

# **ENCANTO POTASH CORP.**

**Condensed Interim Consolidated Financial Statements  
Three months ended March 31, 2014 and 2013**

**(Expressed in Canadian dollars)**

# ENCANTO POTASH CORP.

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	March 31 2014	December 31 2013
		\$	\$
<b>Assets</b>			
Current			
Cash		13,588	778,728
Taxes recoverable		121,916	162,623
Deferred financing costs		36,770	-
Prepaid expenses		100,316	122,894
		272,590	1,064,245
Non-current			
Deposits		135,664	135,664
Equipment		28,924	30,977
Investment		63,600	63,600
Mineral property interests	6	38,515,952	38,029,903
		39,016,730	39,324,389
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	12	2,736,886	3,234,183
Loan	8	750,000	-
Derivative put option liability	6	485,500	425,000
Flow-through premium liability	7	-	186,675
		3,972,386	3,845,858
Non-current			
Convertible debenture – liability component	9	6,391,602	6,217,761
		10,363,988	10,063,619
<b>Shareholders' Equity</b>			
Share capital	10	49,222,507	48,747,561
Contributed surplus	10	4,818,570	4,728,587
Convertible debenture – equity component	9	695,636	695,636
Deficit		(26,083,971)	(24,911,014)
		28,652,742	29,260,770
		39,016,730	39,324,389

Going concern – Note 2

Commitments – Note 6, 8, 9,10 and14

Subsequent events – Note 15

### APPROVED BY THE DIRECTORS

“James Walchuck” Director  
James Walchuck

“Gordon Keep” Director  
Gordon Keep

*The accompanying notes are an integral part of these condensed interim consolidated financial statements*

## ENCANTO POTASH CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss

Three months ended March 31

(Unaudited - Expressed in Canadian dollars)

	Note	2014	2013
		\$	\$
Corporate development consultants		193,879	307,757
Depreciation		2,053	2,485
First Nation consulting		173,923	198,387
First Nation development and designation		75,000	100,000
Investor communications		49,343	72,136
Legal and audit		152,243	122,779
Management compensation	12	226,906	148,616
Office		48,791	43,458
Regulatory compliance		39,619	37,022
Share-based payments	10	25,570	324,825
Travel and accommodation		51,250	56,661
Loss before other items		(1,038,577)	(1,414,126)
Interest earned		-	13,702
Finance expense	11	(321,055)	(289,507)
Impairment on investment		-	(106,000)
Loss for the period before income taxes		(1,359,632)	(1,795,931)
Deferred income tax recovery		186,675	350,000
Total loss and comprehensive loss for the period		(1,172,957)	(1,445,931)
<b>Loss per share</b>			
- Basic and diluted		(0.00)	(0.01)
<b>Weighted average number of shares outstanding</b>			
- Basic and diluted		307,717,833	278,209,798

The accompanying notes are an integral part of these condensed interim consolidated financial statements

# ENCANTO POTASH CORP.

## Condensed Interim Consolidated Statements of Cash Flows

Three months ended March 31

(Unaudited - Expressed in Canadian dollars)

	2014	2013
	\$	\$
<b>Cash flows (used in) provided by</b>		
<b>Operating activities</b>		
Net loss	(1,172,957)	(1,445,931)
Items not affecting cash		
Depreciation	2,053	2,485
Share-based payments	25,570	324,825
Bonus warrants issued	24,913	-
Impairment on investment	-	106,000
Finance expense	173,841	174,716
Deferred income tax recovery	(186,675)	(350,000)
	(1,133,255)	(1,187,905)
Net change in non-cash working capital items		
Taxes recoverable	40,707	52,609
Deferred financing costs	(36,770)	-
Prepaid expenses	22,578	5,056
Accounts payable and accrued liabilities	776,112	115,700
	(330,628)	(1,014,540)
<b>Investing activities</b>		
Deferred mineral property interest expenditures	(1,759,458)	(1,168,462)
Deposits recovered	-	(2,000)
	(1,759,458)	(1,170,462)
<b>Financing activities</b>		
Proceeds on shares issued, net of share issuance costs	474,946	-
Proceeds on convertible debenture, net of issuance costs	-	6,653,140
Proceeds from loan	750,000	-
Proceeds on mineral property interest put option	100,000	-
	1,324,946	6,653,140
<b>(Decrease) Increase in cash</b>	<b>(765,140)</b>	<b>4,468,138</b>
<b>Cash, beginning of period</b>	<b>778,728</b>	<b>279,529</b>
<b>Cash, end of period</b>	<b>13,588</b>	<b>4,747,667</b>

Supplemental cash flow information – Note 13

*The accompanying notes are an integral part of these condensed interim consolidated financial statements*

# ENCANTO POTASH CORP.

## Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Common shares number	Share capital \$	Contributed surplus \$	Convertible debenture \$	Deficit \$	Total \$
<b>Balance, December 31, 2012</b>	<b>278,209,798</b>	<b>41,939,653</b>	<b>3,419,279</b>	<b>242,018</b>	<b>(19,595,842)</b>	<b>26,005,108</b>
Convertible debenture	-	-	-	695,636	-	695,636
Share-based payments	-	-	324,825	-	-	324,825
Comprehensive loss	-	-	-	-	(1,445,931)	(1,445,931)
<b>Balance, March 31, 2013</b>	<b>278,209,798</b>	<b>41,939,653</b>	<b>3,744,104</b>	<b>937,654</b>	<b>(21,041,773)</b>	<b>25,579,638</b>
Shares issued in consideration for:						
Cash, pursuant to:						
- Private placements	18,056,911	4,421,074	100	-	-	4,421,174
Share issuance costs	-	(355,184)	13,329	-	-	(341,855)
Convertible debenture	10,000,000	2,742,018	-	(242,018)	-	2,500,000
Derivative put option	-	-	725,000	-	-	725,000
Share-based payments	-	-	246,054	-	-	246,054
Comprehensive loss	-	-	-	-	(3,869,241)	(3,869,241)
<b>Balance, December 31, 2013</b>	<b>306,266,709</b>	<b>48,747,561</b>	<b>4,728,587</b>	<b>695,636</b>	<b>(24,911,014)</b>	<b>29,260,770</b>
Shares issued in consideration for:						
Cash, pursuant to:						
- Private placement	3,150,000	535,500	-	-	-	535,500
Share issuance costs	-	(60,554)	-	-	-	(60,554)
Bonus warrants	-	-	24,913	-	-	24,913
Derivative put option	-	-	39,500	-	-	39,500
Share-based payments	-	-	25,570	-	-	25,570
Comprehensive loss	-	-	-	-	(1,172,957)	(1,172,957)
<b>Balance, March 31, 2014</b>	<b>309,416,709</b>	<b>49,222,507</b>	<b>4,818,570</b>	<b>695,636</b>	<b>(26,083,971)</b>	<b>28,652,742</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements

# ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

Three months ended March 31, 2014 and 2013

*(Unaudited - Expressed in Canadian dollars)*

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## 1. Nature of operations

Encanto Potash Corp. ("the Company" or "Encanto") was incorporated under the laws of British Columbia, Canada, in 1986. The Company's corporate head office is located at Suite 450, 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

Encanto is an exploration and development company focused on potash properties in the Province of Saskatchewan. The Company is primarily focused on the development of potash mineral deposits located on the Muskowekwan First Nation reserve lands located approximately 100 km north of Regina, Saskatchewan. The Company is a reporting issuer in the provinces of Alberta and British Columbia and trades on the TSX Venture Exchange ("TSXV") under the trading symbol "EPO" and in the United States on the OTCQX under the trading symbol "ENCTF".

## 2. Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

At March 31, 2014, the Company has a working capital deficit of \$3,699,796 and has not yet achieved profitable operations, had an accumulated deficit of \$26,083,971 since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop its mineral property interests and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. As part of its ongoing strategic plan the Company is exploring alternate financing opportunities including equity financings, debt financings and strategic partner arrangements. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Subsequent to March 31, 2014 the Company has raised gross proceeds of \$3,650,901 pursuant to a short form prospectus offering. Refer to Note 15.

## 3. Basis of presentation

These condensed interim consolidated financial statements for the three months ended March 31, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's December 31, 2013 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The condensed interim consolidated financial statements have been prepared under the historical cost convention.

These financial statements were approved by the board of directors for use on May 23, 2014.

# ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

Three months ended March 31, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

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The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's December 31, 2013 annual consolidated financial statements.

#### 4. Accounting standards issued but not yet effective

The following revised standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. The Company has not completed its assessment of the impact that the new and amended standard will have on its financial statements. The following is a brief summary of the principal new standard:

##### IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

#### 5. Critical accounting estimates and judgments

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's December 31, 2013 annual consolidated financial statements

#### 6. Mineral property interests - Schedule 1

##### a) Muskowekwan First Nation project

On October 22, 2010, through its wholly-owned subsidiary, Encanto Resources Ltd. ("ERL"), the Company and Muskowekwan First Nation ("MFN") and their corporate nominee, Muskowekwan Resources Ltd. ("MRL"), signed an agreement (the "JVA") for the purpose of developing potash mineral deposits on two separate groups of MFN reserve lands (the "MFN Project") in Saskatchewan. The parties have further agreed to jointly appoint a management committee to supervise the business affairs being conducted pursuant to the JVA.

On October 22, 2010, the Company also signed development fee, operating and royalty agreements with the MFN and MRL. Pursuant to the development fee agreement, MFN will be paid a fee totalling \$1,000,000 based on certain milestones being achieved of which \$735,000 has been paid and expensed and \$265,000 is due upon the grant of a mining lease by the Federal government on the MFN Project. Under the operating agreement, the Company is the appointed operator with responsibility to carry out the exploration and development program planned for the property interests on the MFN Project.

On February 1, 2012 the Company entered into two mineral rights option agreements with MRL to add new lands to the JVA, bringing the total land package under the JVA up to 61,114 acres.

## ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

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### b) Chacachas and Ochapowace First Nation prospects

The Company is a party to a Memorandum Of Understanding with Chacachas First Nation ("the Chacachas MOU") and an Exploration Participation Agreement with Ochapowace First Nation ("the Ochapowace EPA") (collectively "the Ochap-Chac Bands"). The Company has obtained two permits from the Crown to explore and develop potash minerals on the Ochap-Chac Bands' reserve lands which are all located in Saskatchewan.

The Ochapowace EPA and Chacachas MOU provide that in the event preliminary exploration work leads to a "second phase work program" on any respective Ochap-Chac Band lands which require leases from the Crown, or the completion of a definitive agreement, as the case may be, the Company is required to issue an additional 100,000 common shares of the Company along with two-year warrants for an additional 100,000 common shares to the respective Ochap-Chac Band, at an exercise price as set out respectively in the Ochapowace EPA and Chacachas MOU.

On August 9, 2013 the Company entered into a farm out agreement (the "Farm-Out Agreement") to earn a 55% working interest in certain oil and gas permits located on the Ochapowace First Nation reserve land. To earn the 55% interest, the Company was required to fund the drilling of a test well. The drilling of the well was completed during December 2013.

On October 9, 2013 the Company entered into an agreement, with a related party (the "Related Party"), to sell an 80% interest in the Company's potash rights under the Ochapowace EPA and a 50% working interest in the oil and gas permits under the Farm-Out Agreement dated August 9, 2013 for proceeds of \$1,150,000 which were received in the fourth quarter of fiscal 2013. On January 28, 2014, pursuant to the agreement, the Related Party paid a further \$100,000 towards the completion of a NI 43-101 compliant reserve report.

The Company has also granted the Related Party the right, until October 9, 2015, to put these interests back to the Company and receive shares of the Company equal to the amount of funds advanced divided by the lesser of \$0.34 per share and the price at which common shares are issued in a future financing, as determined by the Company and the Related Party, acting reasonably, subject to TSX-V approval.

The put option is repayable in a variable number of common shares and is therefore a derivative liability that must be measured at fair value at each reporting date:

	<b>Derivative put option</b>	<b>Contributed surplus</b>
	<b>\$</b>	<b>\$</b>
Fair value – December 31, 2013	425,000	725,000
Additional funding received	60,500	39,500
Fair value – March 31, 2014	485,500	764,500

The change in fair value from December 31, 2013 to March 31, 2014 was immaterial.

### c) SPAR property

The Company continues to hold an undivided 100% interest in the KP441 claim and the property is subject to a 2% net smelter return royalty.



# ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

Three months ended March 31, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

## 7. Flow-through premium liability

The flow-through premium liability balance of \$nil (December 31, 2013 - \$186,675) arose in connection with flow-through share offerings the Company completed during fiscal 2013. The balance was fully amortized to the statement of comprehensive loss as the tax benefit was renounced to shareholders in February 2014, with an effective date of December 31, 2013, and all the qualifying flow-through expenditures were incurred.

## 8. Loan

On February 20, 2014 the Company received \$750,000 pursuant to a loan agreement (the "Loan"). The Loan bore interest at 15% per annum and was repayable on or before April 20, 2014. The Loan included the issuance of 1,000,000 bonus share purchase warrants exercisable at \$0.20 with an expiry date of February 20, 2015. The fair value of the bonus warrants was estimated at \$24,913 based on the Black-Scholes option pricing model using the following assumptions: risk-free interest rate - 1.00%; expected life - 0.5 years; expected volatility - 73%; and expected dividends - nil. The Company also incurred cash financing fees of \$22,500. The fair value of the bonus share purchase warrants and the cash financing fees were recorded to the statement of comprehensive loss during the three months ended March 31, 2014. On April 14, 2014 the Loan and accrued interest was repaid in full.

## 9. Convertible debenture

	Liability Component	Equity Component
	\$	\$
Balance – December 31, 2013	6,217,761	695,636
Amortization of issuance costs	43,357	-
Accretion of discount	130,484	-
Balance – March 31, 2014	6,391,602	695,636

## 10. Share capital

### a) Authorized:

Unlimited common shares without par value

100,000,000 Class A non-voting preference shares, par value \$10 each

100,000,000 Class B non-voting preference shares, par value \$50 each

### b) Financings

On February 18, 2014, the Company closed a private placement of 3,150,000 units at a price of \$0.17 per unit for gross proceeds of \$535,000. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at \$0.30 until August 18, 2015. A nominal value has been attributed to these warrants as per the terms of the subscription agreement for the units. The Company incurred share issuance costs of \$60,554 in respect of this financing.

## ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

Three months ended March 31, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

### c) Stock options

The balance of options outstanding and related information for the three months ended March 31, 2014 is as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance December 31, 2013	29,300,000	\$0.21	6.72
Granted	750,000	\$0.20	
Forfeited	(5,000)	\$0.25	
Balance, March 31, 2014	30,045,000	\$0.21	6.56
Unvested	(443,750)	\$0.21	9.76
Exercisable, March 31, 2014	29,601,250	\$0.22	6.97

The weighted average fair value of the options granted during the three months ended March 31, 2014 was \$0.05 (2013 - \$0.09). During the three months ended March 31, 2014 the Company granted 750,000 options (2013 - 2,925,000). A total of 250,000 options granted vested immediately and the remaining 500,000 vested semi-annually over an 18-month period from the date of grant. During the three months ended March 31, 2013, a total of 2,650,000 options vested immediately and the remaining 275,000 vested semi-annually over an 18-month period from the date of grant.

For the three months ended March 31, 2014, the Company recorded share-based payments expense of \$25,570 (2013 - \$324,825). The fair value of these options was determined using an option pricing model using the following weighted average assumptions:

	2014	2013
Risk free interest rate	1.00%	1.10%
Expected life	1.33 years	2 years
Expected volatility	80%	86%
Expected dividends	Nil	Nil

The balance of options outstanding as at March 31, 2014 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
December 31, 2014	\$0.15	0.75	500,000	-	500,000
December 31, 2014	\$0.17	0.75	1,000,000	-	1,000,000
December 31, 2014	\$0.25	0.75	75,000	-	75,000
December 31, 2014	\$0.26	0.75	400,000	-	400,000
April 28, 2018	\$0.30	4.08	200,000	-	200,000
July 13, 2019	\$0.17	5.29	7,750,000	-	7,750,000
September 16, 2019	\$0.25	5.47	1,000,000	-	1,000,000
July 13, 2020	\$0.15	6.29	5,850,000	-	5,850,000
September 1, 2021	\$0.26	7.43	4,475,000	-	4,475,000
April 24, 2022	\$0.30	8.07	500,000	-	500,000
June 28, 2022	\$0.30	8.25	2,600,000	-	2,600,000
January 9, 2023	\$0.25	8.78	2,570,000	-	2,570,000
March 25, 2023	\$0.28	8.99	275,000	68,750	206,250
October 18, 2023	\$0.20	9.56	100,000	-	100,000
November 20, 2023	\$0.20	9.65	2,000,000	-	2,000,000
February 19, 2024	\$0.20	9.90	750,000	375,000	375,000
			30,045,000	443,750	29,601,250

## ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

Three months ended March 31, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

Subsequent to March 31, 2014 the Company granted 2,980,000 options at an exercise price of \$0.17 with an expiry date of April 28, 2024 and a total of 2,670,000 options were re-priced to \$0.17.

### d) Share purchase warrants

The balance of warrants outstanding and related information for the three months ended March 31, 2014 is as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance, December 31, 2013	12,372,356	\$0.32	1.12
Issued	4,150,000	\$0.28	
Expired	(400,000)	\$0.26	
Balance, March 31, 2014	16,122,356	0.31	0.90

The balance of warrants outstanding as at March 31, 2014 was as follows:

Expiry date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
October 28, 2014	200,000	\$0.225	0.58
December 9, 2014	6,470,000	\$0.35	0.69
February 19, 2015	1,000,000	\$0.20	0.89
August 18, 2015	3,150,000	\$0.30	0.89
June 4, 2015	5,302,356	\$0.30	1.18
	16,122,356		

Subsequent to March 31, 2014 a total of 11,262,618 warrants were issued. Refer to Note 15 for details.

### 11. Finance expenses

During the three months ended March 31, 2014 and 2013, the Company incurred the following finance expense related to the convertible debenture and the Loan:

	2014	2013
	\$	\$
Amortization of issuance costs	90,770	55,058
Accretion of discounts on convertible debenture	130,485	119,658
Interest expense	99,800	114,791
	321,055	289,507

### 12. Related party transactions

During the three months ended March 31, 2014 and 2013, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or in which they were significant shareholders:

	2014	2013
	\$	\$
Management compensation	136,906	49,216
Share issuance costs	12,855	-
	149,761	49,216

## ENCANTO POTASH CORP.

Notes to the Condensed Consolidated Financial Statements

Three months ended March 31, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

Included in accounts payable and accrued liabilities as at March 31, 2014 was \$102,684 (December 31, 2013 - \$42,658) due to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing are unsecured, non-interest bearing and due on demand.

A director of the Company holds \$5,000,000 of the total \$7,000,000 convertible debentures and is owed \$224,706 in accrued interest.

Key management includes the directors, the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. Compensation paid or payable to key management for services provided during the three months ended March 31, 2014 was as follows:

	2014	2013
	\$	\$
Management compensation	117,000	87,000
Share-based payments	-	82,973
	117,000	169,973

### 13. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow. During the three months ended March 31, 2014 and 2013 the following transactions were excluded from the consolidated statements of cash flows:

	2014	2013
	\$	\$
<b>Non-cash investing and financing transactions</b>		
Warrants issued in connection with loan	24,913	-
Mineral property interest expenditures in accounts payable	1,206,345	897,469
Mineral property interest expenditures in accounts payable as at December 31	(2,479,754)	(777,878)

### 14. Commitments

In addition to any commitments pursuant to mineral property interest obligations (Note 6), as at March 31, 2014, the Company is committed to payments, for the next 12 months, of \$659,500 under consulting services agreements, \$91,600 on lease payments for office premises and \$350,000 in interest payable on the convertible debentures.

The convertible debenture is due for repayment as to \$7,000,000 on January 14, 2015. The Company also has \$36,504 of office premises expenses due during the remainder of the leases.

### 15. Subsequent events

On April 15, 2014, the Company completed a short form prospectus offering to raise gross proceeds of \$3,650,901 through the issuance of the following:

- i) \$2,650,912 from the sale of 15,593,600 units at a price of \$0.17 per unit, with each such unit consisting of one common share and one half of one share purchase warrant, each whole warrant entitling the holder to purchase one non flow-through common share at a price of \$0.30 per share expiring on October 15, 2015.

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Notes to the Condensed Consolidated Financial Statements

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*(Unaudited - Expressed in Canadian dollars)*

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ii) \$999,989 from the sale of 5,263,100 flow-through units at a price of \$0.19 per flow-through unit, with each such flow-through unit consisting of one flow through common share and one half of one share purchase warrant, each whole warrant entitling the holder to purchase one non flow-through common share at a price of \$0.30 per share expiring on October 15, 2015.

The Company issued 834,268 warrants to Agents that entitle the holder to purchase one common share at a price of \$0.30 expiring April 15, 2015.

**ENCANTO POTASH CORP.****Schedule 1**

## Consolidated Schedule of Changes in Mineral Property Interests

Three months ended March 31, 2014

*(Expressed in Canadian dollars)*

	MFN Project	Chacachas Ochapawace First Nation Prospects	Spar Property	Total
	\$	\$	\$	\$
<b>Balance, December 31, 2013</b>	<b>27,352,678</b>	<b>5,429,087</b>	<b>5,248,138</b>	<b>38,029,903</b>
Deferred exploration expenditures				
3-D seismic	-	9,033	-	9,033
Consulting	65,277	27,427	-	92,704
Drilling	-	104,255	-	104,255
Feasibility	280,057	-	-	280,057
	345,334	140,715	-	486,049
<b>Balance, March 31, 2014</b>	<b>27,698,012</b>	<b>5,569,802</b>	<b>5,248,138</b>	<b>38,515,952</b>

**ENCANTO POTASH CORP.**

Schedule 1

## Consolidated Schedule of Changes in Mineral Property Interests

Year ended December 31, 2013

*(Expressed in Canadian dollars)*

	MFN Project	Chacachas Ochapawace First Nation Prospects	Spar Property	Total
	\$	\$	\$	\$
<b>Balance, December 31, 2012</b>	<b>19,530,255</b>	<b>4,000,272</b>	<b>6,422,870</b>	<b>29,953,397</b>
Deferred exploration expenditures				
3-D seismic	97,702	122,542	-	220,244
Consulting	91,590	14,549	-	106,139
Drilling	-	1,262,289	-	1,262,289
Environmental	2,022,366	-	-	2,022,366
Feasibility	4,992,992	-	-	4,992,992
Permitting	168,914	29,435	105,268	303,617
Pre-feasibility	448,859	-	-	448,859
	7,822,423	1,428,815	105,268	9,356,506
Write down of mineral property interest	-	-	(1,040,000)	(1,040,000)
Recovery of permitting costs	-	-	(240,000)	(240,000)
<b>Balance, December 31, 2013</b>	<b>27,352,678</b>	<b>5,429,087</b>	<b>5,248,138</b>	<b>38,029,903</b>