 % K_2O, and Inferred Mineral Resources of 186,900,000 tonnes at a grade of 23.55% K_2O. The updated resource estimate has an effective date of May 22, 2009.

The updated resource estimate is based on 17 potash test wells, including new assay results from three test wells – Burr 08-13-19, Burr 08-01-32 and Burr 08-09-34 – that were not included in the mineral resource estimate announced on September 29, 2008. New assay results were also used for two test wells included in the 2008 resource estimate, Burr 08-04-23 and Burr08-16-36. In the 2008 mineral resource estimate, equivalent or eK_2O results were used for these test wells. The assay results received to date for the 2008 test well core samples have corroborated the eK_2O results used in the 2008 mineral resource estimate. API was given permission by the Saskatchewan government to sample some previously unsampled core in the historical drill hole Burr-04-14. The assay results returned high grade potash mineralization that increased the thickness of the potash intersection in this test well and has been included in the updated resource estimate.

The confidence level and sufficient tonnage of the Measured and Indicated Mineral Resource of 424,800,000 tonnes in the Burr Project is sufficient to support API's Pre-feasibility Study (the "Pre-feasibility Study") being led by SNC-Lavalin Inc. The Pre-feasibility Study is expected to be completed in the third quarter of 2009. A new NI 43-101 compliant technical report will be prepared upon completion of the Pre-feasibility Study.

Polygonal Resource Tabulation for the Burr Project 2009 Mineral Resource Update
(Tonnages are Net of Deductions for Freehold Lands, Identified Collapse Structures and a 35% Extraction Ratio, May 22, 2009)

	Tonnes (t)	K2O (%)*1	MgO (%)	Carnallite (%)	H2O Insol (%)*1
LPL Measured	125,800,000	21.27	0.07	0.51	5.67
LPL Indicated	191,000,000	24.28	0.08	0.54	5.94
LPL M&I	316,800,000	23.09	0.08	0.53	5.83
LPL Inferred	117,500,000	23.97	0.08	0.52	5.75
UPL Indicated	108,000,000	20.93	0.08	0.53	6.55
UPL Inferred	69,400,000	22.84	0.08	0.53	6.25
Total Measured	125,800,000	21.27	0.07	0.51	5.67
Total Indicated	299,000,000	23.07	0.07	0.45	5.48
Total M&I	**424,800,000**	**22.54**	**0.07**	**0.47**	**5.28**
Total Inferred	**186,900,000**	**23.55**	**0.07**	**0.49**	**5.07**

1 The summary value at the bottom of this column is inclusive of the eK2O and eInsol values.

The resource estimate was built using a polygonal method in GEMS® software using the same criteria as was used in the 2008 resource estimate. The classification protocols were changed to include Measured Mineral Resources within the 3D Seismic study area. For the LPL potash horizons within the 3D seismic area, a 1.5 kilometre radius was applied for the Measured Mineral Resource polygons, a 2.0 kilometre radius for the Indicated Mineral Resource polygons and a 3.0 kilometre radius for the Inferred Mineral Resource polygons. For the LPL potash horizon outside of the 3D seismic survey a 1.5 kilometre radius was applied for the Indicated Mineral Resource polygons and a 3.0 kilometre radius for the Inferred Mineral Resource polygons. For the UPL potash horizon a 1.5 kilometre radius was applied for the Indicated Mineral Resource polygons and a 3.0 kilometre radius for the Inferred Mineral Resource polygons. The outer perimeter of the 1.5 kilometre and 2.0 kilometre radius polygons was used to define areas of mineralization classified as Measured or Indicated Mineral Resources. This eliminated gaps between polygons that were too small to warrant drilling a new hole where the confidence in the grade and physical continuity of the potash horizons was good. The polygons in the area between potash test wells Burr07-09-29, Burr08-01-34, Burr08-04-23 and Casey-01 were extended the longest distance, 2.22 kilometres.

The limits of all polygons used in the resource estimate were restricted to the boundary of the Burr Project. Freehold mineral rights not currently in the possession of API were deducted from the polygonal areas and a 35% mineable extraction rate was applied to account for materials lost due to mine pillars and allowance for salt replacement, small collapse areas and carnallite. Additional deductions were made for collapse anomalies identified from the 2007 3D seismic survey. A density factor of 2.08 was used to estimate tonnages for each of the polygons. The deposit is assumed to be mined using conventional underground methods and processed into saleable products using technology similar to that currently in use at nearby potash mines.

Due to uncertainty associated with Inferred Mineral Resources, additional exploration work on the property may or may not succeed in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource. Because confidence in the Inferred Mineral Resource estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure, the Inferred Mineral Resource must be excluded from estimates forming the basis of feasibility or other economic studies. The UPL member was included in the resource estimate in the north-west corner of the resource area due to the presence of carnallite in the LPL in Burr

07-13-21, Burr 08-01-32 and Burr 08-13-19 and very low grade found in the LPL in Burr 07-13-23. The UPL intersections in the other potash test wells on the property are above minimum grade and thickness in most areas of the LPL mineral resource. API has concluded that the LPL is the target horizon in these areas for any future mine planning. The UPL is considered a viable alternative mining horizon if there are areas where the LPL is not mineable locally, which is a method of mining similar to that currently in use at nearby potash mines.

The potash wells have all encountered stable overlying rocks which are an important consideration for reasonable prospects of economic extraction. The geological setting and favourable mineralization shown at the Burr Project are consistent with characteristics of existing Saskatchewan potash mines.

The results from three test wells included in this resource estimate were based on eK_2O values. Drill core from Burr 08-04-23 and Burr 08-16-36 is being used for geomechanical testing and will be submitted to the Saskatchewan Research Council Laboratory in Saskatchewan ("SRC") for analysis as soon as the study work is completed. The eK_2O value was used for Burr 07-13-23 for the UPL intersection in place of the assay results after LGGC reviewed the drill core and the log data and determined that the log data in this case is more reliable due to the local anomalous feature intersected in 13-23. The log data samples a larger area than the assayed samples. The assay results for the UPL in the test well Burr 07-13-23 returned 8.99% K_2O over 2.85 m, whereas the log data returned 11.7% eK_2O over 3.60m and is considered more reliable.

Assay Results for Burr-04-14 and the 2008 Potash Test Well Intersections Included in the Burr Project 2009 Mineral Resource Update

	From (m)	To (m)	Width (m)	eK2O (wt%)	K2O (wt%)	MgO Total (wt%)	Carnallite (wt%)	Water Insoluble (wt%)
Upper Patience Lake Sub-Member								
Burr08-13-19	939.39	946.01	6.62	-	22.05	0.08	0.56	6.51
Burr08-01-32	927.92	934.25	6.33	-	25.20	0.06	0.43	5.47
Lower Patience Lake Sub-Member								
Burr-04-14	957.41	964.08	6.67	-	6.55	19.70	0.32	3.17
Burr08-01-34	931.56	936.24	4.68	-	6.25	28.01	0.54	5.01
Burr08-04-23	940.30	945.30	5.00	24.3	5.67	Assay Results Pending		7.6
Burr08-16-32	945.97	950.15	4.18	-	5.48	0.11	0.74	6.39
Burr08-16-36	939.40	943.60	4.20	22.8	**5.28**	Assay Results Pending		6.3
Burr08-09-34	940.95	945.11	4.16	-	**5.07**	0.08	0.55	4.46

Susan Lomas, P.Geo. of LGGC, is the Qualified Person (as defined by NI 43-101) for having prepared the mineral resource estimates, and scientific and technical information in this press release and has reviewed the results reported herein. Details regarding the 2008 mineral resource estimate and the three 2008 test wells not included in the 2008 resource estimate are documented in the technical report entitled NI 43-101 Technical Report for a Resource Estimation on the Burr Project, Athabasca Potash Inc., Saskatchewan, Canada, with an effective date of September 18, 2008 (the "Technical Report"). New assay results included in this updated resource estimate were assayed at SRC and verified by Ms. Lomas. The sampling and analytical procedures, QAQC program and sampling for new assay results are the same as those used for the 2007 assay results as described in the Technical Report. The Technical Report as well as a number of press releases related to the Burr Project exploration program, the Environmental Impact Studies currently being undertaken at the Burr Project and the Pre-feasibility Study are available at **www.sedar.com** or **www.athabascapotash.ca**.

A “Mineral Resource” is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

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

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 tailings management siting study were carried out during 2008 to support the completion of an Environmental Assessment and Permitting Report for the Burr Project. The Environmental Impact Study report on the Burr Project has been received by the Ministry of Saskatchewan Environment for environmental permitting review.

Other Properties ($000)

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
KP310	72-P-8, 72-P-9	75,102.19	$38
KP311	62-M-6, 62-M-11	98,917.59	$49
KP314	72-O-14, 73-B-3	77,013.62	$39
KP320	73-B-5, 73-B-6	87,218.56	$44
KP321	73-B-4, 73-B-5, 73-C-1, 73-C-8	97,139,00	$49
KP326	62-M-2, 62-M-3, 62-M-6, 62-M-7	99,556.00	$50
KP327	62-M-5, 62-M-12, 72-P-9	93,938.21	$47
KP328	72-I-13, 72-I-14, 72-P-3	90,559.66	$45
KP329	72-J-16	10,134.00	$5
KP331	72-P-7	25,429.00	$13
KP332	72-P-03, 72-P-04, 72-P-05, 72-P-06	96,081.73	$48
KP333	62-L-15, 62-L-16	76,357.88	$38
KP334	72-I-11, 72-I-12, 72-I-13, 72-I-14	17,446.00	$9
KP345	72-O-7, 72-O-10	92,679.72	$46
KP346	62-M-10, 62-M-11, 62-M-14, 62-M-15	99,256.41	$50
KP347	62-M-11, 62-M-12, 62-M-13, 62-M-14	94,864.28	$47
KP348	72-O-5, 72-O-12, 72-O-13	94,245.00	$47
KP349	62-M-6, 62-M-11, 62-M-12	92,662.40	$46
KP350	72-I-13	9,737.90	$4
KP351	72-P-04, 72-P-05	28,717.89	$14
KP359	72-O-15, 72-O-16	71,490.96	$36
Total		1,595,075.85	$797

During the second and third years of permit ownership, API must spend at least $40 for work on each permit, in each year. In the fourth and fifth years, this amount increases to $80 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. The company has paid the annual rental fees and is compliance with the annual expenditure requirements for the above permits through 2009.

Quarterly Comparison ($000)

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

For the Quarter Ended	June 30, 2009 $	March 31, 2009 $	Dec 31, 2008 $	Sept 30, 2008 $	June 30, 2008 $	Mar 31, 2008 $	Dec 31, 2007 $	Sept 30, 2007 $
Revenue	122	93	343	331	379	535	157	108
Net Gain/(Loss)	(699)	(1,004)	(706)	(575)	(210)	956	(2,113)	(457)
Gain/(Loss) per Share (1)	(0.02)	(0.03)	(0.02)	(0.02)	(0.01)	0.03	(0.16)	(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 $000 Canadian dollars prepared in accordance with Canadian GAAP applied on a consistent basis.

The loss of $2,113 for the quarter ended December 31, 2007 resulted from stock based compensation in the amount of $2,913 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 $847. The losses of $210, $575, and $706 in the second, third and fourth quarters (respectively) of 2008 and $1,004 and $699 in the first and second quarter of 2009 reflect the increased expenditures resulting from the increased support activities of the Company. These support activities include staff, occupancy, governance, professional support and office operating costs which have increased through successive quarters as the Company has expanded.

Liquidity and Capital Resources ($000)

Further exploration 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.

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. 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 through the end of 2009and the Company's general and administrative activities through the end of 2010.

Related Party Transactions ($000)

During the six months ended June 30, 2009, the Company paid $82 for rent and occupancy costs for office space and has incurred $250 in leasehold improvement costs to the property owned by CSIT Consulting Inc., a company controlled by Dawn Zhou, a director 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. In addition, severance in the $208 of was paid to the Company's former President and CEO, Dawn Zhou who was relieved of her duties.

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.

Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board (AcSB) confirmed January 1, 2011 as the changeover date to move financial reporting for Canada's publicly accountable enterprises to the International Financial 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, if there is little prospect of further work being carried out by the Company, or if 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 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 introduced a 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 interim period ended June 30, 2009, 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 Company's interim 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, 2008, except for the following new accounting pronouncements which have been adopted. The 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 cyclicality 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 affect 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

API has adopted a cash conservative approach, focusing available human resources and short-term expenditures on the most critical activities. The Burr Project has an established mineral resource of sufficient quantity and quality to support a pre-feasibility study and a feasibility study. The Environmental Impact Study documents have been completed and delivered to the Saskatchewan Ministry of the environment on August 5, 2009 for review. The Company intends to file a new NI 43-101 compliant technical report in connection with the pre-feasibility studies which will be completed in early September of 2009. The NI 43-101 technical report is expected to be available in the third quarter of 2009. As included in the Company's press release dated July 16, 2009, API has had constructive preliminary discussions with third parties regarding potential strategic alliances to develop the Burr Project and will continue to pursue such discussions.

Outstanding Share Data

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

	Common Shares	Share Capital ($000)
Balance December 31, 2008	36,918,083	57,222
Exercise of brokers' warrants	43,234	32
Stock options exercised	379,550	354
Balance at June 30,2009	37,340,867	57,608

As at June 30, 2009, the Company had a total of 37,340,867 issued and outstanding common shares. As at June 30, 2009 there were 3,221,406 unexercised stock options outstanding, exercisable for 3,221,406 common shares of the Company and nil share purchase warrants.

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 cyclicality 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.