PASSPORT POTASH INC
Form S-1
April 12, 2013

As filed with the Securities and Exchange Commission on April 12, 2013.

SEC File No. 333-_______

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PASSPORT POTASH INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**1400**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

608 1199 West Pender Street
Vancouver, BC, Canada V6E2R1
Telephone: (604) 687-0300
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

608,1199 West Pender Street
Vancouver, B.C. Canada V6E2R1
Telephone: (604)687-0300
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Harvey J. Kesner, Esq.
61 Broadway, 32nd Floor
New York, New York 10006
Telephone: (212) 930-9700
Fax: (212) 930-9725

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to

Rule 415 under the Securities Act of 1933 check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer [ ] Accelerated filer [ ]
Non-accelerated filer [ ] Smaller reporting company [X]
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED **MAXIMUM** OFFERING **PRICE PER** SHARE	**PROPOSED MAXIMUM AGGREGATE** OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Primary Offering				
Common Stock, without par value	[_____]	$[_____]	$40,000,000	$5,456
Secondary Offering				
Common Stock, without par value	53,041,727	$0.21 (2)	$11,138,762.67	$1,519.33
Common Stock underlying warrants	21,333,204	$0.21 (2)	$4,479,972.84	$611.07
Total	[_____]		$55,618,735.51	$7,586.40

(1) Pursuant to Rule 416 under the Securities Act, the shares of common stock offered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits, stock dividends, recapitalizations or other similar transactions.

(2) Estimated at $0.21 per share, the average of the high and low prices as reported on the OTCQX on April 11, 2013, for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED ___, 2013

PRELIMINARY PROSPECTUS

OFFERING UP TO [_______] SHARES

PASSPORT POTASH INC.

Common Stock

This prospectus relates to a public offering of [______] shares of our common stock, without par value. We will use our best efforts to sell all of the shares of common stock being offered.

We will bear the costs relating to the registration of the shares offered by the Company.

We intend to engage one or more placement agents in connection with this offering. The placement agents will not purchase or sell any of our securities, nor will they be required to arrange for the purchase and sale of any specific number or dollar amount of securities, other than to use their best efforts to arrange for the sale of securities by us. We have not arranged to place the funds in an escrow, trust or similar account.

	Price to Public	Placement Agent Fees	Proceeds, Before Expenses, to Us
Per Share	$ [___]	$ [___]	$ [___]
Total	$ [___]	$ [___]	$ [___]

This registration statement of which this prospectus forms a part also registers on behalf of the selling stockholders of up to 74,374,931 shares of our common stock which includes 21,333,204 shares of common stock issuable upon the exercise of outstanding warrants. The shares of our common stock offered by the selling stockholders are not part of or conditioned on the closing of our public offering.

Our common stock is quoted on the OTCQX under the symbol PPRTF and on the TSX Venture Exchange under the symbol PPI. On April 11, 2013, the last reported sale price of our common stock as reported on the OTCQX was $0.20 per share.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties in the section entitled Risk Factors beginning on page 1 of this prospectus before making a decision to purchase our stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2013

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Prospectus Summary

Our principal executive offices are located at 608 1199 West Pender Street, Vancouver, British Columbia, Canada V6E2R1 and our telephone number is (604) 687-0300. Our website is http://www.passportpotash.com/. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

As used in this prospectus, unless otherwise specified, references to the Company, we, our and us refer to Passport Potash Inc. and, unless otherwise specified, its subsidiary.

The Offering

Common stock offered by us	[______________]
Common stock outstanding before and after this offering:	183,593,073 (1) and [______________] (2)
Use of proceeds:	We intend to use the proceeds from the sale of the securities by the Company as described in Use of Proceeds .
OTCQX symbol:	PPRTF
TSXV symbol:	PPI
Risk factors:	You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the Risk Factors section beginning on page 1 of this prospectus before deciding whether or not to invest in shares of our common stock.

(1) The number of outstanding shares before the offering is based upon 183,593,073 shares outstanding as of April 11, 2013 and excludes:

- 29,423,895 shares of common stock issuable upon conversion of outstanding convertible debentures;
- 16,811,892 shares of common stock issuable upon the exercise of outstanding options; and
- 72,073,490 shares of common stock issuable upon the exercise of outstanding warrants.

(2) The number of outstanding shares after the offering excludes:

- 29,423,895 shares of common stock issuable upon conversion of outstanding convertible debentures;
- 16,811,892 shares of common stock issuable upon the exercise of outstanding options; and
- 50,140,286 shares of common stock issuable upon the exercise of outstanding warrants.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before investing in our common stock you should carefully consider the following risks, together with the financial and other information contained in this prospectus. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be adversely affected. In that case, the trading price of our common stock would likely decline and you may lose *all or a part of your investment.*

Risks Associated with the Holbrook Basin Project

The Holbrook Project may be subject to unknown land title defects.

Although we believe we have exercised reasonable due diligence with respect to determining title to our properties, there is no guarantee that title to our properties and other tenure will not be challenged or impugned. No assurances can be given that there are no title defects affecting our properties. Our properties may be subject to prior unregistered liens, agreements, transfers or claims and title may be affected by, among other things, undetected defects. There may be valid challenges to the title of our properties which, if successful, could prevent us from operating our properties as planned or permitted or prevent us from enforcing our rights with respect to our properties.

We may not locate any commercially viable mineral deposits on any of our current properties within the Holbrook Basin Project, which would have an adverse effect on the value of our common stock.

Our exploration for commercially viable mineral deposits is highly speculative in nature and involves the substantial risk that no viable mineral deposits will be located on any of our properties within the Holbrook Basin Project. There is a considerable risk that any exploration program we conduct on our properties may not result in the discovery of any significant mineralization or commercially viable mineral deposits. We may encounter numerous geological features that limit our ability to locate mineralization or that interfere with our planned exploration programs, each of which could result in our exploration efforts proving unsuccessful. In such a case, we may incur the costs associated with an exploration program without realizing any benefit. This would likely result in a decrease in the value of our common stock and investors may lose their entire investment.

There is no guarantee that we will be able to finance the Holbrook Basin Project for production if we are successful at locating a commercially viable mineral deposit.

If we are successful at locating a commercially viable mineral deposit on any of our current properties within the Holbrook Basin Project, then any decision to proceed with production on the Holbrook Basin Project will require significant production financing. If we are unable to source production financing on commercially viable terms, we may not be able to proceed with the project and may have to write-off our investment in the project.

A portion of our properties is within the expanded boundaries of the Petrified Forest National Park, which may expose us to increased environmental and regulatory scrutiny.

Our Holbrook Basin Project is in close proximity to the Petrified Forest National Park (PFNP), a national park in northeastern Arizona protected by the United States National Parks Services. In December 2004, the United States government enacted legislation which expanded the authorized boundaries of the PFNP by approximately 125,000 acres to include adjacent lands. Portions of our Twin Butte Ranch property fall within the expanded boundaries of the PFNP. Although the enabling legislation for the expansion of the PFNP provides that the Secretary of the Interior may only acquire land in private ownership from willing sellers, the proximity of our properties to the PFNP may expose us to increased environmental and regulatory scrutiny.

The proximity of our properties to the PFNP could lead to the denials of approvals and permits necessary to develop portions or our Holbrook Project. Furthermore, the proposed expansion of the PFNP boundaries could limit our ability to acquire additional mineral rights, and additional acquisitions of lands or interests in land by the National Park Service would lead to further overlap with our current holdings.

Continued government and public emphasis on environmental issues can be expected to result in increased future investments in environmental controls at ongoing operations, which may lead to increased expenses. Permit renewals and compliance with present and future environmental laws and regulations applicable to our operations may require substantial capital expenditures and may have a material adverse effect on our business, financial condition and operating results.

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Risks Related to Our Business

We are an emerging growth company under the JOBS Act of 2012, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company , as defined in the Jumpstart Our Business Startups Act of 2012 (JOBS Act), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation, shareholder approval of any golden parachute payments not previously approved and presenting the relationship between executive compensation actually paid and our financial performance. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will remain an emerging growth company for up to five years after our first sale of common stock pursuant to a Securities Act registration statement, although we will lose that status sooner if our revenues exceed $1 billion, if we issue more than $1 billion in non-convertible debt in a three year period, or if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any August 31.

Our status as an emerging growth company under the JOBS Act of 2012 may make it more difficult to raise capital as and when we need it. Because of the exemptions from various reporting requirements provided to us as an emerging growth company , we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

We are an exploration stage company with no current revenue source and a history of operating losses and there is an expectation that we will generate operating losses for the foreseeable future; we may not achieve profitability for some time, if at all.

We have a history of operating losses and there can be no assurance that we will ever be profitable. We presently have no ability to generate earnings as our properties are in the exploration stage. Significant operating losses are anticipated for at least the next several years before we will be able to generate any revenues. If the Holbrook Basin Project is successfully developed and operated, we anticipate that we will retain future earnings and other cash resources for the future operation and development of our business.

We will require additional financing in order to continue our exploration activities and our assessment of the commercial viability of our mineral properties, and if we raise additional financing existing security holders may experience dilution.

We will need to raise additional financing to complete further exploration of our mineral properties. Furthermore, if the costs of our planned exploration programs are greater than anticipated, we may have to seek additional funds through public or private share offerings or arrangements with corporate partners. There can be no assurance that we will be successful in our efforts to raise these required funds, or on terms satisfactory to us. The continued exploration of our mineral properties and the development of our business will depend upon our ability to establish the commercial viability of our mineral properties and to ultimately develop cash flow from operations and reach profitable operations. We currently are in the exploration stage and we have no revenue from operations and we are experiencing significant negative cash flow from operations. Accordingly, the only other sources of funds presently available to us are through the sale of equity. We presently believe that debt financing will not be an alternative to us as all of our properties are in the exploration stage. Alternatively, we may finance our business by offering an interest in our mineral properties to be earned by another party or parties carrying out further exploration thereof or to obtain project or operating financing from financial institutions, neither of which is presently intended. If we are able to raise funds from the sale of our securities, existing security holders may experience significant dilution of their ownership interests and possibly to the value of their existing securities. If we are unable to obtain this additional financing, we will not be able to continue our exploration activities and our assessment of the commercial viability of our mineral properties.

As our mineral properties do not contain any reserves or any known body of economic mineralization, we may not discover commercially exploitable quantities of potash on our mineral properties that would enable us to enter into commercial production, achieve revenues and recover the money we spend on exploration.

Our properties do not contain reserves in accordance with the definitions adopted by the SEC and there is no assurance that any exploration programs that we carry out will establish reserves. All of our mineral properties are in the exploration stage as opposed to the development stage and have no known body of economic mineralization. The known potash mineralization at these projects has not yet been determined to be economic, and may never be determined to be economic. We plan to conduct further exploration activities on our mineral properties, which future exploration may include the completion of feasibility studies necessary to evaluate whether a commercial mineable mineral body exists on any of our mineral properties. There is a substantial risk that these exploration activities will not result in discoveries of commercially recoverable quantities of potash. Any determination that our properties contain commercially recoverable quantities of potash may not be reached until such time that final comprehensive feasibility studies have been concluded that establish that a potential mine is likely to be economic. There is a substantial risk that any preliminary or final feasibility studies carried out by us will not result in a positive determination that our mineral properties can be commercially developed.

Our exploration activities on our mineral properties may not be successful, which could lead us to abandon our plans to develop such properties and our investments in exploration.

We are an exploration stage company and have not as yet established any reserves on our properties. Our long-term success depends on our ability to establish commercially recoverable quantities of potash on our mineral properties that can then be developed into commercially viable mining operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. These risks include unusual or unexpected geologic formations, and the inability to obtain suitable or adequate machinery, equipment or labor. The success of mineral exploration is determined in part by the following factors:

- identification of potential mineral mineralization based on superficial analysis;
- availability of government-granted exploration permits;
- the quality of management and geological and technical expertise; and
- the capital available for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis, to develop processes to extract potash, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Whether a mineral deposit will be established or determined to be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; potash prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. We may invest significant capital and resources in exploration activities and abandon such investments if we are unable to identify commercially exploitable mineral reserves. The decision to abandon a project may reduce the trading price of our common stock and impair our ability to raise future financing. We cannot provide any assurance to investors that we will discover any mineralized material in sufficient quantities on any of our properties to justify commercial operations. Further, we will not be able to recover the funds that we spend on exploration if we are not able to establish commercially recoverable quantities of potash on our mineral properties.

We have a history of operating losses and there can be no assurances we will be profitable in the future.

We have a history of operating losses, expect to continue to incur losses, are considered to be in the exploration stage, and may never be profitable. Further, we have been dependent on sales of our equity securities to meet our cash requirements. We incurred net loss of $3,583,102 for the nine months ended November 30, 2012. We incurred net profit of $8,505,659 in the year ended February 29, 2012, however, this net profit was a result of substantial non-cash decrease in derivative liability, and net losses totaling $31,208,831 in the year ended February 28, 2011. Further, we do not expect positive cash flow from operations in the near term. There is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital may be required in the event that: (i) the costs to acquire additional mineral exploration claims are more than we currently anticipate; (ii) exploration costs for additional claims increase beyond our expectations; or (iii) we encounter greater costs associated with general and administrative expenses or offering costs.

Our participation in mineral exploration prospects has required and will continue to require substantial capital expenditures. The uncertainty and factors described throughout this section may impede our ability to economically discover mineral prospects. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future.

Our operations are subject to losses due to exchange rate fluctuation.

We maintain accounts in Canadian currency. Our equity financings have to-date been priced in Canadian dollars, however our material project is located in the United States and requires regular currency conversions to U.S. dollars. Our operations are accordingly subject to currency fluctuations and such fluctuations may materially affect our financial position and results. We do not engage in currency hedging activities.

Declining economic conditions could negatively impact our business.

Our operations are affected by local, national and worldwide economic conditions. Markets in the US, Canada and elsewhere have been experiencing extreme volatility and disruption for more than 12 months, due in part to the financial stresses affecting the liquidity of the banking system and the financial markets generally. The consequences of a potential or prolonged recession may include a lower level of economic activity and uncertainty regarding energy prices and the capital and commodity markets. Instability in the financial markets, as a result of recession or otherwise, also may affect the cost of capital and our ability to raise capital.

The mining industry is very competitive and our ability to attract and retain qualified contractors and staff is critical to our success. The departure of key personnel or loss of key contractors could adversely affect our ability to run our business and achieve our business objectives.

We will compete in the hiring of appropriate geological, engineering, permitting, environmental and other operational experts to assist with the location, exploration and development of our mineral property interests and implementation of our business plan. We believe we will have to offer or pay appropriate cash compensation and options to induce persons to be associated with an exploration stage company.

In addition, we depend to a great extent on principal members of our management. If we lose the services of any key personnel, in particular, Mr. Joshua Bleak, our President and CEO, who has been instrumental in the growth and expansion of our business, it could significantly impede our growth plans and corporate strategies, identifying business opportunities, recruiting new staff, and retaining existing capable staff. The recruiting and retaining of qualified scientific, technical and managerial personnel is critical to our success. We do not currently have any key man life insurance policies. We may not be able to retain existing personnel or attract and retain qualified staff in the future.

If we are unable to hire qualified contractors and staff and retain personnel in key positions because of our limited resources, we may be unable to proceed with the implementation of our business plan of exploring and possibly developing our mineral property interests. In that event, investors will have their investment impaired or it may be entirely lost.

We face competition from larger companies having access to substantially more resources than we possess.

Our competitors include other mineral exploration and mining companies and fertilizer producers in the United States and globally, including state-owned and government-subsidized entities. Many of these competitors are large, well-established companies and have substantially larger operating staffs and greater capital resources than we do. We may not be able to successfully conduct our operations, evaluate and select suitable properties and consummate transactions in this highly competitive environment. Specifically, these larger competitors may be able to pay more for exploratory prospects and productive mineral properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, such companies may be able to expend greater resources on the existing and changing technologies that we believe are and will be increasingly important to attaining success in the industry. If our competition is such that we cannot compete and generate a sufficient return on our investment and operations, we may be forced to curtail our operations, resulting in a loss to investors.

There is substantial doubt as to whether we can continue as a going concern.

Our auditors have included an explanatory paragraph in their opinion that accompanies our audited financial statements as of and for the year ended February 29, 2012, indicating that we have incurred losses since inception of the exploration stage of $25,453,864 which raises substantial doubt about our ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our officers and directors may be subject to conflicts of interest.

Some of our officers and directors serve only part time and may be subject to conflicts of interest. Each may devote part of his working time to other business endeavors, including consulting relationships with other corporate entities, and may have responsibilities to these other entities. Such conflicts may include deciding how much time to devote to our affairs, as well as what business opportunities should be presented to us. Because of these relationships, some of our officers and directors may be subject to conflicts of interest.

Joshua Bleak, our President, CEO and a director, as well as John Eckersley, our Vice President and a director, serve full time (40 hours per week). All of the other directors and officers only provide services to us on a part time basis as follows:

Laara Shaffer (CFO and a director) 15 hours per week;
Ali Rahimtula (director) 10 hours per week;
David Salisbury (director) 10 hours per week;
Dennis Ickes (director) 10 hours per week; and
Jerry Aiken (director) 10 hours per week.

We are required to indemnify our directors and executive officers against liability to us and our stockholders, and such indemnification could increase our operating costs.

Our Articles require us to indemnify our directors and officers against claims associated with carrying out the duties of their offices. Our Articles also require us to reimburse them for expenses actually and reasonably incurred by such director and/or officer in respect of legal proceedings relating to carrying out the duties of their offices.

Since our directors and executive officer are aware that they may be indemnified for carrying out the duties of their offices, they may be less motivated to meet the standards required by law to properly carry out such duties, which could increase our operating costs. Further, if our directors or executive officer file a claim against us for indemnification, the associated expenses could also increase our operating costs.

Loss of Foreign Private Issuer Status under U.S. Securities Laws may lead to significantly higher costs and expenses.

Based on our analysis of the number of our shares held by persons residing in the U.S., as well as the majority of our assets being in the U.S., we do not meet the definition of a foreign private issuer under U.S. securities laws. As a result, we are subject to U.S. securities laws as applicable to a U.S. domestic company. The loss of foreign private issuer status may lead to significantly higher regulatory and compliance costs to us under U.S. securities laws. We are required to file periodic reports and registration statements on U.S. domestic issuer forms with the U.S. Securities and Exchange Commission, which are more detailed and extensive than the forms available to a foreign private issuer. We also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

General Risks Associated with Our Exploration Activities

Mining operations are subject to comprehensive regulation, which may cause substantial delays or require capital outlays in excess of those anticipated, causing an adverse effect on our business operations.

If economic quantities of minerals are found on any of our mineral property interests by us in sufficient quantities to warrant mining operations, such mining operations will be subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus resulting in an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages which we may elect not to insure against due to prohibitive premium costs and other reasons. To date we have not been required to spend material amounts on compliance with environmental regulations. However, we may be required to do so in future and this may affect our ability to expand or maintain our operations.

Mineral exploration and development and mining activities are subject to certain environmental regulations, which may prevent or delay the commencement or continuance of our operations.

Mineral exploration and development and future potential mining operations are or will be subject to stringent federal, state and local laws and regulations relating to improving or maintaining environmental quality. Environmental laws often require parties to pay for remedial action or to pay damages regardless of fault. Environmental laws also often impose liability with respect to divested or terminated operations, even if the operations were terminated or divested of many years ago.

Future potential mining operations and current exploration activities are or will be subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances and other matters. Mining is also subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production. Compliance with these laws and regulations will impose substantial costs on us and will subject us to significant potential liabilities.

Costs associated with environmental liabilities and compliance are expected to increase with the increasing scale and scope of operations and we expect these costs may increase in the future.

We believe that our operations comply, in all material respects, with all applicable environmental regulations. However, we are not fully insured at the current date against possible environmental risks.

Our operations are dependent on receiving the required permits and approvals from governmental authorities. Denial or delay by a government agency in issuing any of our permits and approvals or imposition of restrictive conditions on us with respect to these permits and approvals may impair our business and operations.

We must obtain numerous environmental and exploration permits and approvals authorizing our future operations. A decision by a government agency to deny a permit or approval could have a material adverse effect on our ability to continue operations at the affected location and may have a material adverse effect on our business operations.

In addition, if we are successful at identifying a commercially viable potash deposit on our Holbrook Basin Project, the future potential development of such deposit into a mine is also predicated upon securing all necessary permits and approvals. A denial of or delay in obtaining any of these permits or approvals or the issuance of any of these permits with cost-prohibitive conditions could interfere with any potential development of this property and have a material adverse effect on our business, financial condition or results of operations.

Our business involves many operating risks, which may result in substantial losses, and insurance may be unavailable or inadequate to protect us against these risks.

Our operations are subject to hazards and risks associated with the exploration of natural resources and related fertilizer materials and products, such as: fires; explosions; inclement weather and natural disasters; mechanical failures; unscheduled downtime; and availability of needed equipment at acceptable prices. Any of these risks can cause substantial losses resulting from: damage to and destruction of property, natural resources and equipment; regulatory investigations and penalties; revocation or denial of our permits; suspension of our operations; and repair and remediation costs.

Our liability for environmental hazards may extend to those created either by the previous owners of properties that we purchase or lease or by acquired companies prior to the date we acquire them. We do not currently maintain insurance against all of the risks described above. In the future we may not be able to obtain insurance at premium levels that justify its purchase. We may also experience losses in amounts in excess of the insurance coverage carried. Either of these occurrences could harm our financial condition and results of operations.

Potash is a commodity with a selling price that is highly dependent on the business and economic conditions and governmental policies affecting the agricultural industry. These factors are outside of our control and may significantly affect our profitability.

If we are able to achieve commercial production on any of our properties, our future revenues, operating results, profitability and rate of growth will depend primarily upon business and economic conditions and governmental policies affecting the agricultural industry, which we cannot control. The agricultural products business can be affected by a number of factors. The most important of these factors, for U.S. markets, are: weather patterns and field conditions (particularly during periods of traditionally high crop nutrients consumption); quantities of crop nutrients imported to and exported from North America; current and projected grain inventories and prices, both of which are heavily influenced by U.S. exports and world-wide grain markets; and U.S. governmental policies, including farm and biofuel policies and subsidies, which may directly or indirectly influence the number of acres planted, the level of grain inventories, the mix of crops planted or crop prices.

International market conditions, which are also outside of our control, may also significantly influence our future operating results. The international market for crop nutrients is influenced by such factors as the relative value of the U.S. dollar and its impact upon the cost of importing crop nutrients, foreign agricultural policies, the existence of, or changes in, import barriers, or foreign currency fluctuations in certain foreign markets, changes in the hard currency demands of certain countries and other regulatory policies of foreign governments, as well as the laws and policies of the United States affecting foreign trade and investment.

Government regulation may adversely affect our business and results of operations.

Projects related to mineral exploration, mining and natural resources are subject to various and numerous federal, state and local government regulations, which may be changed from time to time. There are federal, state and local laws and regulations primarily relating to protection of human health and the environment applicable to the exploration, mining, development, production, handling, storage, transportation and disposal of natural resources, including potash, or its by-products and other substances and materials produced or used in connection with mining operations. Activities subject to regulation include the use, handling, processing, storage, transportation and disposal of hazardous materials, and we could incur substantial additional costs to comply with environmental, health and safety law requirements related to these activities. We also could incur substantial costs for liabilities arising from past unknown releases of, or exposure to, hazardous substances.

Under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, we could be held jointly and severally responsible for the removal or remediation of any hazardous substance contamination at future facilities, at neighboring properties to which such contamination may have migrated and at third-party waste disposal sites to which we have sent waste. We could also be held liable for natural resource damages. Liabilities under these and other environmental health and safety laws involve inherent uncertainties. Violations of environmental, health and safety laws are subject to civil, and, in some cases, criminal sanctions. As a result of liabilities under and violations of environmental, health and safety laws and related uncertainties, we may incur unexpected interruptions to operations, fines, penalties or other reductions in income, third-party claims for property damage or personal injury or remedial or other costs that would negatively impact our financial condition and operating results. Finally, we may discover currently unknown environmental problems or conditions. The discovery of currently unknown environmental problems may subject us to material capital expenditures or liabilities in the future.

Continued government and public emphasis on environmental issues can be expected to result in increased future investments for environmental controls at ongoing operations, which may lead to increased expenses. Permit renewals and compliance with present and future environmental laws and regulations applicable to our operations may require substantial capital expenditures and may have a material adverse effect on our business, financial condition and operating results.

Risks Related to Our Securities

We do not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future and we may not have sufficient funds legally available to pay dividends. To the extent that we require additional funding currently not provided for in our financing plans, our funding sources may prohibit the payment of any dividends. Because we do not intend to declare dividends, any gain on your investment will need to result from an appreciation in the price of our common stock. There will therefore be fewer ways in which you are able to make a gain on your investment.

Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The SEC has adopted Rule 15g-9 which generally defines penny stock to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors . The term accredited investor refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000, not including any equity in that person s or person s spouse s primary residence, or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the penny stock rules promulgated by the SEC, the Financial Industry Regulatory Authority (FINRA) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

Any future sales of our equity securities will dilute the ownership percentage of our existing stockholders and may decrease the market price for our common stock.

Given our lack of revenues and the doubtful prospect that we will earn significant revenues in the next several years, we will likely have to issue additional equity securities to obtain funds for our planned exploration operations and acquisition activities. Our efforts to fund our planned exploration and acquisition activities will therefore result in dilution to our existing stockholders. In short, our continued need to sell equity will result in reduced percentage ownership interests for all of our investors, which may decrease the market price for our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Such statements include statements regarding our expectations, hopes, beliefs or intentions regarding the future, including but not limited to statements regarding our market, strategy, competition, development plans (including acquisitions and expansion), financing, revenues, operations, and compliance with applicable laws. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from such forward-looking statements include the risks described in greater detail in the following paragraphs. All forward-looking statements in this document are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement. Market data used throughout this prospectus is based on published third party reports or the good faith estimates of management, which estimates are based upon their review of internal surveys, independent industry publications and other publicly available information.

You should review carefully the section entitled Risk Factors beginning on page 1 of this prospectus for a discussion of these and other risks that relate to our business and investing in shares of our common stock.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of common stock in this offering, assuming gross proceeds of $40,000,000 (which is the amount of gross proceeds received if the offering is fully subscribed), will be approximately $36,000,000, after deducting the placement agent fees and estimated expenses of this offering which, for purposes herein, we have assumed to be $4,000,000. We may not be successful in selling any or all of the securities offered hereby. Because there is no minimum offering amount required as a condition to closing in this offering, we may sell less than all of the securities offered hereby, which may significantly reduce the amount of proceeds received by us.

Even if we sell all of the securities subject to this offering on favorable terms, of which there can be no assurance, we may still need to obtain additional financing in the future in order to fully fund our growth plan. We may seek such additional financing through public or private equity or debt offerings or other sources, including collaborative or other arrangements with strategic partners.

We anticipate that the net proceeds obtained from this offering will be used to fund the following uses, assuming net proceeds to us equal $36,000,000:

		Application of Net Proceeds	Percentage of Net Proceeds
Exploration Costs	$	25,000,000	69%
Investor Relations Costs	$	750,000	2%
Working capital and general corporate purposes (1)	$	10,250,000	29%
Total	$	36,000,000	100%

(1) Working capital and general corporate purposes include cash payments needed to maintain option agreements on Twin Buttes Ranch and Fitzgerald Trust Ranch, amounts required to pay officers salaries and related expenses, professional fees, ongoing public reporting costs, office-related expenses and other corporate expenses. Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and we may use the net proceeds in ways with which you disagree.

The allocation of the net proceeds of this offering set forth above represents our best estimates based upon our current plans and assumptions regarding industry and general economic conditions and our future revenues and expenditures. If any of these factors change, it may be necessary or advisable for us to reallocate some of the proceeds within the above-described categories or to use portions for other purposes. Investors will be relying on the judgment of our management regarding application of the net proceeds of this offering.

DILUTION

Our pro forma net tangible book value as of November 30, 2012 was $2,046,238 or $0.01 per share of common stock, based upon 180,576,408 shares outstanding as of that date. Net tangible book value per share is determined by dividing such number of outstanding shares of common stock, into our net tangible book value, which is our total tangible assets less total liabilities. After giving effect to the sale of common stock in this offering at the assumed public offering price of $0.30 per share, at November 30, 2012, after deducting the placement agent fees and other estimated expenses of this offering, our pro forma as adjusted net tangible book value at November 30, 2012 would have been approximately $38,046,238 or $0.12 per share. This represents an immediate increase in net tangible book value of approximately $0.11 per share to our existing stockholders, and an immediate dilution of $0.18 per share to investors purchasing common stock in the offering.

The following table illustrates the per share dilution:

Assumed public offering price per share	$	0.30
Net tangible book value per share before this offering	$	0.01
Pro forma increase attributable to new investors	$	0.11
Pro forma net tangible book value per share after this offering	$	0.12
Pro forma dilution per share to new investors in this offering	$	0.18

The foregoing illustration does not reflect potential dilution as of April 8, 2013 from the exercise of outstanding options to purchase an aggregate of 16,811,892 shares of our common stock or 72,073,490 shares of common stock issuable upon the exercise of outstanding warrants. Of the approximately 183,593,073 shares of our common stock outstanding as of April 8, 2013, approximately 125,282,118 shares are freely tradable without restriction as of that date.

MARKET FOR OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock has been publicly traded in the United States since March 1, 2011 on the OTCQX. Our common stock is quoted under the symbol PPRTF. The following table sets forth for the periods indicated the range of high and low bid quotations per share as reported by the OTCQX. These quotations represent inter-dealer prices, without retail markups, markdowns or commissions and may not necessarily represent actual transactions.

OTCQX		
	High	**Low**
Quarter Ended	**($)**	**($)**
February 28, 2013	0.23	0.18
November 30, 2012	0.24	0.16
August 31, 2012	0.24	0.17
May 31, 2012	0.35	0.18
February 29, 2012	0.40	0.16
November 30, 2011	0.64	0.22
August 31, 2011	0.80	0.45
May 31, 2011	1.30	0.57

On April 11, 2013, the high and low prices of our common stock as reported on the OTCQX were $0.21 and $0.20, respectively.

Our common shares are also traded on the TSX-V. Our common shares commenced trading on the TSX-V on October 3, 2001 under the symbol PPI . On April 11, 2013, the high and low trading prices of our common shares on the TSX-V were CAD$0.205 and CAD$0.195, respectively. The following table shows the high and low trading prices in Canadian dollars of our common shares on the TSX-V for the periods indicated.

TSX Venture Exchange		
	High	Low
Quarter Ended	(CAD$)	(CAD$)
February 28, 2013	$0.24	$0.19
November 30, 2012	$0.23	$0.16
August 31, 2012	$0.24	$0.17
May 31, 2012	$0.29	$0.18
February 29, 2012	$0.395	$0.165
November 30, 2011	$0.63	$0.225
August 31, 2011	$0.75	$0.43
May 31, 2011	$0.95	$0.53
February 28, 2011	$1.86	$0.245
November 30, 2010	$0.385	$0.055

Holders

On April 8, 2013, we had approximately 637 shareholders of record, which does not include shareholders whose shares are held in street or nominee names.

Options

As of April 11, 2013, we have 16,811,892 stock options outstanding which are exercisable into 16,811,892 shares of our common stock.

Warrants

As of April 11, 2013, we have 72,073,490 common share purchase warrants outstanding which are exercisable into 72,073,490 shares of common stock.

Convertible Debentures

As of April 11, 2013, we have convertible debentures in the amount of $5,790,540 which are convertible into 30,476,526 shares of common stock without giving effect to accrued interest.

Dividend Policy

We have not paid any cash dividends on our common shares since our inception and do not anticipate paying any cash dividends in the foreseeable future. We plan to retain our earnings, if any, to provide funds for the expansion of our business.

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows our equity securities that are authorized for issuance pursuant to equity compensation plans for our most recently completed fiscal year ended February 29, 2012.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	16,811,892	CAD$0.32	120,478
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	16,811,892	CAD$0.32	120,478

2011 Rolling Share Option Plan

On July 20, 2011, our Board of Directors approved the adoption of a new share option plan (the 2011 Plan) to comply with the current policies of the TSXV and the amendments to the Income Tax Act (Canada) which impose withholding obligations on taxable benefits arising at the time options are exercised. The 2011 Plan was subject to approval of the TSXV and our shareholders. On August 25, 2011, our shareholders approved the 2011 Plan. On November 24, 2011, the TSXV approved the 2011 Plan.

The purpose of the 2011 Plan is to provide incentives to qualified parties to increase their proprietary interest in us and thereby encourage their continuing association with us. The 2011 Plan is administered by the Board of Directors. The 2011 Plan provides that options will be issued to our directors, officers, employees or consultants or our subsidiary. The 2011 Plan also provides that the number of common shares issuable under the 2011 Plan, together with all of our other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding common shares (considered to be a rolling stock option plan). Pursuant to the 2011 Plan all options expire on a date not later than 10 years after the date of grant of an option. All options outstanding under any existing share plan were rolled into the 2011 Plan.

The TSXV policies also require shareholders to annually approve the continuation of the 2011 Plan at our subsequent annual general meetings by ordinary resolution. On November 29, 2012, our shareholders approved the continuation of the 2011 Plan at the Annual General and Special Meeting of Shareholders.

The 2011 Plan is subject to the following restrictions:

(a) We must not grant an option to a director, employee, consultant, or consultant company (the Service Provider) in any 12 month period that exceeds 5% of the outstanding shares, unless we have obtained approval by a majority of the votes cast by our shareholders eligible to vote at a shareholders meeting, excluding votes attaching to shares beneficially owned by insiders and their associates (Disinterested Shareholder Approval);

(b) The aggregate number of options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without the prior consent of the TSXV;

(d) We must not grant an option to a consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;

(e) The number of optioned shares issued to insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the 2011 Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless we have obtained Disinterested Shareholder Approval to do so;

(f) The exercise price of an option previously granted to an insider must not be reduced, unless we have obtained Disinterested Shareholder Approval to do so.

The following is a summary of the material terms of the 2011 Plan:

(a) Persons who are Service Providers to us or our affiliates, or who are providing services to us or our affiliates, are eligible to receive grants of options under the 2011 Plan;

(b) Options granted under the 2011 Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;

(c) For options granted to Service Providers, we must ensure that the proposed optionee is a bona fide Service Provider of us or our affiliates;

(d) An option granted to any Service Provider will expire within one year (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the optionee at any time prior to expiry of the option), after the date the optionee ceases to be employed by or provide services to us, but only to the extent that such option was vested at the date the optionee ceased to be so employed by or to provide services to us;

(e) If an optionee dies, any vested option held by him or her at the date of death will become exercisable by the optionee s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;

(f) In the case of an optionee being dismissed from employment or service for cause, such optionee s options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;

(g) The exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the 2011 Plan);

(h) Vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to us or our affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by us or our affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of us or our affiliates during the vesting period; and

(i) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the 2011 Plan with respect to all 2011 Plan shares in respect of options which have not yet been granted under the 2011 Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the 2011 Plan may be made by the Board without further shareholder approval. Accordingly, the Board may, without shareholder approval:

(i) amend the 2011 Plan to correct typographical, grammatical or clerical errors;

(ii) change the vesting provisions of an option granted under the 2011 Plan, subject to prior written approval of the TSXV, if applicable;

(iii) change the termination provision of an option granted under the 2011 Plan if it does not entail an extension beyond the original expiry date of such option;

(iv) make such amendments to the 2011 Plan as are necessary or desirable to reflect changes to securities laws applicable to us;

(v) make such amendments as may otherwise be permitted by the TSXV Policies;

(vi) if we become listed or quoted on a stock exchange or stock market senior to the TSXV, make such amendments as may be required by the policies of such senior stock exchange or stock market; and

(vii) amend the 2011 Plan to reduce the benefits that may be granted to Service Providers.

Potential Share Consolidation

Our management wishes to be in a position to effect a consolidation of our issued and outstanding shares of common stock on a basis of up to ten (10) pre-consolidated common shares without par value for one (1) post-consolidated common shares without par value, or such lesser whole number of pre-consolidated common shares as the directors may determine (the Share Consolidation). Our management believes that the ability to effect the Share Consolidation will provide us with increased flexibility to seek additional financing opportunities and strategic acquisitions.

We currently have no maximum number of authorized common shares and on effecting any consolidation there will continue to be no maximum number of authorized common shares.

As set out in Section 83 of the British Columbia Business Corporations Act, if any fractional shares are to be converted into whole common shares, each fractional common share remaining after conversion that is less than one-half of a common share must be cancelled and each fractional common share that is at least one-half of a common share must be changed to one whole common share.

Any registered shareholder who, on the date the Share Consolidation is effected, is the registered holder of a number of common shares not divisible by ten (10), then in such event, the number of post-consolidated shares shall be converted to whole common shares.

On August 25, 2011, our shareholders approved the Share Consolidation as proposed by our management, which among other things provided the board of directors in its absolute discretion to determine whether or not to proceed with the Share Consolidation without further approval, ratification or confirmation by the shareholders. The Board of Directors did not effect the Share Consolidation and the shareholder approval expired on August 25, 2012.

On November 29, 2012, we resubmitted the proposal of such Share Consolidation to our shareholders at the Annual General and Special Meeting of the Stockholders. The shareholders approved the Share Consolidation and the Board of Directors has by November 23, 2013 to implement the Share Consolidation. As of the date of this prospectus, we have not effected the Share Consolidation, which is also subject to regulatory approval, including the approval of the TSXV and Financial Industry Regulatory Authority (FINRA).

Proposed Shareholder Rights Plan

On July 20, 2011, our Board of Directors approved the adoption of a shareholder rights plan (the Rights Plan) between us and Computershare Trust Company of Canada (Computershare Trust), as Rights Agent. The Board s objective in adopting the Rights Plan is to ensure the fair treatment of shareholders in connection with any take-over bid for our common shares. The Rights Plan was not adopted by the Board in response to any proposal to acquire control of us.

In accordance with TSXV policies, the Rights Plan must be ratified by a majority of the votes cast at a meeting of shareholders within six months of the adoption of the Rights Plan by the Board. At our annual and special general meeting held on August 25, 2011, our shareholders ratified and confirmed the Rights Plan.

The Rights Plan is subject to TSXV approval. The Rights Plan was approved by the TSXV on September 6, 2012.

Purpose of Rights Plan

The primary objective of the Rights Plan is to ensure that all of our shareholders are treated fairly in connection with any take-over bid for us by (a) providing shareholders with adequate time to properly assess a take-over bid without undue pressure and (b) providing the Board with more time to fully consider an unsolicited take-over bid, and, if applicable, to explore other alternatives to maximize shareholder value.

Summary of Rights Plan

The following description of the Rights Plan is a summary only.

Issue of Rights

We will issue one right (a Right) in respect of each common share outstanding at the close of business on the adoption of the Rights Plan. We will also issue Rights on the same basis for each common share issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time (both defined below).

The Rights

Each Right will entitle the holder, subject to the terms and conditions of the Rights Plan, to purchase additional shares of our common stock after the Separation Time.

Rights Certificates and Transferability

Before the Separation Time, the Rights will be evidenced by certificates for the common shares, and are not transferable separately from the common shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates, which will be transferable separately from and independent of the common shares.

Exercise of Rights

The Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one share for the exercise price of $50.00 (subject to certain anti-dilution adjustments). This exercise price is expected to be in excess of the estimated maximum value of the common shares during the term of the Rights Plan. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time, each Right (other than any Right held by an Acquiring Person , which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of common shares which have an aggregate market price equal to twice the exercise price of the Rights for a price equal to the exercise price (subject to adjustment). Effectively, this means our shareholder (other than the Acquiring Person) can acquire additional common shares from treasury at half their market price.

Definition of Acquiring Person

Subject to certain exceptions, an Acquiring Person is a person who becomes the Beneficial Owner (defined below) of 20% or more of our outstanding common shares.

Definition of Beneficial Ownership

A person is a Beneficial Owner of securities if such person or its affiliates or associates or any other person acting jointly or in concert with such person, owns the securities in law or equity, and has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the Rights Plan where:

(a) the securities have been deposited with or tendered to such person pursuant to a tender or exchange offer or take-over bid by such person, unless those securities have been taken up or paid for;

(b) the securities have been deposited with such person under a take-over bid pursuant to a permitted lock- up agreement;

(c) such person (including a mutual fund or investment fund manager, trust company, pension fund administrator, trustee or non-discretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds, investment funds or public assets for others, as long as that person:

(i) holds those shares in the ordinary course of its business for the account of others;

(ii) is not making a take-over bid or acting jointly or in concert with a person who is making a take- over bid; or

(iii) such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

Definition of Separation Time

Separation Time occurs on the tenth trading day after the earlier of:

(a) the first date of public announcement that a person has become an Acquiring Person;

(b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Permitted Bid); and

(c) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such,

or such later date as determined by the Board.

Definition of Expiration Time

Expiration Time occurs on the date being the earlier of:

(a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and

(b) immediately after our annual general meeting of shareholders to be held in 2014 unless at such meeting the duration of the Rights Plan is extended.

Definition of a Flip-In Event

A Flip-In Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person, or any of its related parties to whom the Acquiring Person has transferred its Rights, will become null and void and, as a result, the Acquiring Person s investment in us will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

Definition of Permitted Bid

A Permitted Bid is a take-over bid made by a person (the Offeror) pursuant to a take-over bid circular that complies with the following conditions:

(a) the bid is made to all registered holders of voting common shares, wherever resident (other than the Offeror);

(b) the Offeror agrees that no common shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid; and that no common shares will be taken up or paid for unless, at such date, more than 50% of the outstanding common shares held by shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn;

(c) the Offeror agrees that the common shares may be deposited to and withdrawn from the take-over bid at any time before such common shares are taken up and paid for; and

(d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the Offeror will make a public announcement of that fact and the bid will remain open for an additional period of at least 10 business days to permit the remaining shareholders to tender their common shares.

Definition of Competing Permitted Bid

A Competing Permitted Bid is a take-over bid that:

(a) is made while another Permitted Bid or Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid;

(b) satisfies all the requirements of a Permitted Bid other than the requirement that the Offeror agrees that: (1) no common shares will be taken up or paid for under the bid: (i) for at least 60 days following the commencement of the bid; (ii) after such date, more than 50% of the outstanding common shares held by shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn; and (2) common shares may be deposited pursuant to such take-over bid at any time during the 60 day period described in (1)(i) of this paragraph, that any common shares deposited pursuant to such take-over bid may be withdrawn until taken up and paid for; and (3) upon deposit of more than 50% of the outstanding common shares as described under (1)(ii) in this paragraph, the Offeror will make a public announcement of such 50% deposit and such take-over bid is to remain open for deposits and tenders of common shares for a minimum of 10 business days from the date of such public announcement; and

(c) contains the conditions that no common shares be taken up or paid for pursuant to the Competing Permitted Bid (x) prior to the close of business on a date that is not earlier than the later of (1) the earliest date on which common shares may be taken up and paid for under any prior bid in existence at the date of such Competing Permitted Bid, and (2) 35 days after the date of such Competing Permitted Bid, and (y) unless, at the time that such common shares are first taken up or paid for, more than 50% of the then outstanding common shares held by shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the Competing Permitted Bid and not withdrawn.

Redemption of Rights

Subject to prior consent of the holders of common shares, all (but not less than all) of the Rights may be redeemed by the Board at any time before a Flip-In Event occurs at a redemption price of $0.0001 per Right (subject to adjustment). In addition, in the event of a successful Permitted Bid, Competing Permitted Bid or a bid for which the Board has waived the operation of the Rights Plan, we will immediately upon such acquisition and without further formality, redeem the Rights at the redemption price. If the Rights are redeemed pursuant to the Rights Plan, the right to exercise the Rights will, without further action and without notice, terminate and the only right thereafter of the Rights holders is to receive the redemption price.

Waiver

Before a Flip-In Event occurs, the Board may waive the application of the Flip-In provisions of the Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of common shares. However, if the Board waives the Rights Plan with respect to a particular bid, it will be deemed to have waived the Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of common shares before the expiry of that first bid. The Board may also waive the Flip-In provisions of the Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

Term of the Rights Plan

Unless otherwise terminated, the Rights Plan will expire at the Expiration Time.

Amending Power

Except for amendments to correct clerical or typographical errors, shareholder (other than the Offeror and certain related parties) or Rights holder majority approval is required for supplements or amendments to the Rights Plan. In addition, any supplement or amendment to the Rights Plan will require the written concurrence of the Rights Agent and prior written consent of the TSXV.

Rights Agent

The Rights Agent under the Rights Plan is Computershare Trust Company of Canada.

Rights Holder not a Shareholder

Until a Right is exercised, the holders thereof as such will have no rights as our shareholder.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of our results of operations and financial condition should be read in conjunction with (i) our unaudited interim consolidated financial statements and related notes for the three and nine months ended November 30, 2012 and 2011 (ii) audited financial statements for the fiscal years ended February 29, 2012 and February 28, 2011 and the notes thereto and (iii) the section entitled *Business* , included elsewhere in this prospectus. Our consolidated financial statements are prepared in accordance with U.S. GAAP. All references to dollar amounts in this section are in U.S. dollars unless expressly stated otherwise.

Overview

We are an exploration stage company engaged in the acquisition, exploration and development of mineral resource properties. We currently have an interest in or have the right to earn an interest in six properties: Southwest Exploration Property, Twin Buttes Ranch, Sweetwater/American Potash, Mesa Uranium, Ringbolt Property and Fitzgerald Ranch, which are all located in Arizona.

Results of Operations

The following table sets forth our results of operations from inception of exploration stage (May 22, 2007) to November 30, 2012 as well as for the three and nine month periods ended November 30, 2012 and 2011:

	Three month periods ended		Nine month periods ended		May 22, 2007 (inception of Exploration Stage) to November 30, 2012
	November 30, 2012	November 30, 2011	November 30, 2012	November 30, 2011	
Operating Expenses:					
Administration	$ 19,289	$ -	$ 45,381	$ 54,925	$ 886,885
Advertising	155,690	222,670	501,634	580,029	1,666,014
Business development	181,261	111,924	487,609	217,046	898,976
Consulting fees	181,054	437,727	494,912	1,452,465	7,755,518
Depreciation	55	68	165	210	2,162
Foreign exchange (gain) loss	(9,481)	262,159	134,466	321,816	92,178
Investor Relations	82,157	32,479	270,828	579,961	1,249,581
Management fees	165,576	375,012	502,620	826,122	3,115,957
Mineral property impairment	-	-	-	-	652,784
Mineral property option payments and exploration costs	1,797,091	958,510	5,591,134	5,928,560	16,849,403
Office and miscellaneous	23,081	15,484	58,052	33,441	245,596
Professional fees	120,763	31,573	457,262	120,183	1,014,672
Property investigation costs	-	-	-	-	24,483
Transfer agent and filing fees	13,584	13,057	32,882	60,386	316,084
Net loss before other items	(2,730,120)	(2,460,663)	(8,576,945)	(10,175,144)	(34,770,293)
Other Items					
Change in derivative liability	(142,178)	8,759,379	4,853,604	20,920,063	5,414,954
Interest income	3,043	16,418	27,571	16,418	90,068
Loss on debt settlement	-	-	-	-	(37,488)
Mineral property - recovery	-	-	112,668	-	112,668
Other Income	-	14,651	-	14,651	153,125
	(139,135)	8,790,448	4,993,843	20,951,132	5,733,327
Net profit (loss)	**$ (2,869,255)**	**$ 6,329,785**	**$ (3,583,102)**	**$ 10,775,988**	**$ (29,036,966)**
Earnings (loss) per share - basic	**$ (0.02)**	**$ 0.05**	**$ (0.02)**	**$ 0.09**	
Earnings per share - dilutive	**$ 0.01**	**$ 0.05**	**$ 0.00**	**$ 0.09**	
Weighted average number of shares - basic	**175,256,968**	**127,591,348**	**172,211,630**	**125,379,677**	
Weighted average number of shares - dilutive		**127,940,098**		**125,728,427**	

Results of Operations for the three month periods ended November 30, 2012 and 2011

Revenues

During the three month periods ended November 30, 2012 and 2011, we did not generate any revenues.

Operating Expenses

Operating expenses incurred during the three month period ended November 30, 2012 were $2,730,120 as compared to $2,460,663 during the three month period ended November 30, 2011. Significant changes and expenditures are outlined as follows:

- Administration expenses were $19,289 and $Nil for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to the increase in administration activity which resulted in an increase in administration expenses during the three month period ended November 30, 2012.
- Advertising expenses were $155,690 and $222,670 for the three month periods ended November 30, 2012 and 2011, respectively. The decrease was due to less promotion purposes to increase market awareness of the Company during the three month period ended November 30, 2012.
- Business Development expenses were $181,261 and $111,924 for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to additional travel expenses and attending more conventions during the three month period ended November 30, 2012.
- Consulting fees were $181,054 and $437,727 for the three month periods ended November 30, 2012 and 2011, respectively. The decrease was due to the Company entering into fewer consulting agreements and not paying any stock based compensation to consultants during the three month period ended November 30, 2012.
- Depreciation expense was $55 and $68 for the three month periods ended November 30, 2012 and 2011, respectively.
- Foreign exchange (gain) loss was ($9,481) and $262,159 for the three month periods ended November 30, 2012 and 2011, respectively. The change being a gain for the three month period ended November 30, 2012 compared to a loss for the three month period ended November 30, 2011 was due to fluctuations in the USD and CAD exchange rate and the translation of non-monetary assets.
- Investor relations expenses were $82,157 and $32,479 for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to increase in investor relations activity during the three month period ended November 30, 2012.
- Management fees were $165,576 and $375,012 for the three month periods ended November 30, 2012 and 2011, respectively. The decrease in management fees was due to the Company not issuing any stock based compensation during the three month period ended November 30, 2012.
- Mineral property option payments and exploration costs were $1,797,091 and $958,510 for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to the Company incurring more option payments and exploration costs during the three month period ended November 30, 2012.
- Office and miscellaneous expenses were $23,081 and $15,484 for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to the increase in operating activities during the three month period ended November 30, 2012.
- Professional fees were $120,763 and $31,573 for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to an increase in operating activities and regulatory filings with respect to the Company during the three month period ended November 30, 2012.
- Transfer agent and filing fees were $13,584 and $13,057 for the three month periods ended November 30, 2012 and 2011, respectively. The increase was due to an increase in the services being provided by the transfer agent during the three month period ended November 30, 2012.

Other Items

During the three month period ended November 30, 2012, our other items accounted for $139,135 in expenses as compared to $8,790,448 in income for the three month period ended November 30, 2011. The significant changes in other items income (expenses) are outlined as follows:

- Change in derivative liability was $(142,178) and $8,759,379 for the three month periods ended November 30, 2012 and 2011, respectively. The change in derivative liability was due to an increase in the fair value of the derivative liability for the three month period ended November 30, 2012 as compared to a decrease for the three month period ended November 30, 2011.

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- Interest income was $3,043 and $16,418 for the three month periods ended November 30, 2012 and 2011, respectively. The decrease was due to the Company having less funds in short term interest bearing securities during the three month period ended November 30, 2012.

Net Income (Loss)

The net (loss) income was $(2,869,255) and $6,329,785 for the three month periods ended November 30, 2012 and 2011, respectively. The decrease in net income of $9,199,040 resulted primarily from the change in derivative liability from $8,759,379 in the three month period ended November 30, 2011 to $(142,178) in the three month period ended November 30, 2012, which was further reduced by an increase in administration expenses, business development expenses, investor relations expense, mineral property option payments and exploration costs, office and miscellaneous expenses, professional fees and transfer agent and filing fees.

Results of Operations for the nine month periods ended November 30, 2012 and 2011

Revenues

During the nine month periods ended November 30, 2012 and 2011, we did not generate any revenues.

Operating Expenses

Operating expenses incurred during the nine month period ended November 30, 2012 were $8,576,945 as compared to $10,175,144 during the nine month period ended November 30, 2011. Significant changes and expenditures are outlined as follows:

- Administration expenses were $45,381 and $54,925 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease was due to the decrease in administration activity which resulted in a decrease in administration expenses during the nine month period ended November 30, 2012.
- Advertising expenses were $501,634 and $580,029 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease was due to less promotion purposes to increase market awareness of the Company during the nine month period ended November 30, 2012.
- Business Development expenses were $487,609 and $217,046 for the nine month periods ended November 30, 2012 and 2011, respectively. The increase was due to additional travel expenses and attending more conventions during the nine month period ended November 30, 2012.
- Consulting fees were $494,912 and $1,452,465 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease was mainly due to the Company not paying any stock based compensation to consultants during the nine month period ended November 30, 2012.
- Depreciation expense was $165 and $210 for the nine month periods ended November 30, 2012 and 2011, respectively.
- Foreign exchange loss was $134,466 and $321,816 for the nine month periods ended November 30, 2012 and 2011, respectively. The change being a decrease for the nine month period ended November 30, 2012 compared to the nine month period ended November 30, 2011 was due to fluctuations in the USD and CAD exchange rate and the translation of non-monetary assets.
- Investor relations expenses were $270,828 and $579,961 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease was due to decrease in investor relations activity and the Company not paying any stock based compensation to consultants during the nine month period ended November 30, 2012.
- Management fees were $502,620 and $826,122 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease in management fees was mainly due to the Company not issuing any stock based compensation during the nine month period ended November 30, 2012.

- Mineral property option payments and exploration costs were $5,591,134 and $5,928,560 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease was due to the Company incurring less option payments and exploration costs during the nine month period ended November 30, 2012.

- Office and miscellaneous expenses were $58,052 and $33,441 for the nine month periods ended November 30, 2012 and 2011, respectively. The increase was due to the increase in office activities during the nine month period ended November 30, 2012.
- Professional fees were $457,262 and $120,183 for the nine month periods ended November 30, 2012 and 2011, respectively. The increase was due to an increase in operating activities and regulatory filings with respect to the Company during the nine month period ended November 30, 2012.
- Transfer agent and filing fees were $32,882 and $60,386 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease was due to a decrease in the services being provided by the transfer agent during the nine month period ended November 30, 2012.

Other Items

During the nine month period ended November 30, 2012, our other items accounted for $4,993,843 in income as compared to $20,951,132 in income for the nine month period ended November 30, 2011. The significant changes in other items income (expenses) are outlined as follows:

- Change in derivative liability was $4,853,604 and $20,920,063 for the nine month periods ended November 30, 2012 and 2011, respectively. The change in derivative liability was due to a decrease in the fair value of the derivative liability for the nine month period ended November 30, 2012 as compared to the nine month period ended November 30, 2011.
- Interest income was $27,571 and $16,418 for the nine month periods ended November 30, 2012 and 2011, respectively. The increase was due to the Company having more funds in short term interest bearing securities during the nine month period ended November 30, 2012.

Net Income (Loss)

The net (loss) income was $(3,583,102) and $10,775,988 for the nine month periods ended November 30, 2012 and 2011, respectively. The decrease in net income of $14,359,090 resulted primarily from the change in derivative liability from $20,920,063 in the nine month period ended November 30, 2011 to $4,853,604 in the nine month period ended November 30, 2012, which was further reduced by an increase in business development expenses, office and miscellaneous expenses, and professional fees.

Results of Operations for the Years Ended February 29, 2012 and February 28, 2011

The following table sets forth our results of operations from inception of exploration stage on May 22, 2007 to February 29, 2012 as well as for the fiscal years ended February 29, 2012 and February 28, 2011:

		Fiscal year ended February 29, 2012		Fiscal year ended February 28, 2011		May 22, 2007 (inception of Exploration Stage) to February 29, 2012
Operating Expenses:						
Administration	$	215,687	$	525,450	$	816,672
Advertising		1,028,472		131,284		1,164,380
Business development		411,367		-		411,367
Consulting fees		2,783,987		3,731,814		7,260,606
Depreciation		278		339		1,997

Foreign exchange (gain) loss		198,974		(194,296)		(42,288)
Investor relations		487,996		437,102		978,753
Management fees		1,088,541		1,325,840		2,613,337
Mineral property impairment		-		-		652,784
Mineral property option payments and exploration costs		7,286,863		2,790,910		11,258,269
Office and miscellaneous		59,905		41,479		187,544
Professional fees		253,380		101,803		557,410
Property investigation costs		24,483		-		24,483
Rent		-		7,024		24,832
Transfer agent and filing fees		79,186		99,650		283,202
Net loss before other items		(13,919,119)		(8,998,399)		(26,193,348)
Other Items						
Change in derivative liability		22,209,156		(22,172,944)		561,350
Interest income		62,497		-		62,497
Loss on debt settlement		-		(37,488)		(37,488)
Other income		153,125		-		153,125
		22,424,778		(22,210,432)		739,484
Net profit (loss)	**$**	**8,505,659**	**$**	**(31,208,831)**	**$**	**(25,453,864)**
Earnings (Loss) per share - basic	**$**	**0.06**	**$**	**(0.65)**		
Earnings per share - dilutive	**$**	**0.05**	**$**	**-**		
Weighted average number of shares Outstanding during the year - basic		**131,524,259**		**48,048,430**		
Weighted average number of shares Outstanding during the year - dilutive		**155,786,958**				

Revenues

During fiscal years ended February 29, 2012 and February 28, 2011, respectively, we did not generate any revenue.

Operating Expenses

Operating expenses incurred during the fiscal year ended February 29, 2012 were $13,919,119 as compared to $8,998,399 during the fiscal year ended February 28, 2011. Significant changes and expenditures are outlined as follows:

- Administration expenses were $215,687 and $525,450 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The decrease of $309,763 was mainly due to less payment for administration expenses as stock based compensation during the fiscal year ended February 29, 2012, compared to the fiscal year ended February 28, 2011.
- Advertising expenses were $1,028,472 and $131,284 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to additional promotion purposes to increase our market awareness during the fiscal year ended February 29, 2012.
- Business Development expenses were $411,367 and $Nil for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to additional travel expenses and attending more conventions during the fiscal year ended February 29, 2012.
- Consulting fees were $2,783,987 and $3,731,814 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The decrease of $947,827 was mainly due to less payment for consulting fees as stock based compensation during the fiscal year ended February 29, 2012, compared to the fiscal year ended February 28, 2011.

- Depreciation expense was $278 and $339 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively.
- Foreign exchange (gain) loss was $198,974 and ($194,296) for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The change from a gain in 2011 to a loss in 2012 was due to fluctuations in the USD and CAD exchange rate and the translation of non-monetary assets.
- Investor relations expenses were $487,996 and $437,102 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to increased investor relations activity and entry into new investor relations agreements during the fiscal year ended February 29, 2012.
- Management fees were $1,088,541 and $1,325,840 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The decrease of $237,299 in management fees was mainly due to less payment for management fees as stock based compensation during the fiscal year ended February 29, 2012, compared to the fiscal year ended February 28, 2011.
- Mineral property option payments and exploration costs were $7,286,863 and $2,790,910 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to the Company incurring more option payments and exploration costs during the fiscal year ended February 29, 2012.
- Office and miscellaneous expenses were $59,905 and $41,479 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to the increase in operating activities during the fiscal year ended February 29, 2012.
- Professional fees were $253,380 and $101,803 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to an increase in operating activities and regulatory filings with respect to our operating activities during the fiscal year ended February 29, 2012.
- Property investigation costs were $24,483 and $Nil for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to the increased our operating activities and a non- refundable deposit on a property acquisition during the fiscal year ended February 29, 2012.
- Rent expense was $Nil and $7,024 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The decrease was due to the rent being included in the management fees during the fiscal year ended February 29, 2012.
- Transfer agent and filing fees were $79,186 and $99,650 for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The decrease was due to a decrease in the services being provided by the transfer agent during the fiscal year ended February 29, 2012.

Other Items

During the fiscal year ended February 29, 2012, our other items accounted for $22,424,778 in income as compared to ($22,210,432) in expenses for the fiscal year ended February 28, 2011. The significant changes in other items income (expenses) are outlined as follows:

- Change in derivative liability was $22,209,156 and ($22,172,944) for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The change in derivative liability was due to a significant amount of share purchase warrants being exercised in the fiscal year ended February 29, 2012 and a significant decrease in the fair value of the derivative liability.

- Interest income was $62,497 and $Nil for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was due to more funds in short term interest bearing securities during the fiscal year ended February 29, 2012.
- Loss on debt settlement was $Nil and ($37,488) for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The reason for the change in loss on debt settlements is because there were no debt settlements in the fiscal year ended February 29, 2012.
- Other income was $153,125 and $Nil for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase was primarily due to the write off of a liability related to a Chilean property during the fiscal year ended February 29, 2012.

Net Income (Loss)

The net income (loss) was $8,505,659 and ($31,208,831) for the fiscal years ended February 29, 2012 and February 28, 2011, respectively. The increase in net income of $39,714,490 resulted primarily from the change in derivative liability from ($22,172,944) in the fiscal year ended February 28, 2011 to $22,209,156 in the fiscal year ended February 29, 2012, which was offset by an increase in advertising expenses, business development expenses, investor relations expenses, mineral property option payments and exploration costs, office and miscellaneous expenses, professional fees, and property investigation costs.

Liquidity and Capital Resources

Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation.

The following table sets out our cash and working capital as of November 30, 2012, February 29, 2012 and February 28, 2011:

	As of November 30, 2012 (unaudited)	As of February 29, 2012 (audited)	As of February 28, 2011 (audited)
Cash reserves	$337,481	$8,599,010	$10,719,413
Working capital (deficit)	($544,641)	$1,829,103	($16,219,078)

As at November 30, 2012, our current assets were $453,259 and our current liabilities was $997,900 including a derivative liability of $768,875, resulting in a working capital deficit of $544,641. Our current assets as at November 30, 2012 consisted of cash and cash equivalents of $337,481, receivables of $62,757 and prepaid expenses of $53,021. Our current liabilities as at November 30, 2012 consisted of trade payables and accrued liabilities of $229,025 and derivative liability of $768,875.

As at February 29, 2012, our current assets were $8,725,922 and our current liabilities were $6,896,819 resulting in a working capital surplus of $1,829,103. Our current assets as at February 29, 2012 consisted of cash and cash equivalents of $8,599,010, receivables of $47,075 and prepaid expenses of $79,837. Our current liabilities as at February 29, 2012 consisted of trade payables and accrued liabilities of $522,649 and derivative liability of $6,374,170.

During the nine month period ended November 30, 2012, we raised $962,613 from financing activities by stock issuances as compared to $857,265 in the nine month period ended November 30, 2011 for stock issuances. At November 30, 2012, we had an aggregate of 41,097,632 (February 29, 2012: 50,800,333) share purchase warrants exercisable, between CAD$0.20 and CAD$0.35 per share, which have the potential upon exercise to convert to approximately CAD$11,230,026 over the next year. Further, as at November 30, 2012, a total of 16,761,892

(February 29, 2012: 16,474,392) stock options exercisable between CAD$0.10 and CAD$0.59 per share which have the potential upon exercise to generate a total of approximately CAD$5,330,329 in cash over the next four years. There is no assurance that these securities will be exercised.

Deficit accumulated since inception of exploration stage increased to ($29,036,966) as at November 30, 2012 from ($25,453,864) as at February 29, 2012.

Our plan of operations over the next twelve months is to focus on the following:

- Complete a preliminary economic assessment of our properties by the end of March 2013 at an estimated cost of $3,632,332;
- Complete the acquisition of the Fitzgerald Ranch property, which requires payments of $4,000,000 on December 18, 2012 (not paid), $5,000,000 on June 30, 2013, and $5,000,000 on December 18, 2013;
- Continue with the terms of the Ringbolt Option Agreement as amended pursuant to the Amendment Agreement, dated October 30, 2012, and the Second Amendment Agreement, dated December 8, 2012, which will require the payment of $2,450,000 upon TSX Venture Exchange approval of the Amendment Agreement of which $100,000 has already been paid and $1,250,000 on or before October 31, 2014;
- Complete the acquisition of the Twin Buttes Ranch property which requires a payment of $1,000,000 on or before August 28, 2013 and a payment of $19,000,000 on or before September 27, 2013.

Therefore, based on the above, we anticipate that we will require a total of approximately $41,232,332 for our plan of operations over the next twelve months. At November 30, 2012, we had cash of $337,481 and a working capital deficit of $544,641 including the derivative liability of $768,875. During the next twelve months, we anticipate that we will not generate any revenue. Accordingly, we will be required to obtain additional equity financing in order to pursue our plan of operations for and beyond the next twelve months. We cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our exploration programs and property acquisitions going forward. In the absence of such financing, we will not be able to continue our planned property acquisitions and possibly our anticipated exploration programs and our business plan may fail. Even if we are successful in obtaining financing to fund our planned exploration program, there is no assurance that we will obtain the funding necessary to complete our planned property acquisitions.

Statement of Cashflows

During the nine month period ended November 30, 2012, our net cash decreased by $8,261,529, which included net cash used in operating activities of ($8,302,242), net cash used in investing activities of ($1,050,000) and net cash provided by financing activities of $1,090,713.

Cash Flow used in Operating Activities

Operating activities in the nine months ended November 30, 2012 used cash of ($8,302,242) compared to ($6,828,832) in the nine months ended November 30, 2011. Significant changes in cash used in operating activities are outlined as follows:

- Loss was $3,583,102 compared to a profit of $10,775,988 in the nine months ended November 30, 2012 and 2011, respectively. The decrease in profit was primarily a result of the decrease in the fair value of the derivative liability and the decrease in mineral property option payments and exploration costs, management fees, foreign exchange loss and consulting fees, which was partially offset by an increase in business development expenses and professional fees for the nine month period ended November 30, 2012.

The following non-cash items further adjusted the profit for the nine months ended November 30, 2012 and 2011:

- Depreciation was $165 and $210 in the nine months ended November 30, 2012 and 2011, respectively.

- Fair value adjustment on warrants were ($4,853,604) and ($20,920,063) in the nine months ended November 30, 2012 and 2011, respectively. The decrease in fair value adjustment on warrants was a result of the decrease in the fair value of the derivative liability due to the passage of time, volume of warrants and the decrease in the stock price of the Company.
- Mineral property option payments and exploration costs were $317,531 and $669,384 in the nine months ended November 30, 2012 and 2011, respectively. The decrease in non-cash mineral property option payments and exploration costs was a result the Company paying all such expenses during the nine month period ended November 30, 2012.
- Stock-based compensation was $99,258 and $2,720,346 in the nine months ended November 30, 2012 and 2011, respectively. The decrease in stock-based compensation was a result of there being no stock options granted during the nine month period ended November 30, 2012 and certain stock options vesting during the nine month period ended November 30, 2012, which were granted in the fiscal year ended February 29, 2012.

The following changes in working capital items further adjusted the profit for the nine months ended November 30, 2012 and 2011:

- Receivables were ($15,682) and ($56,541) in the nine months ended November 30, 2012 and 2011, respectively. The decrease in receivables was a result of the cash receipts of previously accrued interest on investment securities.
- Prepaid expenses were $26,816 and ($23,041) in the nine months ended November 30, 2012 and 2011, respectively, due to a decrease by the Company in prepaid expenses.
- Trade payables and accrued liabilities were ($293,624) and ($132,413) in the nine months ended November 30, 2012 and 2011, respectively. The increase in trade payables was due to delay in payment of accounts payable and accrued liabilities.

Cash Flow used in Investing Activities

During the nine month period ended November 30, 2012, investing activities used cash of $1,050,000 compared to $20,623 during the nine month period ended November 30, 2011. The change in cash used in investing activities from the nine month period ended November 30, 2012 as compared to November 30, 2011 relates primarily to significant acquisition costs of mineral properties of $300,000 and long term deposits of $750,000.

Cash Flow provided by Financing Activities

During the nine month period ended November 30, 2012, we raised $1,090,713 cash from financing activities as compared to $857,265 during the nine month period ended November 30, 2011 from proceeds on issuance of common shares   net of share issue costs, including $128,100 subscriptions received.

Off-balance sheet arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Subsequent events

From November 15, 2012 through January 14, 2013, we have received CAD$232,502 from a total of nine persons for the subscription of units (each a   Unit) of the Company at a price of CAD$0.18 per Unit. Each Unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of our common stock at a price of CAD$0.25 per share for a period of five years from the date of issuance. We may be paying a finder s fee with respect to certain subscriptions of Units.

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On December 8, 2012, we entered into a second amendment agreement with North America Potash Developments Inc., Potash Green, LLC, Wendy Walker Tibbetts and Joseph J. Hansen in order to amend the Amendment Agreement among the parties, dated October 30, 2012, such that in the event the cash payment of $2,450,000 is delayed, the parties agree to extend the deadline for such payment for a period of 30 days from the date of final approval from the TSXV with an offsetting payment of $100,000 payable to Potash Green LLC.

Subsequent to November 30, 2012, we applied to the TSX Venture Exchange for approval to extend the expiry date of 20,833,204 common share purchase warrants issued on January 11, 2012 from January 11, 2013 to January 11, 2014. These warrants were issued as part of a private placement transaction and are exercisable into 20,833,204 shares of our common stock at a price of $0.20 per share. We received approval from the TSX Venture Exchange to the extension of the expiry date of such warrants on December 20, 2012.

On February 19, 2013, we issued an aggregate of 2,224,499 units (each a Unit) in a private placement at a price of CAD$0.18 per Unit for total gross proceeds to us of CAD$400,499.82. Each Unit consists of one common share and one-half of one five year warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of CAD$0.25. In connection with this private placement we paid total cash finder s fees of CAD$6,615 and issued warrants to purchase an aggregate of 9,527 shares of our common stock.

On February 19, 2013, we sold an aggregate of $5,305,540 of our convertible debentures due on February 19, 2014 with an interest rate of 15% per annum which shall accrue and be payable on the earlier of the maturity date or the date the entire principal amount of each debenture is converted. The principal amount of the debentures is convertible into shares of our common stock at the option of the holder, in whole or in part, at a price of $0.19 per share. The conversion price is subject to adjustment upon a reclassification or other changes in our outstanding common stock and certain distributions to all holders of our common stock. In addition, each holder of a debenture received a one-year warrant to purchase five shares of our common stock for each $1.00 of principal amount of debenture purchased at an exercise price of $0.19 per share. The debentures are secured by a first ranking floating charge security on all of our assets. In connection with this private placement, we paid total cash finder s fees of $73,957.8 and issued warrants to purchase an aggregate of 101,882 shares of our common stock.

On March 14, 2013, we sold an aggregate of $285,000 of our convertible debentures due on March 14, 2014 with an interest rate of 15% per annum which shall accrue and be payable on the earlier of the maturity date or the date the entire principal amount of each debenture is converted. The principal amount of the debentures is convertible into shares of our common stock at the option of the holder, in whole or in part, at a price of $0.19 per share until the maturity date. The conversion price is subject to adjustment upon a reclassification or other change in our outstanding common stock and certain distributions to all holders of our common stock. In addition, each holder of a debenture received a one-year warrant to purchase five shares of our common stock for each $1.00 of principal amount of debenture purchased at an exercise price of $0.19 per share. The debentures are secured by a first ranking floating charge security on all of our assets.

On April 4, 2013, we sold an aggregate of $200,000 of our convertible debentures due on April 4, 2014 with an interest rate of 15% per annum which shall accrue and be payable on the earlier of the maturity date or the date the entire principal amount of each debenture is converted. The principal amount of the debentures is convertible into shares of our common stock at the option of the holder, in whole or in part, at a price of $0.19 per share until the maturity date. The conversion price is subject to adjustment upon a reclassification or other change in our outstanding common stock and certain distributions to all holders of our common stock. In addition, each holder of a debenture received a one year warrant to purchase five shares of our common stock for each $1.00 of principal amount of debenture purchased at an exercise price of $0.19 per share. The debentures are secured by a first ranking floating charge security on all of our assets.

Outstanding share data

At November 30, 2012, we had 180,576,408 issued and outstanding common shares, 16,811,892 outstanding stock options at a weighted average exercise price of CAD$0.31 per share, and 41,097,632 outstanding warrants at a weighted average exercise price of CAD$0.27 per share.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management s estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements.

Stock based compensation and derivative liability

We use the Black-Scholes Option Pricing Model to calculate the fair value of stock based compensation and the fair value of the derivative liability (the derivative liability consist of the fair value of warrants issued in unit private placements for cash proceeds).

The Black-Scholes Option Pricing Model requires estimates of the following variables in calculating the fair value stock options and the fair value of the derivative liability: dividend yield, expected life, stock price volatility and risk free interest rate.

The estimation of the dividend yield, at this stage of our development, is not subject to significant uncertainty as it s not expected that we will commence paying dividends until we reach the production stage which is not in the near future.

The estimate of the expected life of the options and warrants impacts both the stock price volatility and the estimated risk free interest rate, as follows: the expected stock price volatility is calculated using historical volatility going back the numbers of months equal to the estimated expected life of the options and warrants and the risk free interest rate is derived from the yield curve of a zero coupon government bond for a period equal to the estimated expected life of the options and warrants.

Options and warrants, as a rule, are exercised when they are in the money (when our stock price is in excess of the option and warrant exercise price). There are various factors that influence our stock price that cannot be estimated reliably, including: the state of the capital markets and our resulting access to capital, the price of potash, the results of our exploration work and the economic feasibility of our potash properties.

The estimation of the expected life is very difficult to determine with accuracy. Any changes in the expected life of the warrants and options will have a significant and material impact on the stock based compensation expense, the change in derivative liability on the statement of operations and the derivative liability on the balance sheet year- end balance.

Recent Accounting Pronouncements

We have reviewed recently issued accounting pronouncements and we plan to adopt those that are applicable to us. We do not expect the adoption of these pronouncements to have a material impact on our financial position, results of operations or cash flows.

Financial instruments and other risks

We are exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Our primary exposure to credit risk is on our cash and cash equivalents. As most of our cash and cash equivalents are held by the same bank there is a concentration of credit risk. This risk is managed by using a major Canadian banks that are high credit quality financial institutions as determined by rating agencies. Our secondary exposure to risk is on our other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. Our objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet our liquidity requirements at any point in time. We achieve this by maintaining sufficient cash and cash equivalents and raising capital through debt and/or equity financing.

Historically, our sole source of funding has been the issuance of equity securities for cash, primarily through private placements. Our access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign exchange risk is the risk that we will be subject to foreign currency fluctuations in satisfying obligations related to our foreign activities. We operate primarily in Canada and the United States and are consequently exposed to foreign exchange risk arising from transactions denominated in foreign currency. Fluctuations in foreign currency exchange rates may affect our results of operations. We manage foreign exchange risk by closely monitoring relevant exchange rates and when possible, execute currency exchange transactions at times when exchange rates are most advantageous for us. We do not use hedging to manage its foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on our cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

GLOSSARY OF SELECTED MINING TERMS

The following is a glossary of selected mining terms used in this prospectus that may be technical in nature:

Potash: A generic term for potassium salts (primarily potassium chloride, but also potassium nitrate, potassium sulfate and sulfate of potash magnesia, or langbeinite) used predominantly and widely as a fertilizer in agricultural markets worldwide. Unless otherwise indicated or inferred by context, references to "potash" refer to muriate of potash.

Potassium Chloride or KCl: (muriate of potash/sylvite): a metal halide salt composed of potassium and chlorine, varying in color from white to red depending on the mining and recovery process used. The majority of potassium chloride produced is used for making fertilizer.

Potassium Oxide or K_2O: a standard generally used to indicate and report ore grade.

Tonne: (also referred to as a metric ton) a measurement of mass equal to 1000 kg or 2,204.6 pounds.

Exploration stage: a U.S. Security and Exchange Commission descriptive category applicable to public mining companies engaged in the search for mineral deposits and ore reserves and which are not either in the mineral development or the ore production stage

Grade: The concentration of each ore metal in a rock sample, usually given as weight per volume. Where extremely low concentrations are involved, the concentration may be given in grams per ton (g/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

BUSINESS

As used in this prospectus, all references to the Company, we, our and us refer to Passport Potash Inc. a unless otherwise specified, its subsidiary.

General

We were incorporated on July 31, 1987 under the laws of Québec, Canada under the name Bakertalc Inc. On January 21, 1994, we changed our name to Palace Explorations Inc. On November 11, 1996, we changed our name to X-Chequer Resources Inc. On September 29, 2004, we changed our name to International X-Chequer Resources Inc. On October 18, 2007, we changed our name to Passport Metals Inc. On November 10, 2009, we changed our name to Passport Potash Inc. Effective April 26, 2011, we continued our governing corporate jurisdiction from the Province of Québec to the Province of British Columbia under the name Passport Potash Inc.

Effective September 29, 2004, we effected a share consolidation (reverse stock split) of our issued and outstanding shares of common stock on a basis of twelve (12) old shares for one (1) new share.

Effective October 18, 2007, we effected a forward stock split of our issued and outstanding shares of common stock on a basis of one (1) old share for three (3) new shares.

We are a reporting issuer in the Canadian Provinces of British Columbia, Alberta, Ontario and Québec and our common stock is listed for trading on the TSX Venture Exchange under the trading symbol PPI . Our common stock is also quoted on the OTCQX under the symbol PPRTF.

Our head and principal office is located at 608 - 1199 West Pender Street, Vancouver, British Columbia, Canada, V6E 2R1. Our registered and records office is located at 1500 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

We are an exploration stage company engaged in the acquisition, exploration and development of mineral resource properties. We currently have an interest in or have the right to earn an interest in six properties, Southwest Exploration Property, Twin Buttes Ranch, Sweetwater/American Potash, Mesa Uranium, Ringbolt Property and Fitzgerald Ranch (the Holbrook Basin properties), which are all located in Arizona. We have not established any proven or probable reserves on our mineral property interests and we are not in actual development or production of any mineral deposit at this time. There is no assurance that a commercially viable mineral deposit exists on any of our property interests. Further exploration will be required before a final evaluation as to the economic and legal feasibility is determined with respect to our mineral property interests.

Our principal property is our Holbrook Basin potash project comprised of exploration permits and claims, some of which we hold directly and others which are subject to option, a lease over with an option to purchase the Twin Buttes Ranch property, and a purchase agreement for the Fitzgerald Ranch property. Our interest in our Holbrook Basin project is comprised of 53 Arizona State Land Department (ASLD) exploration permits, the Twin Buttes Ranch lease and option, the purchase agreement for the Fitzgerald Ranch property, and the option to purchase the Ringbolt exploration permits (an additional 25 ASLD permits).

We have acquired a strategic position in the Holbrook Basin with land holdings encompassing over 122,000 acres. The infrastructure in the Holbrook Basin provides a strategic advantage for us, with immediate access to Burlington Northern Santa Fe Railway (the BNSF) rail lines, Interstate 40 and a major power plant within 25 miles of the project. Our 30-hole drill program combined with historic records show that the potash deposits in the Holbrook Basin are relatively shallow by industry standards, with deposits being found at depths between 800 and 1,300 feet, which is another major advantage for us.

Our independent auditors report accompanying our February 29, 2012 and February 28, 2011 financial statements contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. Our financial statements have been prepared assuming that we will continue as a going concern, which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business.

Loss of Foreign Private Issuer Status under U.S. Securities Laws

Based on our analysis of the number of our shares held by persons resident in the U.S. as well as the majority of our assets being in the U.S., we do not meet the definition of a foreign private issuer under U.S. securities laws. As a result, we are subject to U.S. securities laws as applicable to a U.S. domestic company. The loss of foreign private issuer status may lead to significantly higher regulatory and compliance costs to us under U.S. securities laws. We are required to file periodic reports and registration statements on U.S. domestic issuer forms with the U.S. Securities and Exchange Commission, which are more detailed and extensive than the forms available to a foreign private issuer. We also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

Inter-corporate Relationships

The chart below illustrates our corporate structure, including our subsidiaries, the jurisdictions of incorporation, and the percentage of voting securities held.

Business Overview and History

Southwest Option Agreement

On September 30, 2008, we entered into a mineral property option agreement (the Southwest Option Agreement) with Southwest Exploration Inc. (Southwest) to acquire an undivided 100% interest in 13 ASLD exploration permits comprising 8,413.3 acres (3,404.76 ha) of mineral exploration property located in Navajo County, in the Holbrook Basin, Arizona. Under the terms of the Southwest Option Agreement, any after acquired permits within the area of common interest may be made part of the property. Pursuant to this clause, 32 additional ASLD exploration permits were made part of the property for a total of 45 ASLD exploration permits.

Under the terms of the Southwest Option Agreement, as amended, we acquired the option to purchase a 100% interest in the Southwest mining claims, subject to a 1% net smelter royalty (NSR) retained by Southwest, in exchange for the following considerations:

(a) $100,000 (paid) on execution of the agreement;
(b) 1,000,000 options (issued) upon receipt of TSX-V approval of the agreement;
(c) $125,000 from 90 days following issuance of a drilling permit from the ASLD. This permit was received on June 11, 2009 and $125,000 was paid July 23, 2009;
(d) 250,000 shares on April 1, 2009 (issued);
(e) 2,681,000 shares on October 1, 2009 (issued);
(f) 5,000,000 shares on November 1, 2010 (issued);
(g) $350,000 from six months following TSX-V approval of the issuance of 5,000,000 shares (paid);
(h) Funding of $200,000 in exploration expenditures pursuant to the completion of a geological report (completed);
(i) 250,000 shares upon completion of a geological report after drilling (issued); and
(j) Southwest shall retain a 1% NSR (purchased by us).

If and when the option is exercised, the 100% right, title, and interest in and to the property will vest in us free and clear of all charges, encumbrances and claims, except for the NSR.

Currently, we have a blanket bond with the ASLD in the amount of $15,000 for the ASLD exploration permits. In addition, we also have a bond with the Arizona Oil and Gas Conservation Commission in the amount of $55,000 for drilling permits.

We entered into an amendment to the Southwest Option Agreement, dated September 18, 2009, whereby the parties agreed to settle the October 1, 2009 scheduled cash payment of $225,000 with the issuance of 2,681,000 shares of our common stock.

We entered into a second amendment to the Southwest Option Agreement, dated April 1, 2010, whereby the parties agreed to extend the due date for the payment of $250,000 to Southwest until October 1, 2010. As we had not satisfied this payment obligation by October 1, 2010, we issued 5,000,000 shares of our common stock to Southwest on November 8, 2010 in full satisfaction of the outstanding payment.

We completed the exercise of our option to purchase the 100% interest in the Southwest claims and the purchase of the 1% NSR in an agreement dated February 13, 2012. The Southwest permits are held by PPI Holding Corporation, our wholly owned Arizona subsidiary.

Twin Buttes Ranch Lease and Option Agreement

On August 28, 2009, we entered into a four-year lease with an option to purchase (the Lease & Option Agreement) with Twin Buttes Ranch, LLC respecting the Twin Buttes Ranch located in the potash-bearing Holbrook Basin of east-central Arizona. The Twin Buttes Ranch comprises some 28,526 acres (11,544 hectares) of private deeded land with 76.7% or approximately 21,894 acres (8,860 hectares) overlying the potash horizons within the Holbrook Basin.

Under the terms of the Lease & Option Agreement, we acquired the option to purchase a 100% undivided interest in the deeded land and sub-surface mineral rights comprising the Twin Buttes Ranch property by making lease payments totaling $500,000 over a four year period and, upon exercising our option to purchase, by paying $20,000,000 for the entire Twin Buttes Ranch including all sub-surface mineral rights except those pertaining to oil and gas, petrified wood and geothermal resources. There are no royalties associated with the sub-surface mineral rights.

On September 30, 2010, we amended the terms of the Lease & Option Agreement to provide for an extension of a portion of the initial cash payment until December 1, 2010.

Details of the payments under the Lease & Option Agreement are as follows:

(a) A payment of $50,000 and $10,000 legal costs on or before November 26, 2009 (paid);
(b) A payment of $25,000 on September 17, 2010 (paid);
(c) A payment of $75,000 on December 1, 2010 (paid);
(d) A payment of $150,000 on August 28, 2011 (paid);
(e) A payment of $200,000 on August 28, 2012 (paid); and
(f) Upon exercising its option to purchase the entire Twin Butte Ranch, we must deliver a certified check in the amount of $1,000,000 on or before 5pm (Arizona time), August 28, 2013 (the option expiry date), followed by a payment of $19,000,000 within thirty days.

The Lease & Option Agreement will expire on August 28, 2013, or such other time mutually agreed to in writing by the parties. All payments to date have been made and the option is in good standing.

Sweetwater and American Potash Option Agreement

On November 12, 2010, we entered into an option of Arizona exploration leases (the Sweetwater Option Agreement) with Sweetwater River Resources, LLC (Sweetwater) and American Potash, LLC (American Potash) to acquire the right, title and interest in five mineral exploration permits within the Holbrook Basin. The five permits consist of ASLD exploration permits that cover more than 3,200 acres.

Pursuant to the terms of the Sweetwater Option Agreement, we acquired the option to purchase a 100% interest in the exploration permits for the consideration of: (i) issuing 500,000 shares of our common stock by December 15, 2010; (ii) cash payment of CAD$90,000 payable in three installments of CAD$30,000 each at 12 months, 18 months and 24 months from the date of signing the Sweetwater Option Agreement; and (iii) meeting the exploration expenditures as required by the ASLD. We are responsible for payment of all exploration expenditures on the permits. Pursuant to the Sweetwater Option Agreement, the property was subject to a 2% NSR in favor of American Potash which we had the option to purchase at a price of $150,000 for 1% or $300,000 for the full 2%.

On March 27, 2012, we completed the exercise of the option under the Sweetwater Option Agreement and the repurchase of the 2% NSR in respect of the Sweetwater exploration permits. The permits are held by PPI Holding Corporation, our wholly owned subsidiary.

Mesa Option Agreement

On August 31, 2010, we entered into a mineral property option agreement (the Mesa Option Agreement) with Mesa Uranium Corp. (Mesa) in respect of three ASLD exploration permits covering approximately 1,950 acres, which are wholly owned by Mesa. Pursuant to the terms of the agreement, we had the right to acquire a 75% interest in the Mesa permits in consideration for the issuance of 500,000 shares of our common stock to Mesa, the payment of $20,000 cash to Mesa and meeting the minimum exploration expenditures as required by the ASLD. Upon earning a 75% interest in the permits, we had the right to acquire the remaining 25% interest in the Mesa permits by paying $100,000 in cash, stock equivalent or work expenditures. Under the terms of the agreement, we are responsible for payment of all exploration expenditures on the leases. The property was subject to a 2% NSR which we had the option to purchase at a price of $150,000 for 1% or $300,000 for the full 2%.

On February 13, 2012, we exercised our option to acquire a 75% interest in the Mesa permits. On March 9, 2012, we exercised our option to acquire the remaining 25% interest in the Mesa properties under the Mesa Option Agreement and to acquire the 2% NSR on those properties thereby acquiring a royalty-free, 100% interest in the Mesa properties. The permits are held by PPI Holding Corporation, our wholly owned subsidiary.

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Ringbolt Option Agreement

On March 28, 2011, we entered into an option agreement (the Ringbolt Option Agreement) with North American Potash Developments Inc., formerly Ringbolt Ventures Ltd., Potash Green, LLC, Wendy Walker Tibbetts and Joseph J. Hansen (collectively, the "Optionor") pursuant to which we acquired the option to purchase a 100% interest in the Ringbolt potash property located in the Holbrook Basin of southeast Arizona. The Ringbolt property is comprised of 15,994.32 acres of mineral exploration permits on land managed by the ASLD.

Pursuant to the terms of agreement, we may acquire a 90% interest in the property by: (i) making cash payments totaling $1.0 million ($50,000 upon execution of the agreement, $250,000 upon TSX Venture Exchange approval, $350,000 on or before the first anniversary of TSX Venture Exchange approval, and $350,000 on or before the second anniversary of TSX Venture Exchange approval), (ii) incurring a total of $2.25 million in exploration expenditures on the property over three years ($500,000 within 1 year of TSX Venture Exchange approval, $750,000 within 1 year of the first anniversary of TSX Venture Exchange approval, and $1,000,000 within 1 year of the second anniversary of TSX Venture Exchange approval), and (iii) issuing four million shares of common stock over a three-year period (1,000,000 shares upon TSX Venture Exchange approval, 1,400,000 shares on or before the first anniversary of TSX Venture Exchange approval, and 1,600,000 shares on or before the second anniversary of TSX Venture Exchange approval). Upon satisfaction of these terms, we will have the right to purchase the remaining 10% interest for a cash payment of $5 million, which shall remain exercisable until the Ringbolt property goes into commercial production (defined as the sale of any mineral products from the property). In addition, pursuant to the Ringbolt Option Agreement, the Ringbolt property will be subject to a 1% gross overriding royalty on production from the property.

On October 30, 2012, as part of a settlement agreement between us and the Optionor, we entered into an amendment agreement to the Ringbolt Option Agreement pursuant to which we will pay to the Optionor a total of $3,850,000, $150,000 of which was paid upon execution of the amendment agreement, $2,450,000 will be paid upon TSX Ventures Exchange approval of the amendment agreement, and the remaining $1,250,000 on or before October 31, 2014. In addition, upon TSX Venture Exchange approval of the amendment agreement, we will issue 750,000 shares of common stock to the Optionor and the Optionor will assign to us all of its right, title and interest in and to the property and will take all necessary action with the ASLD to effect such assignment. The cash payment of $2,450,000 and 750,000 shares of our common stock will be placed into escrow and will be released to the Optionor upon receipt of confirmation of the assignment of the property to us from the ASLD. There will be no royalty attached to the transferred mineral exploration permits.

Should we sell or in any way transfer our interest in the property, the Optionor will receive 20% of the gross consideration in excess of $30 million to a maximum of $2,000,000 if the aggregate consideration received for the transfer of the interest in the property is greater than $30 million and less than $40 million; or $2,000,000 plus 10% of the gross consideration in excess of $40 million to a maximum of $1,000,000 if the aggregate consideration is greater than $40 million and less than $50 million; or $3,000,000 plus 20% of the gross consideration in excess of $50 million if the aggregate consideration is greater than $50 million.

If we sell or transfer less than a 100% interest in the property, then the aforementioned bonus payments shall be ratably reduced by multiplying the bonus payment by the percentage of interest subject to the transfer transaction. The sale or transfer of the remainder of the interest in the property held by us will continue to be subject to the aforementioned bonus payment provisions.

On December 8, 2012, we entered into a second amendment agreement with the Optionor to amend the amendment agreement to extend the deadline to make the cash payment of $2,450,000 following TSX Venture Exchange approval for a period of 30 days from the date of final approval with a payment of $100,000 to Potash Green, LLC, which payment will be deducted from the aggregate payment owed.

As of the date of this prospectus, we have not received the approval from the TSX Venture Exchange and the deadline to make the payment of $2,450,000 has been extended for a period of 30 days upon our payment of $100,000.

Cooperative Agreement and Joint Exploration Agreement with Hopi Tribe

Portions of our Holbrook Basin potash project in Arizona are located adjacent to land privately owned by the Hopi Tribe, a federally recognized Indian Tribe. On March 8, 2011, we finalized a cooperative agreement with the Hopi Tribe which establishes a cooperative arrangement between us and the Hopi Tribe and gives us access across the privately owned Hopi lands to conduct exploration activities while allowing the Hopi Tribe to share in our study results.

In November 2012, we and the Hopi Tribe entered into a joint exploration agreement pursuant to which the parties agree to explore the Hopi land sections (the Hopi Property) which are checker-boarded with our southern landholdings in accordance with an exploration program, which shall consist of a two-phase drilling campaign. The first phase of the exploration program will include 8 drill sites and will cover a 25,000 acre swath of the contiguous land sections in the DoBell ranch area of the Holbrook Basin. The second phase of drilling, which will be designed by ERCOSPLAN guided from the results from phase one, will include up to 10 additional drill sites. We will be responsible for all costs, charges and expenses incurred in connection with the exploration program. Pursuant to the joint exploration agreement, the Hopi Tribe grants us a limited license during the term of the joint exploration agreement to (a) enter and cross existing ranch roads on Hopi Property for ingress and egress purposes related to the exploration program, (b) blade new roads to drill sites on the Hopi Property designated by ERCOSPLAN, (c) drill exploratory holes on the Hopi Property at drill sites designated by ERCOSPLAN, (d) lay cables across the Hopi Property for purposes of seismic studies that are part of the exploration program, (e) drive a vibrator truck along seismic lines, and (f) blade existing ranch roads on the Hopi Property.

Except as otherwise expressly set forth in the joint exploration agreement, the parties shall each separately have the right to possess and use all exploration program results for any purpose. However, no exploration program results shall be shared with venture partners or prospective venture partners by the Hopi Tribe other than us or persons approved in writing by us in our discretion prior to the earlier of expiration or termination of one or more of our mineral exploration permits from the ASLD pertaining to our property, or October 15, 2014.

Fitzgerald Ranch Living Trust Property Purchase Agreement

On May 14, 2012, we entered into a purchase agreement with co-trustees of the Fitzgerald Living Trust (Fitzgerald Living Trust) to acquire real estate covering a total of 41,000 contiguous acres of royalty-free private land (the Fitzgerald Ranch) located near Holbrook and adjacent to our Twin Butte Ranch holdings in the Holbrook Basin in exchange for a total purchase price of $15,000,000 on the following material terms: (i) $250,000 to be irrevocably released to Fitzgerald Living Trust upon execution of the agreement; (ii) an additional $250,000 to be placed into escrow and irrevocably released to Fitzgerald Living Trust on July 1, 2012; (iii) during the term of the agreement, we have the right to perform exploration activities on the property; (iv) a payment of $14,500,000 at closing to take place on December 18, 2012; and (v) the final purchase is subject to TSX Venture Exchange approval.

A provision of the agreement grants us the right to perform exploration activities on the property. We have added 8 additional drill holes to our 2012 drill program which will be drilled on the Fitzgerald Ranch. We have drilled 5 holes on the Fitzgerald Ranch as part of the drill program.

On November 8, 2012, we entered into an amendment agreement to the original property purchase agreement. In accordance with the amendment agreement, in addition to our payment of an aggregate of $500,000 made by July 1, 2012, payments of $500,000 and $4,000,000 were to be made to Fitzgerald Living Trust upon execution of the amendment agreement and on December 18, 2012, respectively, which payments have yet been made. Additionally, a payment of $5,000,000 will be irrevocably paid to Fitzgerald Living Trust on June 30, 2013 and the balance of $5,000,000 will be paid at the time of closing of the sale which will take place on December 18, 2013.

We also agreed to reimburse Fitzgerald Living Trust for any increase in taxes to it which are attributable to closing this sale in 2013 rather than 2012 and to make this reimbursement within 120 days from the date Fitzgerald Living Trust provides documentation to us of the increased tax amount.

The amendment agreement is subject to TSX Venture Exchange approval.

Joint Exploration Agreement with HNZ Potash, LLC

On July 27, 2012, we entered into a joint exploration agreement with HNZ Potash, LLC (HNZ) to jointly explore and potentially develop twenty-one permitted parcels in which we hold ASLD exploration permits and which are located on the southernmost area of our landholdings. The property is within HNZ s private landholdings and has not been previously explored by us. Under the terms of the HNZ joint exploration agreement, HNZ has agreed to pay us 50% of certain costs previously incurred by us with respect to the property, and we will assign a 50% interest in the property to HNZ.

The purposes of the HNZ joint exploration agreement are to: (i) conduct exploration and to evaluate the potential for development and mining of the property; (ii) to acquire interests within the lands owned by the Hopi Tribe commonly referred to as the Dobell Ranch lands as more particularly described in the agreement; (iii) if justified by the exploration activities, the parties upon mutual agreement will form an entity to seek a mining lease to jointly engage in development and mining of the property; (iv) to complete and satisfy all environmental compliance obligations and continuing obligations affecting the property; and (v) to perform any other activity necessary, appropriate, or incidental to any of the foregoing. During the term of the agreement, the parties will equally share the costs for maintaining the property in good standing with the ASLD. The parties may, either alone or jointly, conduct exploration of any or all of the property pursuant to one or more plans of exploration.

The term of the HNZ joint exploration agreement is for five years, subject to renewal. If the parties jointly apply for a mineral lease or mineral leases on any portion of the property, the agreement shall be automatically extended to the date a final determination is issued by the ASLD regarding the last mineral lease application.

Business Operations

Corporate Summary

Our principal property is our Holbrook Basin potash project comprised of exploration permits and claims, some of which we hold directly and others which are subject to option, a lease over with an option to purchase the Twin Buttes Ranch property, and a purchase agreement for the Fitzgerald Ranch property. Our interest in our Holbrook Basin project is comprised of 53 ASLD exploration permits, the Twin Buttes Ranch lease and option, the purchase agreement for the Fitzgerald Ranch property, and the option to purchase the Ringbolt exploration permits (an additional 25 ASLD permits).

We have acquired a strategic position in the Holbrook Basin with land holdings encompassing over 122,000 acres. The infrastructure in the Holbrook Basin provides a strategic advantage for us, with immediate access to BNSF rail lines, Interstate 40 and a major power plant within 25 miles of the project. Our 30-hole drill program combined with historic records show that the potash deposits in the Holbrook Basin are relatively shallow by industry standards, with deposits being found at depths between 800 and 1,300 feet, which is another major advantage for us.

Potash Industry Overview

Potash

Potash is used to describe a wide variety of compounds valued primarily for their potassium content, which is commonly measured in K_2O units. The most concentrated and commonly available form of potash is potassium chloride (KCl), also referred to as Muriate of Potash (MOP), which is between 60-62% K_2O by weight. Secondary forms of potash include sulfate of potash magnesia, also known as langbeinite (22% K_2O), potassium sulfate (50% K_2O) and potassium nitrate (44% K_2O).

Potash is primarily used as an agricultural fertilizer due to its high potassium content. Potassium, nitrogen and phosphate are the three primary nutrients essential for plant growth. A proper balance of these nutrients improves plant health and increases crop yields. Potash helps regulate plants physiological functions and improves plant durability, providing crops with protection from drought, disease, parasites and cold weather. Currently, no cost effective substitutes exist for these three nutrients. Less effective nutrient sources do exist, however, the relatively low nutrient content of these sources and cost of transportation reduce their attractiveness as a viable, economic alternative to potash.

Potash is primarily mined from underground mines and less frequently, from naturally occurring surface or sub-surface brines. It is mined through both conventional underground methods and surface or solution mining. Unlike nitrogen and phosphate, potash does not require additional chemical conversion to be used as a plant nutrient.

Domestically, approximately 85% of all potash produced is used as a fertilizer, most of it in the form of potassium chloride, according to the U.S. Geological Survey. The chemical industry consumes the remaining 15% of potash produced.

Demand for Potash

Potash demand depends primarily on the demand for fertilizer, which is based on the total planted acreage, crop mix, soil characteristics, fertilizer application rates, crop yields and farm income. Each of these factors is affected by current and projected grain stocks and prices, agricultural policies, improvements in agronomic efficiency, fertilizer application rates and weather. From 2000 to 2010, global consumption of potash as a fertilizer grew at a compound annual growth rate (CAGR) of 2.6% per year, from approximately 21.9million tonnes K_2O to approximately 28.3 million tonnes K_2O, according to Fertecon.

Source: Fertecon

While developed countries have traditionally been the largest consumers of potash, developing countries are the fastest growing markets for potash, including in the emerging and developing economies of India, China and Brazil. Over the next eight years, Fertecon estimates that potash fertilizer consumption will grow in India, China and Brazil at a CAGR of 8.8%, 4.8% and 3.7%, respectively. Population and income growth are two important drivers of potash demand.

According to the USGS Mineral Commodity Summaries (January 2012), approximately 15% of U.S. potash consumption is used in the production of potassium chemicals for industrial markets. Industrial applications for potassium chloride include the production of potassium hydroxide, which is used in the production of other potassium chemicals; the production of potassium carbonate, which is primarily used for specialty glasses for cathode-ray tubes and as a component in dry-chemical fire extinguishers; leavening agents; and as a pharmaceutical ingredient. Potassium chloride is also used in the oil and gas industry as a drilling fluid additive. Other industrial applications of potassium chloride include use as a flux in secondary aluminum processing, as a potassium supplement in animal feeds, and in ceramics, textiles and dyes. From 2000 to 2010, U.S. industrial consumption of potash grew at a CAGR of 1.3%, from 725 thousand tonnes to 825 thousand tonnes, according to Fertecon.

Only 12 countries produce nearly all of the world's supply, making much of the world dependent upon imports to satisfy their potash requirements. With its highly developed agricultural economy and limited domestic production capability, the U.S. is the second largest consumer of potash globally, representing 15.9% of total estimated consumption for 2010, as reported by Fertecon. According to Fertecon, in 2010, the U.S. was the largest importer of potash in the world, importing approximately 90% of its potash. The high level of potash consumption in the U.S. is in large part due to its extensive cultivation of commodity crops such as corn, wheat, cotton and soybeans.

Supply of Potash

The supply of potash is influenced by a broad range of factors including available capacity and achievable operating rates; mining, production and freight costs; government policies and global trade. According to Fertecon, in 2010, seven countries accounted for approximately 91% of the world's aggregate potash production. This scarcity has resulted in a high degree of concentration among the leading producers. Canada currently accounts for approximately 29% of global potash production. The next six largest producers, Russia, Belarus, China, Germany, Israel and Jordan, account for approximately 62% of global production. The U.S. produces approximately 17% of the potash it consumes. U.S. potash reserves are concentrated in the southwestern U.S and account for approximately 3.3% of world production. The leading global providers of potash are shown in the following chart:

Source: Fertecon

Based on demand growth expectations, and assuming normal effective capacity utilization rates and timely completion of all announced capacity expansions, Fertecon projects the global potash market to grow from 34.6 million tonnes of K_2O total sales in 2010 to 46.6 million tonnes in 2020.

Competitive Business Conditions

We compete with numerous other companies and individuals in the search for and acquisition or control of attractive mineral properties. Our ability to acquire further properties will depend not only on our ability to operate and develop our properties but also on our ability to select and acquire suitable properties or prospects for exploration or development.

In regards to our plan to produce potash, there are a limited number of potash producers presently. If we are successful at becoming a producer of potash, our ability to be competitive with those producers will require that we establish a reliable supply of potash to the market.

Regulation

The exploration and development of a mining prospect is subject to regulation by a number of federal and state government authorities. These include the United States Environmental Protection Agency and the Bureau of Land Management (BLM) as well as the various state environmental protection agencies. The regulations address many environmental issues relating to air, soil and water contamination and apply to many mining related activities including exploration, mine construction, mineral extraction, ore milling, water use, waste disposal and use of toxic substances. In addition, we are subject to regulations relating to labor standards, occupational health and safety, mine safety, general land use, export of minerals and taxation. Many of the regulations require permits or licenses to be obtained and the filing of Notices of Intent and Plans of Operations, the absence of which or inability to obtain will adversely affect the ability for us to conduct our exploration, development and operation activities. The failure to comply with the regulations and terms of permits and licenses may result in fines or other penalties or in revocation of a permit or license or loss of a prospect.

If we are successful in the future at discovering a commercially viable mineral deposit on our property interests, then if and when we commence any mineral production, we will also need to comply with laws that regulate or propose to regulate our mining activities, including the management and handling of raw materials, disposal, storage and management of hazardous and solid waste, the safety of our employees and post-mining land reclamation.

We cannot predict the impact of new or changed laws, regulations or permitting requirements, or changes in the ways that such laws, regulations or permitting requirements are enforced, interpreted or administered. Health, safety and environmental laws and regulations are complex, are subject to change and have become more stringent over time. It is possible that greater than anticipated health, safety and environmental capital expenditures or reclamation and closure expenditures will be required in the future. We expect continued government and public emphasis on environmental issues will result in increased future investments for environmental controls at our operations.

The Minerals Section of the ASLD is responsible for mining/mineral activities on Arizona State Trust land. Exploration permits and mining leases are governed by: Arizona Revised Statutes Title 27, Minerals, Oil and Gas; Title 37 Public Lands; Title 41 State Government; and Arizona Administrative Code Title 12 Natural Resources, Chapter 5. In order to explore for minerals on Arizona State Trust lands we are required to comply with the following:

- A non-refundable filing fee of $500.00 is required for each application.
- An environmental disclosure questionnaire must accompany each application.
- A maximum 640 acres or 1 whole section is permitted per application.
- An exploration permit is valid for one (1) year, renewable up to five (5) years.
- Lease boundaries, access routes, mine workings, roads, water sources, residences, utilities, etc. must be plotted separately on a USGS Topographic Map included with the application.
- The application must be signed by the applicant(s) or an authorized agent. If an agent is filing for the applicant, a notarized Power of Attorney must be filled with the Department. The filing fee for a Power of Attorney is $50.00.

The processing of an exploration permit takes a minimum of sixty (60) days.
The Application is reviewed by the ASLD Minerals Section and if necessary, other ASLD divisions, outside agencies and any interested parties.
Rent is $2.00 per acre for first year which includes the second year and $1.00 per acre per year for years three through five.
An exploration plan of operation must be submitted annually and approved by the ASLD prior to startup of exploration activities.
If any surface disturbance is planned as part of the exploration activities, Archaeological and Biological surveys as well as any other applicable permits must be submitted for ASLD review (three (3) copies of each and an electronic copy in pdf format).
A bond is established based on the proposed exploration activities. Typically a $3,000.00 bond is required for a single permit or a blanket bond of $15,000.00 for five or more permits held by an individual or company.
Minimum work expenditure requirements are:

$10 per acre per year for years 1-2;
$20 per acre per year for years 3-5; and
Proof of work expenditures must be submitted to the ASLD Minerals Section each year in the form of invoice and paid receipts. If no work was completed on-site, the applicant can pay the equal amount to the department.

An exploration permit is <u>not</u> a right to mine.

If discovery of a valuable mineral deposit is made, the permitee must apply for a mineral lease before actual mining activities can begin.

Prospecting on Federal lands is administered by the Bureau of Land Management (BLM). Prospecting Permits are covered by the Public Domain Mineral Leasing Act of 1920, as amended (30 U.S.C. 181 et seq.), the Acquired Lands Mineral Leasing Act of 1947, as amended (30 U.S.C. 351-359), and the Federal Land Policy Management Act of 1976 (FLPMA), (43 U.S.C. 1701 et seq.) which authorizes the management and use of the public lands. The regulations governing these minerals are found in the 43 CFR 3500 regulations.

We have applied for prospecting permits with the BLM but have not yet been granted permission to begin exploration activities. The permits are still in process.

<u>Employees</u>

As at April 11, 2013, we do not have any employees, however, we have 10 individuals working on a consulting basis. Our operations are managed by our officers with input from our directors. We engage geological and engineering consultants from time to time as required to assist in evaluating our property interests and recommending and conducting work programs.

PROPERTIES

We lease our principal office space located at 608 - 1199 West Pender Street, Vancouver, British Columbia, Canada, V6E 2R1. This office space is for the conduct of our business operations and costs us approximately $1,500 in rent per month.

Description of Mineral Properties

<u>Holbrook Basin</u>

Our principal asset is the Holbrook Basin property, a potash exploration project located in the Holbrook Basin of east-central Arizona (the Holbrook Basin Project). The project is comprised of 78 Arizona State Land Development (ASLD) exploration permits, full or partial interests in 132 private land sections and 4 prospecting permits on federal land managed by the BLM, which are all located within the Holbrook Basin.

Location, Access and Infrastructure

Our Holbrook Basin Project is situated in the Holbrook Basin of east-central Arizona, which spans Coconino, Navajo and Apache Counties. The Holbrook Basin Project is located approximately 13 kilometers (8 miles) southeast of the town of Holbrook in the County of Navajo, Arizona. The town of Holbrook provides capacity for personnel, supplies, equipment and accommodation. The I-40 to the north of the project area is a major west-east interstate highway and intersects with eight north-south interstate highways. Therefore, there is full service truck transport and support system throughout the southwest U.S. by way of outré I-40. The U.S. Routes 77 and 180 run from I-40 into the project area. The project is also accessible by way of a number of unpaved roads which cut through the project area. The entire area is accessible off-road by four-wheel drive vehicles.

The Burlington Northern Santa Fe Railway (the BNSF) mainline is located to the north of the project area. This dual track is a main rail track for heavy duty service. The BNSF is part of the southwest system and runs through Fort Worth, Texas, BNSF headquarters, to the west through New Mexico, Arizona and into California. The ports of Stockton, Long Beach and the Mexican ports of Guymas and Topolabampo are easily accessible and suitable for international shipping.

A coal-fired power station, the Cholla Plant, which is located just west of Holbrook near Joseph City, provides electricity to the area. Water for drilling can also be obtained from range tanks, wells, and the Little Colorado River. The project area is covered by an electrical distribution network and a gas supply system.

We currently hold lands with an aggregate area of 122,879.08 acres within the Holbrook Basin. The landholdings are located within Township 15 to 19 North, Range 21 to 26 East, along the Gila and Salt River Meridian and Base Line. The figure below illustrates the location of our Holbrook Basin Project.

Figure 1: Location of the Holbrook Basin Project.

Property Titles

The Holbrook Basin Project consists of full/partial interests in 132 sections of private land covering a total of 70,098.19 acres, 78 ASLD exploration permits covering an area of 45,726.33 acres and 16 prospecting permits on federal land managed by the BLM covering a total of 122,879.08 acres all within the Holbrook Basin. Our ownership interest in each of the properties and exploration permits comprising the Holbrook Basin Project are described above under *Business Business Overview and History*.

<u>*Private Land*</u>

Through a four-year lease purchase agreement with Twin Buttes Ranch, LLC, we control five parcels of private land totaling 28,534.06 acres in Navajo County. The lease ends on August 28, 2013.

Through a purchase agreement and an amendment agreement with the Fitzgerald Living Trust we control 41,564.13 acres of private land in Navajo County.

Bureau of Land Management

We have submitted four prospecting permit applications with the Bureau of Land Management on federal land totaling 7,054.56 acres through the Southwest Option Agreement with Southwest Exploration, Inc., dated September 30, 2008. The land is administered by the Bureau of Land Management and our prospecting permit applications are currently being reviewed.

Arizona State Trust Land

As a Canadian corporation, we are unable to hold any ASLD exploration permits on our own behalf. Therefore, we formed a wholly owned subsidiary, PPI Holding Corp., an Arizona corporation, to hold all exploration permits. The ASLD permits, which we acquired through lease options with Southwest Exploration, Inc., Mesa Uranium Corp. and Sweetwater River Resources, LLC/American Potash, LLC, were acquired contractually by PPI Holding Corp. An option agreement with Ringbolt Ventures Ltd., Potash Green, LLC, and others was made to acquire another 25 mineral exploration permits on State Trust land. The nature of each agreement is listed above in *Business Overview and History*. All ASLD fees and work expenditure requirements are current with respect to the 78 permits. We can apply for and acquire state leases on that acreage once a potential resource has been sufficiently demonstrated.

Figure 2: Location map   Holbrook Basin Project landholdings

Permits

Permits necessary to carry out exploration on private, ASLD and federal lands in Arizona are as follows:

The Arizona Oil & Gas Conservation Commission is responsible for granting the permits necessary for drilling on private, State and federal lands in the Holbrook Basin, Arizona. Furthermore, a Surface Use Plan and the posting of a bond ($25,000) are required before starting any drilling activities.

A mineral exploration permit must be obtained from the ASLD in order to drill on State trust land. Requirements to obtain this permit include:

- A non-refundable filing fee of $500
- An environmental disclosure questionnaire
- An exploration plan of operation
- A bond - $3,000 for a single permit; $15,000 for a blanket bond for five or more permits held by an individual company
- Annual rental fees, work expenditure requirements and an annual renewal fee of $500/permit.

If the permittee discovers a feasible mineral deposit, it will have to apply for a mineral lease prior to the start of any mining activities.

Permission to perform exploration drilling on federal lands has been granted by the BLM. Therefore, either a Notice of Intent (<5.0 acres/ 0.02 km² surface disturbance; obtainable within 30-60 days) or a plan of operations (>5.0 acres/ 0.02 km² surface disturbance) has to be submitted, depending on the amount of surface disturbance that is planned (43 CFR 3809.11 and 43 CFR 3809.21) . Depending on the nature of the intended work, the level of required reclamation bonding, the need for archeological surveys and other factors determined by the BLM, a plan of operations can take several months for approval.

Expiry Date of Permits

ASLD Exploration Permits

2013			2014			2015			2016		
	Permit #	Expiration Date		Permit #	Expiration Date		Permit #	Expiration Date		Permit #	Expiration Date
1	08-113251	10/15/13	22	08-113917	10/21/14	44	08-114982	10/20/15	74	08-115438	02/29/16
2	08-113252	10/15/13	23	08-113918	10/21/14	45	08-114983	10/20/15	75	08-115439	02/29/16
3	08-113254	10/15/13	24	08-113919	10/21/14	46	08-114984	10/20/15	76	08-115440	02/29/16
4	08-113255	10/15/13	25	08-113921	10/21/14	47	08-114985	10/20/15	77	08-115441	02/29/16
5	08-113256	10/15/13	26	08-113986	10/21/14	48	08-114986	10/20/15	78	08-115442	02/29/16
6	08-113257	10/15/13	27	08-113987	10/21/14	49	08-114987	10/20/15			
7	08-113258	10/15/13	28	08-113988	10/21/14	50	08-114988	10/20/15			
8		10/15/13	29		10/21/14	51		10/20/15			

	08- 113259			08- 113989			08- 114989				
9	08- 113260	10/15/13	30	08- 113990	10/21/14	52	08- 115078	12/22/15			
10	08- 113261	10/15/13	31	08- 113991	10/21/14	53	08- 115079	12/22/15			
11	08- 113262	10/15/13	32	08- 113992	10/21/14	54	08- 115080	12/22/15			
12	08- 113263	10/15/13	33	08- 113993	10/21/14	55	08- 115081	12/22/15			
13	08- 113264	10/15/13	34	08- 113994	10/21/14	56	08- 115087	12/29/15			
14	08- 113270	10/15/13	35	08- 113995	10/21/14	57	08- 115088	12/29/15			
15	08- 113273	10/15/13	36	08- 113996	10/21/14	58	08- 114065	05/12/15			

16	08- 113274	10/15/13	37	08- 114252	11/12/14	59	08- 114067	05/12/15			
17	08- 113361	11/20/13	38	08- 114253	11/12/14	60	08- 114076	05/12/15			
18	08- 113362	11/20/13	39	08- 114254	11/12/14	61	08- 115089	12/29/15			
19	08- 113365	11/20/13	40	08- 114255	11/12/14	62	08- 115090	12/29/15			
20	08- 113366	11/20/13	41	08- 114256	11/12/14	63	08- 115091	12/29/15			
21	08- 113367	11/20/13	42	08- 114257	11/12/14	64	08- 115092	12/29/15			
			43	08- 114258	11/12/14	65	08- 115093	12/29/15			
						66	08- 115094	12/29/15			
						67	08- 115095	12/29/15			
						68	08- 115096	12/29/15			
						69	08- 115097	12/29/15			
						70	08- 115098	12/29/15			
						71	08- 115099	12/29/15			
						72	08- 115100	12/29/15			
						73	08- 115101	12/29/15			

BLM Prospecting Permits

BLM prospecting permits are effective for an initial term of two years and may be extended for an additional two year period. We have submitted four prospecting permit applications with the BLM but have not yet been granted permission to begin exploration activities as the applications are currently being reviewed.

Annual Payments and Work Requirements

ASLD Exploration Permits

ASLD exploration permit expenses are our responsibility and include renewal fees, rental fees and exploration expenditure requirements. The following table sets out the aforementioned fees and expenditures on the ASLD exploration permits to which we hold or to which we have an interest in or have the right to earn an interest:

Lessees	Permit #	Effective Date	Expiration Date	Renewal Date	Renewal Fee	Rental Fee Years 1-2 [total]	Rental Fee Years 3-5 [per year]	Exploration Requirement Years 1-2	Exploration Requirement Years 3-5
PPI Holding Corp/HNZ Potash	08-113361	11/21/08	11/20/13	11/20/11	$250.00	$640.00	$320.00	$3,200.00	$6,400.00
PPI Holding	08-113366	11/21/08	11/20/13	11/20/11	$250.00	$640.00	$320.00	$3,200.00	$6,400.00

Corp/HNZ Potash									
PPI Holding Corp/HNZ Potash	08-113367	11/21/08	11/20/13	11/20/11	$250.00	$640.00	$320.00	$3,200.00	$6,400.00
PPI Holding Corp/HNZ Potash	08-114982	10/21/10	10/20/15	10/20/11	$500.00	$480.00	$240.00	$2,400.00	$4,800.00
PPI Holding Corp/HNZ	08-114983	10/21/10	10/20/15	10/20/11	$500.00	$640.00	$320.00	$3,200.00	$6,400.00

Potash									
PPI Holding Corp/HNZ Potash	08-114984	10/21/10	10/20/15	10/20/11	$500.00	$640.00	$320.00	$3,200.00	$6,400.00
PPI Holding Corp/HNZ Potash	08-114985	10/21/10	10/20/15	10/20/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$6,400.00
PPI Holding Corp/HNZ Potash	08-114987	10/21/10	10/20/15	10/20/11	$ 500.00	$ 120.00	$ 60.00	$600.00	$1,200.00
PPI Holding Corp/HNZ Potash	08-114988	10/21/10	10/20/15	10/20/11	$ 500.00	$ 200.00	$ 100.00	$1,000.00	$2,000.00
PPI Holding Corp/HNZ Potash	08-115078	12/23/10	12/22/15	12/22/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ Potash	08-115079	12/23/10	12/22/15	12/22/11	$ 500.00	$ 686.22	$ 343.11	$3,431.10	$ 6,862.20
PPI Holding Corp/HNZ Potash	08-115080	12/23/10	12/22/15	12/22/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ Potash	08-115081	12/23/10	12/22/15	12/22/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ Potash	08-115094	12/30/10	12/29/15	12/29/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ Potash	08-115095	12/30/10	12/29/15	12/29/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ	08-115096	12/30/10	12/29/15	12/29/11	$ 500.00	$ 200.00	$ 100.00	$1,000.00	$ 2,000.00

Potash									
PPI Holding Corp/HNZ Potash	08-115097	12/30/10	12/29/15	12/29/11	$ 500.00	$ 320.00	$ 160.00	$1,600.00	$ 3,200.00
PPI Holding Corp/HNZ Potash	08-115098	12/30/10	12/29/15	12/29/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ Potash	08-115099	12/30/10	12/29/15	12/29/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp/HNZ Potash	08-115100	12/30/10	12/29/15	12/29/11	$ 500.00	$ 691.78	$ 345.89	$3,458.90	$ 6,917.80

PPI Holding Corp/HNZ Potash	08-115101	12/30/10	12/29/15	12/29/11	$ 500.00	$ 640.00	$ 320.00	$3,200.00	$ 6,400.00
PPI Holding Corp.	08-113251	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,454.06	$ 727.03	$7,270.30	$ 14,540.60
PPI Holding Corp.	08-113252	10/16/08	10/15/13	10/15/11	$ 500.00	$ 909.00	$ 454.50	$4,545.00	$ 9,090.00
PPI Holding Corp.	08-113254	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113255	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,450.68	$ 725.34	$7,253.40	$ 14,506.80
PPI Holding Corp.	08-113256	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113257	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113258	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113259	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113260	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113261	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,441.88	$ 720.94	$7,209.40	$ 14,418.80
PPI Holding Corp.	08-113262	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113263	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113264	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00

PPI Holding Corp.	08-113270	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,343.56	$ 671.78	$6,717.80	$ 13,435.60
PPI Holding Corp.	08-113273	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113274	10/16/08	10/15/13	10/15/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113362	11/21/08	11/20/13	11/20/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-113365	11/21/08	11/20/13	11/20/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00

PPI Holding Corp.	08-114986	10/21/10	10/20/15	10/20/11	$ 500.00	$ 525.86	$ 262.93	$2,629.30	$ 5,258.60
PPI Holding Corp.	08-114989	10/21/10	10/20/15	10/20/11	$ 500.00	$ 480.00	$ 240.00	$2,400.00	$ 4,800.00
PPI Holding Corp.	08-115087	12/30/10	12/29/15	12/29/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-115088	12/30/10	12/29/15	12/29/11	$ 500.00	$ 1,023.40	$ 511.70	$5,117.00	$ 10,234.00
PPI Holding Corp.	08-115089	12/30/10	12/29/15	12/29/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-115090	12/30/10	12/29/15	12/29/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-115091	12/30/10	12/29/15	12/29/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-115092	12/30/10	12/29/15	12/29/11	$ 500.00	$ 412.72	$ 206.36	$2,063.60	$ 4,127.20
PPI Holding Corp.	08-115093	12/30/10	12/29/15	12/29/11	$ 500.00	$ 320.00	$ 160.00	$1,600.00	$ 3,200.00
PPI Holding Corp.	08-115438	03/01/11	02/29/16	02/29/12	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-115439	03/01/11	02/29/16	02/29/12	$ 500.00	$ 879.58	$ 439.79	$4,397.90	$ 8,795.80
PPI Holding Corp.	08-115440	03/01/11	02/29/16	02/29/12	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
PPI Holding Corp.	08-115441	03/01/11	02/29/16	02/29/12	$ 500.00	$ 867.28	$ 433.64	$4,336.40	$ 8,672.80
PPI Holding Corp.	08-115442	03/01/11	02/29/16	02/29/12	$ 500.00	$ 960.00	$ 480.00	$4,800.00	$ 9,600.00
	08-113917	10/22/09	10/21/14	10/21/11	$ 500.00		$ 639.22	$6,392.20	

Potash Green LLC (RBV)						$ 1,278.44			$ 12,784.40
Potash Green LLC (RBV)	08-113918	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,283.20	$ 641.60	$6,416.00	$ 12,832.00
Potash Green LLC (RBV)	08-113919	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113921	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash									

Green LLC (RBV)	08-113986	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113987	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113988	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113989	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,267.16	$ 633.58	$6,335.80	$ 12,671.60
Potash Green LLC (RBV)	08-113990	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113991	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113992	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113993	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113994	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-113995	10/22/09	10/21/14	10/21/11	$ 500.00	$ 80.00	$ 40.00	$400.00	$ 800.00
Potash Green LLC (RBV)	08-113996	10/22/09	10/21/14	10/21/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green	08-114065	05/13/10	05/12/15	05/12/12	$ 500.00	$ 1,283.16	$ 641.58	$6,415.80	$ 12,831.60

LLC (RBV)									
Potash Green LLC (RBV)	08-114067	05/13/10	05/12/15	05/12/12	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-114076	05/13/10	05/12/15	05/12/12	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-114252	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,276.68	$ 638.34	$6,383.40	$ 12,766.80
Potash Green LLC (RBV)	08-114253	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-114254	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC	08-114255	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00

(RBV)									
Potash Green LLC (RBV)	08-114256	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-114257	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00
Potash Green LLC (RBV)	08-114258	11/13/09	11/12/14	11/12/11	$ 500.00	$ 1,280.00	$ 640.00	$6,400.00	$ 12,800.00

The ASLD permits that are subject to the Joint Exploration Agreement with HNZ Potash, LLC only indicate our 50% portion of the exploration expenditures.

The following table is a breakdown of the renewal fees, rental fees and exploration expenditure requirements on a yearly basis from 2008 to 2015 compared to the year in which the permits were effective:

Year	2008 Permits	2009 Permits	2010 Permits	2011 Permits	Total
2008	$172,975.08				$172,975.08
2009	$145,895.90	$172,672.88			$318,568.78
2010	$294,831.39	$145,727.40	$202,206.84		$642,765.63
2011	$294,831.39	$293,927.54	$171,005.70	$34,101.16	$793,865.79
2012	$294,831.39	$293,927.54	$342,611.97	$28,834.30	$960,205.20
2013		$293,927.54	$342,611.97	$57,802.03	$694,341.54
2014			$342,611.97	$57,802.03	$400,414.00
2015				$57,802.03	$57,802.03

BLM Permits

We will have expenses for the BLM prospecting permits, however, those expenses have not yet been determined by the BLM as the BLM has not yet granted us such permits to begin exploration.

Climate

The climate in the Holbrook Basin project area is semi-arid with high temperatures between 11 to 35°C (51 to 95°F) during summer and low temperatures in the winter ranging between -6 to 14°C (21 to 59°F). Temperatures in spring and fall vary between -3 and 30°C (28 to 86°F). The average annual precipitation is 224 mm (9 in) with maximum rates in July to October of 27 to 38 mm per month (1.1 to 1.5 inches per month). (U.S. DEPARTMENT OF

COMMERCE NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION NATIONAL ENVIRONMENTAL SATELLITE, DATA AND INFORMATION SERVICE (2004): Climatography of the United States, No. 20, 1971-2000, Station: HOLBROOK, AZ http://cdo.ncdc.noaa.gov/climatenormals/clim20/az/024089.pdf, last accessed on 03/18/2013.).

Physiography

The landscape is generally flat with minor low lying, rolling hills, supporting ranching, light industry and areas of historical mining. The vegetation in the range land is limited and consists of minor salt cedar and scrub grasses. In the valley bottoms, there is some hay production and there are numerous ranches scattered throughout the project area. The Little Colorado, a permanent stream, and the Puerco River, an intermittent stream, run through the area. These streams merge about three miles east of Holbrook and tend to generally produce fresh water, which is reported to be brackish to saline in the surrounding areas. The area between the rivers is characterized by generally low grassland ridges, broad drainage areas and ledge form buttes and mesas. South of the Little Colorado, a similar topography is present, but with considerable pinon and cedar cover. A regional aquifer is located within the Coconino Sandstone, which is called C-aquifer. Furthermore, the Moenkopi and Chinle Formations might contain undefined/unreported aquifers. South of the Holbrook Basin project area, there are extensive areas of sink holes reaching the land surface, which suggests major salt dissolution that likely contributes to the salinity of the water in the Coconino Sandstone. Ground level elevations across the project area range in average from 1,600 to 1,700 m (5,300 to 5,600 ft) Mean Sea Level.

Geology

The sedimentary Holbrook Basin is approximately 13,000 km² in size and is located in east-central Arizona at the southern margin of the Colorado Plateau Province. It is orientated approximately NE-SW and bounded by the Mogollon Rim to the southwest and the Defiance Uplift to the northeast.

The stratigraphic succession of the Holbrook Basin (see Table 1 and Figure 3 below) starts with the coarse-grained Cambrian Tapeats Sandstone (0-101 meters thick), which is overlain by the Devonian Martin Formation consisting of limestone and dolomitic limestone (0-91 meters thick). This unit is followed by the massive Mississipian Redwall Limestone (0-18 meters thick), which is occasionally overlain by interbedded shale and thin bedded limestone (Pennsylvanian Naco Formation, 0-152 meters thick).

Above that lies the Permian Supai Formation, which can be sub-divided into four members-equal five halite deposition cycles (WINTERS, S. (1963): Supai Formation (Permian) of Eastern Arizona. Geological Society of America Memoirs.):

- Amos Wash Member reddish brown siliciclastics,
- Big A Butte Member reddish brown siliciclastics intercalated with gypsum and limestone (Cycle 1),
- Fort Apache Member fossiliferous limestone (Cycle 1), and
- Corduroy Member similar to Big A Butte Member s lithology, but containing thick evaporite/halite horizons and hosting the potash deposit (Cycle 2 to 5; extension: approx. 160 km E-W and approx. 60 km N-S).

The overlying Coconino Sandstone represents the top of the Permian deposits. According to LORENZ & COOPER (LORENZ, J. C. & COOPER, S. P. (2001). Interpreting Fracture Patterns in Sandstones Interbedded with Ductile Strata at the Salt Valley Anticline, Arches National Park, Utah. Retrieved from All U.S Government Documents (Utah Regional Depository), http://digitalcommons.usu.edu/govdocs/9, last accessed on 05/03/2012), this unit shows regional fracturing and often causes drilling issues and circulation losses. The following Triassic formations contain the Moenkopi Sandstones and the overlying redbed and lacustrine Chinle Formation. The uppermost section of the geological succession consists of scattered outcrops of the Tertiary Bidahochi Formation with thin bedded limy shales, minor thin sandstone beds and interbedded ash-fall tuff deposits.

Table 1 Regional Stratigraphy of the Holbrook Basin and Approximate Horizon Thicknesses (according to PEIRCE, H.W. & GERRARD, T.A. (1961): Evaporite deposits of the Permian Holbrook Basin, Arizona. Second Symposium on Salt, Northern Ohio Geological Society, pp. 1-10; CARR, W.E. (1966): A review of potash exploration, Holbrook drilling project. Arkla Exploration Company, Internal Correspondence; and WINTERS, S. (1963): Supai Formation (Permian) of Eastern Arizona. Geological Society of America Memoirs).

Age	**Formation**	**Thickness**	
		ft	**m**
Tertiary	Bidahochi Formation	0-30	0-9
Triassic	Chinle Formation	0-725	0-221
	Moenkopi	0-230	0-70
Permian	Coconino Sandstone	370-401	94-122
	Supai Formation	1297-1574	395-480
Pennsylvanian	Naco Formation	0-500	0-152

Mississippian	Redwall Limestone	0-60	0-18
Devonian	Martin Formation	0-300	0-91
Cambrian	Tapeats Formation	330	101
Precambrian			

Figure 3 Simplified Cross-section through the Holbrook Basin (according to PEIRCE, H.W. & GERRARD, T.A. (1961): Evaporite deposits of the Permian Holbrook Basin, Arizona. Second Symposium on Salt, Northern Ohio Geological Society, pp. 1-10.).

Historical Work

The first salt was discovered in the Holbrook Basin in 1920 during petroleum exploration drilling near Holbrook (PEIRCE, W. (1981): Major Arizona Salt Deposits. Field Notes, 11(4), 4 p). Based on promising results from oil tests, potash exploration in the Holbrook basin was started in the 1960s and 1970s. Historical drilling was performed almost in the entire Holbrook basin, within and outside of our properties. The following table contains all historical drill holes which are located within our properties (Coordinates in WGS 84 UTM Zone 12N):

Hole_ID	Old_ID	Operator	Northing	Easting	Elev_ft	Elev_m	TD_ft	TD_m
DH01-15	Arkla #56 State	Arkla	3846902	606141	5383	1641	1420	433
DH01-46	Duval #37	Duval	3872717	629670	5760	1756	1564	477
DH01-66	Duval #1A	Duval	3874722	634468	5982	1823	2005	611
Duval #59	Duval #59	Duval	3839117	588958	5316	1620	742	226
Duval #64	Duval #64	Duval	3855707	623265	5690	1734	1401	427
DH01-23	KCL #7	KCL	3863577	623135	5800	1768	1600	488
DH01-25	US Borax #2 (Kern County)	KCL	3858053	620918	5710	1740	1430	436
DH01-16	US Borax #1	US Borax	3845420	610135	5365	1635	1813	553
DH01-27	US Borax #1-B	US Borax	3854281	624631	5600	1707	1308	399

Well logs, samples and core descriptions as well as assay reports are available from the Arizona Oil and Gas Conservation Commission at the Arizona Geological Survey (Tucson, Arizona).

The historical drill hole data already shows the depth, thickness and K_2O (potassium oxide) content of the potash horizon. However, for creation of the geological model as well as any resource estimation as required by Canadian Securities Administrators NI 43-101, only historical drill holes were considered which had at least two independent methods for determination of K_2O: (i) chemical assay data; and (ii) geophysical downhole logging data (i.e. Natural Gamma Ray Log). Only drill holes, which showed consistent results in assaying and Natural Gamma Log were used for the resource modelling.

In the course of the cross-check sampling of our 2012 exploration drilling samples, a mineralogical analysis was performed additional to chemical assaying. The X-ray diffractometry (XRD) allows a quantitative analysis of the mineral content of a sample and therefore provides the possibility for an independent data verification of the calculated mineralogy from the chemical assay data which is ultimately the base for the mineralized material mass calculation of the resources. For all 45 analyzed samples the discrepancy is less than 0.25 wt% for Sylvite and less than 1.0 wt% for Carnallite with coeffecients of determination for all samples of 99.99% and 99.97%, respectively.

The following steps were performed to verify the data:

- Chemical assay data was compared with geophysical drill hole data. Due to the radioactive isotope ^{40} K, there is a correlation between the potassium content and the signal strength in the natural gamma log. As a result, inconsistent assay data or incomplete sampling intervals could be identified.
- Comparison of assay results of different laboratories The charge balance between positive ions (Mg^2 +,Ca^2 +, Na+, K+) and negative (Cl-, SO ^{2} -) ions is 4 determined for each full salt analysis, recent as well as historic ones. If the absolute difference 2*(cations anions)/(cations+anions) * 100% is larger than 5.0%, the analysis is classified as an outlier and should be considered suspect.
- The mineralogical composition of the sample was calculated based on the chemical analysis, which included re-calculating the elements from weight % to mol and re-arranging them to the basic salts. Subsequently the

mineralogy was recalculated to masses of elements, including the crystal water content. The sum of these elements together with the insoluble content should be close to 100.

- The Natural Gamma Ray Log and assay result of every single drill hole was compared to those of adjacent drill holes. In a normal case, a correlation in the number of mineralized beds or combined thickness is visible. If there are discrepancies, the drill hole data has been considered suspect and the usability of this data for resource estimation was evaluated individually.
- We and HNZ conducted confirmation drilling in our 2009 2012 drilling campaign. Seven recent boreholes were drilled in a distance of max. 250 m to historical wells. All of the drill holes in the following table correlate very well in the Natural Gamma Log. Slight differences occur in the assaying results but they are generally consistent. Consequently, this fact, in addition to the procedures described before, supports the usage of historical drill hole data.

Recent Drill Holes	Historical Drill Hole	Distance
HNZ-SW-07	DH 362	44 m
PPI-01-09	DH 09-21	138 m
PPI-1211	DH 09-13	159 m
PPI-02-09	DH 09-19	183 m
PPI-03-09	DH 09-16	160 m
PPI-04-09	DH 09-12	223 m
PPI-1204	DH 09-25	250 m

Current Exploration

We started our exploration activities in 2009, and have carried out the following activities to date:

Drilling of four exploration drill holes in 2009, undertook two drill holes drilled by Potash Green in 2010, completing 26 holes in 2011, 23 in 2012 (22 cored; 1 rotary drilled)
Chemical assaying of core split samples (sampling interval: 0.15 m)
Geophysical logging of four 2009 drill holes (Southwest Exploration Services, LLC, Gilbert, Arizona) and twenty-six 2011 drill holes (Geophysical Logging Services, Prescott, Arizona & Century Geophysical Corporation, Tulsa, Oklahoma) and twenty-three 2012 drill holes that ran immediately after hole completion
Conversion of historic drill logs to equivalent K_2O values (eK_2O^8, Geophysical Logging Services, Prescott, Arizona & Century Geophysical Corporation, Tulsa, Oklahoma)
Approx. 80.5 km of 2D seismic lines conducted by Zonge International, Inc. (Tucson, Arizona; 11 profiles; January/February 2011) to the east of Holbrook town showing faults with vertical offsets of 10-90 m (32 295 ft).

Furthermore, two drill holes were adopted from Potash Green, LLC, which included geophysical logging and chemical assaying of core split samples.

According to the joint exploration agreement with HNZ, HNZ and us are sharing all data in the possession or control and agreed to plan future exploration activities with mutual knowledge. HNZ s exploration activities included:

• Drilling 23 exploration wells
• Chemical assaying of core split samples (sample interval: 0.15m)
• Geophysical logging of all 23 drill holes immediately after hole completion (Southwest Exploration Services, LLC, Gilbert, Arizona)

Recent Drill Holes

As part of our exploration program, we drilled four exploration drill holes in 2009. Two adopted drill holes were drilled by Potash Green, LLC in 2010 and 24 holes were completed by us in 2011. In 30 of the holes drilled in 2011/2012, the potash sections were cored. The remaining 14 holes are rotary drill holes without any coring. HNZ carried out a 23 drill hole exploration drilling program in 2011.

Drilling Procedures

We conducted vertical rotary drilling and coring, which was done mostly by the Boart Longyear Company according to industrial standards. The 1st drilling stage included drilling through the overburden to the Marker Bed and setting an 8-inch casing down to that depth. During the 2nd stage, drilling was continued down below the Marker Bed with a 5-7/8-inch bit and a 6-inch casing was set down to the final depth or the section below the Marker Bed was cored and casings with sizes that gradually reduced downhole were set (8 to 3.5 inches depending on downhole conditions and total depth).

HNZ also conducted vertical rotary drilling and coring. Stand pipes were set at approximately 20 ft using a 16-in bit and a 13-3/8-in casing. The second section was normally drilled with a 12-1/4-in bit to approximately 100 feet into the Coconino Formation sandstone. If mud loss was observed, a 9-5/8-inch casing was set. The third section was drilled with an 8-3/4-inch bit until anhydrite was reached in the Supai Formation. A 7-inch casing was set and cemented. After drilling additional 30 feet with a 6-inch bit, the borehole assembly was changed to continuous coring. Continuous 4-inch cores were collected throughout the Supai Formation evaporate and 30 to 40 feet beneath the lowest potash bed.

Drilling Results

The basic data for our drill holes are listed in Table 2. All of them were drilled vertically and intersected the potash horizon. Due to varying contents of clay (which also contains potassium and therefore also generates amplitude in natural gamma ray log) within the potash horizon, an unaltered determination of potash salts containing K_2O is not possible from only the natural gamma log. Therefore the K_2O grade was determined only by chemical assay data.

Table 2 Basic Data for PASSPORT Exploration Campaign Drill Holes and HNZ Exploration Campaign Drill Holes (Coordinates are given in UTM Format, WGS 84 Datum).

Passport Potash Inc. - Form S-1 -

Hole ID	Completion Date	Northing	Easting	Elev. (ft)	TD (ft)	Type
PPI-01-09	27.06.2009	3845046	601389	5295	999	Core
PPI-02-09	03.07.2009	3847195	603258	5354	1060	Core
PPI-03-09	09.07.2009	3849814	596310	5406	1040	Core
PPI-04-09	15.07.2009	3845112	604656	5331	1100	Core
PG-1	09.06.2010	3861831	624612	5780	1580	Core
PG-2	21.06.2010	3857937	598383	5620	1380	Core
PPI-1101	07.01.2010	3856762	596861	5372	1330	Rotary
PPI-1102	14.03.2011	3856557	604744	5594	1675	Rotary
PPI-1102A	Abandoned	3856240	604806	5580	N/A	Rotary
PPI-1103	26.03.2011	3857965	605023	5662	1725	Rotary
PPI-1104	14.04.2011	3859520	604687	5643	1672	Core
PPI-1105	02.02.2011	3856327	603195	5613	1575	Rotary
PPI-1106	21.04.2011	3860982	603190	5641	1657	Core
PPI-1107	26.04.2011	3861005	599961	5561	1434	Core
PPI-1108	12.02.2011	3857927	599934	5436	1475	Rotary
PPI-1109	05.06.2011	3847970	597751	5330	1075	Rotary
PPI-1110	21.07.2011	3846393	599457	5312	1200	Rotary
PPI-1111	17.05.2011	3849637	599432	5413	1137	Core
PPI-1112	11.07.2011	3848028	601102	5328	1175	Core
PPI-1113	03.08.2011	3849691	602713	5364	1250	Rotary
PPI-1114	14.06.2011	3848110	604604	5388	1244	Core
PPI-1115	05.06.2011	3846500	606016	5374	1268	Core

PPI-1116	05.06.2011	3848236	607707	5466	1427	Rotary
PPI-1117	20.06.2011	3846422	594892	5346	1000	Rotary
PPI-1118	18.06.2011	3844977	597900	5324	1073	Core

PPI-1119	10.05.2011	3855665	605382	5590	1533	Core
PPI-1120	26.04.2011	3858261	605558	5739	1637	Core
PPI-1121	17.05.2011	3862637	604806	5748	1530	Core
PPI-1122	21.09.2011	3859301	616108	5591	1400	Rotary
PPI-1131	15.03.2012	3862086	598754	5602	1400	Core
PPI-1132	19.08.2011	3859461	598492	5510	1450	Rotary
PPI-1133	14.09.2011	3862587	601535	5658	1600	Rotary
PPI-1134	07.03.2012	3859395	601639	5562	1695	Rotary
PPI-1201	29.03.2012	3858019	601591	5466	1400	Core
PPI-1202	30.05.2012	3857928	603122	5506	1398	Core
PPI-1203	15.05.2012	3859557	603146	5559	1478	Core
PPI-1204	10.09.2012	3860391	597499	5550	1349	Core
PPI-1205	13.06.2012	3857659	596719	5425	1220	Core
PPI-1206	07.06.2012	3856199	598487	5391	1398	Core
PPI-1210	17.09.2012	3853033	594222	5373	1017	Core
PPI-1211	21.07.2012	3853433	596281	5403	1089	Core
PPI-1212	08.10.2012	3853068	599318	5512	1238	Core
PPI-1214	24.06.2012	3851387	595083	5504	1108	Core
PPI-1216	17.10.2012	3851461	598541	5462	1173	Core
PPI-1218	27.07.2012	3846576	596088	5347	978	Core
PPI-1219	27.07.2012	3847988	597730	5329	938	Core
PPI-1220	20.07.2012	3846401	599446	5337	1048	Core
PPI-1221	13.07.2012	3849652	602701	5395	1119	Core
PPI-1222	10.07.2012	3848135	604345	5394	1178	Core
PPI-1223	04.07.2012	3848193	607678	5429	1230	Core
PPI-1224	29.06.2012	3845054	607483	5454	1197	Core
Hopi-1	26.11.2012	3849870	604298	5430	1168	Core
Hopi-2	05.12.2012	3848431	602623	5312	1058	Core
Hopi-3	17.12.2012	3846571	604559	5352	1083	Core
HNZ- MILKY- 08	22.06.2011	3851936	615646	5556	1268	Core
HNZ- MILKY- 11	07.01.2011	3852003	612708	5602	1311	Core
HNZ- MILKY- 12	14.07.2011	3849408	615268	5455	1260	Core
HNZ- MILKY- 13	27.07.2011	3849189	612189	5562	1368	Core
HNZ- MILKY- 14	25.08.2011	3846899	610163	5474	1291	Core

All rotary drill holes were drilled with fresh, unsaturated water, which affected the geophysical borehole logs. However, for most of the drill holes, a clear indication for potash mineralization is visible in the Natural Gamma Log. The exceptions are PPI-1101, PPI-1105, PPI-1109 and PPI-1110, in which stronger dissolution within the potash section probably took place.

As for all rotary drill holes (see Table 2) no drill cores/assay data was available, and therefore, no reliable declaration of the potash horizon was possible. However, the natural gamma ray log shows, due to the high amplitudes, in most of the drill holes an indication for potash salts. Table 3 shows only drill holes for which a reliable determination by chemical assay data of top, base, thickness and K_2O grade were possible.

Since the assay data for historical as well as recent holes was already provided in the common form of K_2O, it was not necessary to convert or use any conversion to K_2O. If the assay data had been provided in KCl (potassium chloride), then a conversion would have been necessary.

The depths of mineralized intervals as well as grades are summarized in Table 3.

Table 3 Overview of Depth, Thickness and Grade of our Drill Holes

Hole ID	**Top**	**Base**	**Thickness**		**Thickness**	**Avg. Grade**	**GxT**	
[ft]	**[m]**	**[ft]**	**[m]**	**[ft]**	**[m]**	**K2O [%]**	**[m%]**	
PG-1	1502.0	457.81	1521.0	463.60	19.0	5.79	4.04	23.4
PG-2	1262.0	384.66	1275.0	388.62	13.0	3.96	5.74	22.7
PPI-01-09	895.0	272.80	904.5	275.69	9.5	2.90	10.98	31.8
PPI-02-09	987.5	300.99	1000.0	304.80	12.5	3.81	9.74	37.1
PPI-03-09	960.0	292.61	963.0	293.52	3.0	0.91	8.55	7.8
PPI-04-09	1016.5	309.83	1029.0	313.64	12.5	3.81	6.54	24.9
PPI-1104	1462.5	445.77	1469.5	447.90	7.0	2.13	9.45	20.2
PPI-1106	1439.0	438.61	1442.5	439.67	3.5	1.07	14.34	15.3
PPI-1107	1321.0	402.64	1326.0	404.16	5.0	1.52	5.91	9.0
PPI-1111	1061.0	323.39	1069.5	325.98	8.5	2.59	5.16	13.4
PPI-1112	969.0	295.35	983.5	299.77	14.5	4.42	8.21	36.3
PPI-1114	1131.5	344.88	1146.0	349.30	14.5	4.42	6.14	27.2
PPI-1115	1108.7	337.93	1122.2	342.04	13.5	4.11	8.63	35.5
PPI-1118	966.0	294.44	975.0	297.18	9.0	2.74	6.61	18.1
PPI-1119	1427.5	435.10	1441.5	439.37	14.0	4.27	6.23	26.6
PPI-1120	1590.0	484.63	1601.5	488.14	11.5	3.51	3.88	13.6
PPI-1121	1335.5	407.06	1347.5	410.72	12.0	3.66	5.60	20.5
PPI-1131	1328.0	404.77	1334.5	406.76	6.5	1.98	10.58	21.0
PPI-1201	1290.5	393.34	1300.5	396.39	10.0	3.05	10.79	32.9
PPI-1202	1335.5	407.06	1345.0	409.96	9.5	2.90	4.76	13.8
PPI-1203	1435.0	437.39	1437.0	438.00	2.0	0.61	4.52	2.8
PPI-1204	1282.0	390.75	1289.5	393.04	7.5	2.29	8.29	19.0
PPI-1205	1087.5	331.47	1092.5	332.99	5.0	1.52	13.60	20.7
PPI-1206	1109.0	338.02	1113.5	339.39	4.5	1.37	11.90	16.3
PPI-1210	927.0	282.55	940.0	286.51	13.0	3.96	5.36	21.2
PPI-1211	1021.5	311.35	1030.0	313.94	8.5	2.59	11.07	28.7

PPI-1212	1169.0	356.31	1173.0	357.53	4.0	1.22	6.38	7.8
PPI-1214	1056.0	321.87	1070.5	326.29	14.5	4.42	7.08	31.3
PPI-1216	1110.5	338.48	1122.5	342.14	12.0	3.66	7.22	26.4
PPI-1218	901.0	274.62	907.0	276.45	6.0	1.83	9.60	17.6
PPI-1219	889.0	270.97	894.0	272.49	5.0	1.52	8.13	12.4
PPI-1220	932.5	284.23	933.0	284.38	0.5	0.15	6.53	1.0
PPI-1221	1056.0	321.87	1078.0	328.57	22.0	6.71	7.89	52.9
PPI-1222	1120.0	341.38	1133.0	345.34	13.0	3.96	8.20	32.5
PPI-1223	1178.5	359.21	1181.5	360.12	3.0	0.91	5.76	5.3
PPI-1224	1143.5	348.54	1158.5	353.11	15.0	4.57	7.46	34.1
Hopi-1	1020.5	311.05	1036.5	315.93	16.0	4.88	7.95	38.8
Hopi-2	1059.5	322.94	1069.5	325.98	10.0	3.05	8.54	26.0
Hopi-3	1055.0	321.56	1064.5	324.46	9.5	2.90	8.56	24.8
HNZ-MILKY-08	1173.5	357.68	1174.5	357.99	1.0	0.30	7.83	2.4
HNZ-MILKY-11	1248.5	380.54	1259.0	383.74	10.5	3.20	10.25	32.8
HNZ-MILKY-12	1217.0	370.94	1218.0	371.25	1.0	0.30	13.25	4.0
HNZ-MILKY-13	1337.5	407.67	1343.0	409.35	5.5	1.68	10.89	18.3

HNZ-MILKY-14	1230.5	375.06	1231.5	375.36	1.0	0.30	7.53	2.3
HNZ-MILKY-15	1245.0	379.48	1263.0	384.96	18.0	5.49	7.06	38.7
HNZ-MILKY-19	barren							
HNZ-SW-02	908.0	276.76	909.0	277.06	1.0	0.30	22.40	6.8
HNZ-SW-03	862.0	262.74	865.0	263.65	3.0	0.91	14.23	13.0
HNZ-SW-04	733.0	223.42	735.0	224.03	2.0	0.61	19.25	11.7
HNZ-SW-05	629.0	191.72	638.0	194.46	9.0	2.74	7.95	21.8
HNZ-SW-06	683.0	208.18	687.0	209.40	4.0	1.22	13.53	16.5
HNZ-SW-07	903.5	275.39	916.0	279.20	12.5	3.81	7.09	27.0
HNZ-SW-08	1174.5	357.99	1184.0	360.88	9.5	2.90	10.86	31.5
HNZ-SW-09	1006.0	306.63	1019.0	310.59	13.0	3.96	9.26	36.7
HNZ-SW-10	867.0	264.26	871.0	265.48	4.0	1.22	6.37	7.8
HNZ-SW-12	956.0	291.39	964.0	293.83	8.0	2.44	8.24	20.1
HNZ-SW-13	733.0	223.42	739.5	225.40	6.5	1.98	5.41	10.7
HNZ-SW-14	1104.5	336.65	1107.0	337.41	2.5	0.76	14.42	11.0
HNZ-SW-16	1006.0	306.63	1012.5	308.61	6.5	1.98	9.35	18.5
HNZ-SW-17	837.5	255.27	844.5	257.40	7.0	2.13	4.61	9.8
HNZ-SW-18	barren							

Sample Preparation, Analyses and Security

The standard operating and quality assurance procedures followed by our employees have been instituted to make sure that all sampling techniques and results meet international reporting standards.

During the recent exploration program in 2009-2012, we took rotary samples in the beginning and later split core samples only. Coring started when the first significant gypsum interval (Upper Supai Formation) was intersected. Information about the drill holes and the on-site core descriptions were given/conducted according to international standards (depth intervals, recovery-%, lithology, structure, alteration, rock type, weathered profile, sample intervals, remarks). On site, our field geologists collected the cuttings, bagged and labeled them and placed a small sub-sample into a chip tray for further treatment (not sent for chemical analysis). Rotary cuttings coming from below the anhydrite were generally logged by the on-site geologists. Directly after being retrieved, the cores were measured, cleaned, field logged, packed in plastic poly sheeting and were placed into sequentially numbered and labeled (drill hole name, land location, depth interval, core number) core boxes. The material was then temporarily stored prior to transfer to the laboratories. A chain of custody prepared by the well site geologist accompanied the delivery. In the laboratory, the cores were split in two halves and one half was crushed, pulverized and assayed. The sampling interval was 0.15 m. The laboratories commissioned for the performance of the chemical analysis of the K_2O content were ALS Chemex (Reno, Nevada ISO 9001:2008 and ISO/IEC 17025:2005 certificates), Skyline (Tucson, Arizona ISO/IEC 17025 certificate) and Apex Environmental Laboratory (Tempe, Arizona).

ALS analyzed the cores from the four 2009 drill holes. The cores were sent in full and, afterwards, split in half with one half being crushed and pulverized before going into 35 Element Aqua Regia ICP-AES and Whole Rock Package ICP-AES. Internal standards, blanks and duplicates were included. After a year, part of the core was sent back to PASSPORT and the other part was permanently stored in Apache Junction in July 2011.

Skyline did the analysis on ten 2011 drill holes by splitting, crushing, pulverizing and assaying the cores at their laboratory. They used 34 elements Aqua Regia Digestion (ICP-OES, TE-2 program) and the Volumetric Chloride Analysis method for Total Chlorine.

Apex analyzed 89 samples of PPI-1115 via ICP-MS and Silver Nitrate Titration for Total Chlorine. Apex included internal blanks, standards and Laboratory Control Samples (LCS).

Chemical analyses for PPI-1131 and all subsequent 2012 assaying works were carried out primarily by SRC.

During the recent exploration program in 2011, HNZ took samples from cores that were cut in half. Coring started when the first significant gypsum interval (Upper Supai Formation) was intersected. Information about the drill holes and the on-site core descriptions were given/ con-ducted according to international standards (depth intervals, recovery-%, lithology, structure, alteration, rock type, weathered profile, sample intervals, remarks). Directly after being retrieved, the cores were measured, cleaned, field logged, packed in plastic poly sheeting and were placed into sequentially numbered and labeled, 2-ft long (drill hole name, land location, depth interval, core number) core boxes. The material was then shifted to the HNZ core lab facility at the Milky Ranch. There, the cores were split in two halves and placed in plastic bags. The sampling interval was 6 in (0.15 m). Sampling started approximately 2 to 4 ft above the mineralized zone and ended approximately 2 to 4 ft below the mineralized zone, based on downhole logging. After completion of core logging and sampling, the core was photographed. A chain of custody prepared by the well site geologist accompanied the delivery to the laboratory. In total, 1,151 samples were delivered to SRC.

SRC crushed the core samples to a 6 mm grain size and stored one half of each sample. Afterwards, the samples were pulverized and placed in a tray. Samples were analyzed using ICP-OES together with determinations of % Insolubles and % Moisture. The chloride ion is not measured directly, but calculated from the ion balance afterwards.

Quality Assurance/Quality Control

National Instrument 43-101 and Exploration Best Practices Guidelines state that a program of data verification should accompany an exploration program to confirm validity of exploration data. Furthermore, the guidelines require a quality assurance quality control (QA/QC) program to be in place.

Concerning chemical analysis no outside standards, duplicate samples or blanks were sent by us, which leaves only the internal standards and own checking procedures of the different laboratories as quality control of the chemical assays.

All 2011 core samples were prepared by Skyline. We then sent the unused crushed cores to SRC Geoanalytical Laboratories (SRC; Saskatoon, Canada; SCC accredited, ISO/IEC 17) for duplicate analysis. SRC was commissioned to perform duplicate chemical analysis on 434 out of a total of 1650 samples tested by Skyline, ALS and Apex. SRC includes blanks, duplicates and their internal Potash 003/ 004 standards into the analysis.

For the 2012 drill holes, we added one blank and one standard at either 10%, 21% or 62% K2O for approximately every 20 samples. The results are in the specific tolerance levels. HNZ collected, as part of the drill site sampling procedure, one duplicate sample, one standard, and one blank sample for approximately every 20 samples. Additional cross check analysis was carried out by Huffman Laboratories, Inc. (Golden, Colorado) on 67 samples plus their own internal blanks and standards. These results generally correlate with the results of analyses carried for HNZ by SRC.

For about 10% of all samples of our 2012 exploration phase cross-check analyses were carried out at ERCOSPLAN s independent reference lab.

In order to check the chemical analysis results for consistency the charge balance between positive ions (Mg^{2+},Ca^{2+}, Na+, K+) and negative (Cl-, SO_4^{2-}) ions is determined for each full salt analysis, recent as well as historic ones. If the absolute difference 2*(cations anions)/ (cations+anions) * 100% is larger than 5.0%, the analysis is classified as an outlier and should be considered as suspect.

The mineralogical composition of the sample was calculated based on the chemical analysis, which included recalculating the elements from weight % to mol and rearranging them to the basic salts according to the following scheme:

1. Combine cations and anions to simple salts according to the following scheme

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a. combine with Cl, in the following order: Na, K, Mg, Ca

b. combine with SO_4 in the following order: Ca, Mg, K, Na

c. Based on experience with potash deposits, the analyses should be either $MgCl_2$ or

K_2 SO_4 normative, meaning if $CaCl_2$ or Na_2 SO_4 results from these combinations, the analysis is suspect.

2. Combine the simple salts to salt mineralogy according to the following simplified scheme:

a. All NaCl is Halite.

b. If $CaCl_2$ is present combine with $MgCl_2$ to Tachyhydrite.

c. The remaining $MgCl_2$ is combined 1:1 with KCl to Carnallite.

d. If $MgCl_2$ > KCl, remaining $MgCl_2$ to Bischofite.

e. If KCl > $MgCl_2$ and $MgSO_4$ available, combine remaining KCl 1:1 to Kainite.

f. If K_2 SO_4 > $MgSO_4$ or $CaSO_4$ /2, Arcanite, otherwise with $CaSO_4$ and $MgSO_4$ to Polyhalite.

g. If remaining KCl > MgSO4, remaining KCl after Kainite to Sylvite, otherwise remaining MgSO4 to Kieserite.

h. Remaining CaSO4 to Anhydrite.

The mineralogy was recalculated to masses of elements, including the crystal water content. The sum of these elements together with the insoluble content should be close to 100.

For mostly all available drill holes Natural Gamma Ray and Neutron Logs are present. In terms of a consistent database all assaying data was checked against the Natural Gamma Ray Log for every single drill hole[1]. In an ideal case the interval of sampling as well as the K_2O-content determined by assaying should match with the natural gamma ray log concerning interval of increased values and signal strength with certain accuracy. In an example for the historical drill hole DH 624 is given, which shows a clear correlation and coverage by sampling.

Additionally in order to achieve a higher level of confidence the Natural Gamma Ray Log and assay results of every single drill hole was compared to adjacent drill holes. In a normal case a correlation regarding the number of mineralized beds or combined thickness is visible. If there are discrepancies, the drill hole data will be considered suspect and the usage for resource estimation is evaluated individually.

<u>Security</u>

The core material was under supervision of our well site geologist starting from retrieval and ending with the delivery to the respective laboratory. Whenever there was no direct supervision by the well site geologist, the core was stored under lock and key. Prior to transfer to the respective laboratory, the plastic bagged core material was temporarily stored within the core boxes at our drill site.

[1] Due to the radioactive isotope ^{40}K, which emits gamma rays, there is a correlation of the potassium content and the natural gamma log.

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Planned Exploration Program

Our engineering firm, ERCOSPLAN, has recommended a two phase development of the project consisting of:

Phase 1

Studies will be conducted to confirm and verify the assumptions made for the Preliminary Economic Assessment Report and further exploration potentially in order to delineate more Measured and Indicated Mineral Resources. These studies consist of:

Detailed hydrogeological investigations to determine the quantity and quality of groundwater available for the project

- Rock mechanical test work and modelling to optimize the present room and pillar configuration and potentially increase recovery, and to obtain information about the water protective horizon in the hanging wall of the potash layer
- Flotation test work on potential potash ore to test the feasibility of a flotation process, which could provide a less energy-intensive alternative processing route
- Exploration consisting of infill exploration drilling, including 2D seismic surveys to potentially convert present Inferred Mineral Resources to Measured and Indicated Mineral Resources as well as exploration in the north-western property of PASSPORT to potentially extend the resource base
- Preparation of a market study to determine the type and amount of MOP product saleable on the market
- Preparation of a processing residue disposal concept (especially disposal brine) in cooperation with the authorities.

Upon completion of the studies, an updated resource report with the target of potentially delineating adequate resources for a 30-year 2.5 MTPA MOP production and the input data required for a Pre-Feasibility Study (PFS) will be issued.

This phase will end with a PFS delineating the best mining option and the best processing method option and will allow an updated resource/reserve estimate using typical mining and processing recovery factors, since not all required information for that has been available for this study. The costs for the studies of Phase 1 are estimated at about $7,500,000. We expect Phase 1 to be completed by the end of 2013.

Phase 2

Conditional upon a favorable outcome of Phase 1, we will start a Feasibility Study (FS) which will use the geological model of the updated resource estimate and the results of all investigations that are not yet available in the PFS phase to produce a detailed mining and processing design.

Based on the results of the PFS, further laboratory investigations might be necessary to optimise the chosen mining and processing methods. At this stage, the costs for this second phase are estimated at $15,000,000, but they depend on the requirements for further investigations that cannot be defined in detail at present. We expect this phrase to be completed by the end of 2014

Legal Proceedings

Except as set forth below, management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this prospectus, no director, officer or affiliate is a party adverse to us in any legal proceeding, or has an adverse interest to us in any legal proceedings.

North American Potash Developments Inc. v. Passport Potash Inc. (Case No. 120903652)

On May 18, 2012, we delivered a letter to North American Potash Developments Inc. (formerly Ringbolt Ventures Ltd.), Potash Green, LLC, Wendy Walker Tibbetts and Joseph J. Hansen (collectively, the Optionor), informing them that they were in breach of the Ringbolt Option Agreement by the Optionor not granting operational control of the Potash Green exploration permits by signing a limited Power of Attorney as requested by us and that the payment of cash and shares that were due by us to the Optionor on May 17, 2012 would not be paid until the Optionor cured the defaults delineated in the default letter.

On May 25, 2012, we were informed by the Optionor that it had filed a civil action in Third Judicial District court, Salt Lake County, State of Utah alleging that we failed to make payment to the Optionor in the amount of $350,000 or deliver to Optionor 1,400,000 shares of our common stock on May 17, 2012 as required pursuant to the Ringbolt Option Agreement, and that we did not provide a timely or proper written report as required pursuant to the Ringbolt Option Agreement. In addition, the Optionor alleges that we have failed to reimburse the Optionor for $20,715.80 in expenses paid by the Optionor to maintain certain leases that are the subject of the Ringbolt Option Agreement. In its claim under the first cause of action for breach of contract, the Optionor is seeking payment of $350,000 and 1,400,000 shares of our common stock, or alternatively $644,000 in total damages, plus interest, costs and attorney fees, as allowed by law. In its second cause of action for unjust enrichment, the Optionor is seeking no less than $20,715.80, plus interest, costs, and attorney fees, as allowed by law. With respect to the second cause of action, we take the position that such expenses were due prior to the transaction receiving TSX Venture Exchange approval as required in accordance with the Ringbolt Option Agreement, and therefore, such payments were the responsibility of Optionor.

On June 19, 2012, we filed an answer and counterclaim to the Ringbolt civil action and tendered to the Utah court the $350,000 in cash and the 1,400,000 shares which were due pursuant to the Ringbolt Option Agreement on May 17, 2012, pending a ruling by the court on the sufficiency of tender. The court ruled that the tender to the court was not sufficient, therefore, the cash and shares were released to Optionor on July 10, 2012.

On September 10, 2012, the Court had granted our motion for a preliminary injunction, which enjoined Optionor from terminating the Ringbolt Option Agreement based upon the grounds alleged by Optionor.

On October 30, 2012, as part of a settlement agreement between us and the Optionor, we entered into an amendment agreement to the Ringbolt Option Agreement.

Pursuant to the amendment agreement, we will pay to the Optionor a total of $3,850,000, $150,000 of which was paid upon execution of the amendment agreement, $2,450,000 will be paid upon TSX Ventures Exchange approval of the amendment agreement, and the remaining $1,250,000 on or before October 31, 2014. In addition, upon TSX Venture Exchange approval of the amendment agreement, we will issue 750,000 shares of common stock to the Optionor and the Optionor will assign to us all of its right, title and interest in and to the property and will take all necessary action with the ASLD to effect such assignment. The cash payment of $2,450,000 and 750,000 shares of our common stock will be placed into escrow and will be released to the Optionor upon receipt of confirmation of the assignment of the property to us from the ASLD. There will be no royalty attached to the transferred mineral exploration permits.

Should we sell or in any way transfer our interest in the property, the Optionor will receive 20% of the gross consideration in excess of $30 million to a maximum of $2,000,000 if the aggregate consideration received for the transfer of the interest in the property is greater than $30 million and less than $40 million; or $2,000,000 plus 10% of the gross consideration in excess of $40 million to a maximum of $1,000,000 if the aggregate consideration is greater than $40 million and less than $50 million; or $3,000,000 plus 20% of the gross consideration in excess of $50 million if the aggregate consideration is greater than $50 million.

If we sell or transfer less than a 100% interest in the property, then the aforementioned bonus payments shall be ratably reduced by multiplying the bonus payment by the percentage of interest subject to the transfer transaction. The sale or transfer of the remainder of the interest in the property held by us will continue to be subject to the aforementioned bonus payment provisions.

On December 8, 2012, we entered into a second amendment agreement with the Optionor to amend the amendment agreement to extend the deadline to make the cash payment of $2,450,000 following TSX Venture Exchange approval for a period of 30 days from the date of final approval with a payment of $100,000 to Potash Green, LLC, which payment will be deducted from the aggregate amount owed.

As of the date of this prospectus, we have not received the approval from the TSX Venture Exchange and the deadline to make the payment of $2,450,000 has been extended for a period of 30 days upon our payment of $100,000.

On March 14, 2013, the Court dismissed the civil action brought by the Optionor with prejudice.

MANAGEMENT

Directors and Executive Officers

All of our directors hold office until the next annual general meeting of the shareholders unless his or her office is earlier vacated in accordance with our Articles or he or she becomes disqualified to act as a director. Our officers are appointed by our board of directors and hold office until their earlier death, retirement, resignation or removal.

Our executive officers and directors and their respective ages as of the date of this prospectus are as follows:

Name	Age	Position Held
Joshua Bleak	32	President, Chief Executive Officer and Director
Laara Shaffer	64	Chief Financial Officer, Corporate Secretary and Director
Ali Rahimtula	66	Director
Dennis Ickes	68	Director
David J. Salisbury	60	Chairman of the Board and Director
John Eckersley	54	Executive Vice-President and Director
Jerry Aiken	69	Director

The following is a brief account of the education and business experience of each director, executive officer and key employee during at least the past five years, indicating each person s principal occupation during the period, and the name and principal business of the organization by which he or she was employed, and including other directorships held in reporting companies.

Joshua Bleak. Mr. Bleak has been our President, Chief Executive Officer since January 11, 2011 and a director of our Company since April 12, 2010. Mr. Bleak is experienced in the mining and exploration industry as well as being fourth generation in a family with a rich mining and exploration background. From December 24, 2009 to current, Mr. Bleak serves as President, CEO, Treasurer and a director of Continental Resources Group, Inc. (OTCBB: CRGC) which is involved in exploring and developing uranium prospects. Since January 26, 2012, Mr. Bleak has served as a director of American Strategic Minerals Corporation (OTCBB: ASMC) which is engaged in the acquisition and exploration of properties that may contain uranium mineralization. Since October 2008, Mr. Bleak has served as the President and a director of North American Environmental Corp., a consulting company specializing in mining project management, permitting, lobbying and land tenure. From February 2007 to September 2008, he served as Manager of NPX Metals, Inc., an exploration and mining company. Since January 2005 he has served as Secretary and a director of Pinal Realty Investments Inc., a real estate development company. Mr. Bleak s qualification to serve on our Board of Directors is based on his experience in the mining industry in general.

Laara Shaffer. Ms. Shaffer has been our Chief Financial Officer and Secretary since March 1996 and was a director of our Company from March 1996 to February 1, 2012. She was recently re-appointed to the Board of Directors, effective June 25, 2012. Ms. Shaffer is currently a director of Pro Tech Ventures Corp., Aquilla Energy Corp. and previously served as CFO and director of Compass Gold Corp. (TSXV: CVB) from 2007 to 2009. Ms. Shaffer s qualification to serve on our Board of Directors is based on her extensive experience as a CFO of public companies and in the mining industry in general.

Ali Rahimtula. Mr. Rahimtula has served as a director of our Company since October 28, 2011. Since 1979, Mr. Rahimtula has served as the President and founder of Transnational Enterprises LTD., d/b/a Transfert America. Transnational Enterprises LTD. is a member of the Rahimtula Group. The Rahimtula Group was a pioneer of the fertilizer business in India, and has been a domestic industry leader since the 1960 s. They are a global company, recognized for their extensive business networks to supply international fertilizer manufacturers for their critical raw materials such as sulphur, rock phosphate, ammonia, phosphoric acid and potash. The Rahimtula group has operated in the traditional markets of India and Pakistan but has also expanded its area of operations into other countries such as Brazil, Vietnam, China, Thailand, Philippines, and South Africa. They are also experienced in executing joint-venture fertilizer production and marketing contracts in the Middle East, Asia, and Africa as well as in Europe and the CIS. Mr. Rahimtula s qualifications to serve on our Board of Directors is based on his experience and expertise in the fertilizer industry. He has and can contribute by securing large customers of international repute for us as joint venture partners who can buy potash on long term off take agreements. Also, Mr. Rahimtula brings to us his experience in logistics, such as port infrastructure developments and organizing export shipping in containers and bulk vessel chartering.

Dennis Ickes, Mr. Ickes has served as a director of our Company since December 14, 2011. Mr. Ickes is an internationally known lawyer, legal scholar, trial attorney and business leader. Mr. Ickes holds a Juris Doctorate from the University of Utah. He served in the U.S. Department of Justice where he co-founded the Office of Indian Rights in 1973. Mr. Ickes was also a principal negotiator on behalf of the federal government in the violent standoff with Indian activists at Wounded Knee, South Dakota in 1973.

In 1976, President Gerald R. Ford and Secretary Thomas Kleppe selected Mr. Ickes to serve as Deputy Under Secretary of the Interior. During his tenure Mr. Ickes was responsible for developing and implementing public policy related to public lands, Indian relations, national parks and monuments, federal reserved water rights, fish and wildlife, and Trust Territories of the Pacific.

While Mr. Ickes was in the U.S. Department of Justice he brought the first federal voting rights case on behalf of American Indians when he supported the right of residents of the Navajo Nation to run for county office in Apache County, Arizona.

Upon leaving the Federal service in 1977, he represented northern plains and Southwest tribes and organizations until the late 1980s when lawyers who were tribal members began assuming tribal representations.

As a legal consultant, Mr. Ickes has advised state and county governments, Indian tribes, Indian individuals, Indian-owned companies, and non-Indian owned companies, including financial institutions concerning the conduct of business within tribal jurisdictions. Mr. Ickes wrote the first law review article in the Nation that urged tribes to turn from relying upon federal appropriations to seeking private capital to develop their opportunities.

Mr. Ickes previously founded, owned and operated a barite mining and processing facility in Nevada. He is currently one of two members in an exploration stage beryllium project in Utah. He has served on the board of a publicly owned independent oil and gas company and a mining exploration company. As a consultant Mr. Ickes advised the President and CEO of Resolution Copper Mining, a Rio Tinto company, on issues related to Indian tribes. He is the founder and President of Native 17, LLC, a company which assists tribes with economic development opportunities both on and off the reservation through a proprietary system developed by him. He is the past chairman of the Federal Bar Association, Indian Law Section, the Utah State Bar Association, Natural Resource Section and the chairman of the Indian Law Section. Mr. Ickes qualifications to serve on our Board of Directors is based on his extensive experience in government relations