ENCANTO POTASH CORP.

Condensed Interim Consolidated Financial Statements
Three and six months ended June 30, 2013 and 2012

(Unaudited - Expressed in Canadian dollars)

ENCANTO POTASH CORP.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	**June 30 2013**	December 31 2012
		$	$
Assets			
Current			
Cash		**3,640,612**	279,529
Taxes recoverable		**169,990**	338,208
Prepaid expenses		**90,254**	92,931
		3,900,856	710,668
Non-current			
Deposits		**185,664**	133,664
Equipment		**36,488**	37,944
Investment	**5**	**106,000**	424,000
Mineral property interests	**6**	**33,682,336**	29,953,397
		37,911,344	31,259,673
Liabilities			
Current			
Accounts payable and accrued liabilities	**10**	**1,340,641**	1,053,767
Non-current			
Convertible debenture – liability component	**7,10**	**7,993,551**	1,993,797
Deferred tax liability		**2,207,001**	2,207,001
		11,541,193	5,254,565
Shareholders' Equity			
Share capital	**8**	**44,480,473**	41,939,653
Contributed surplus	**8**	**3,775,954**	3,419,279
Convertible debenture – equity component	**7**	**937,654**	242,018
Deficit		**(22,823,930)**	(19,595,842)
		26,370,151	26,005,108
		37,911,344	31,259,673

Nature of operations – Note 1
Going concern – Note 2
Commitments – Notes 6, 8 and 12

APPROVED BY THE DIRECTORS

"James Walchuck"	Director	*"Gordon Keep"*	Director
James Walchuck		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 and six months ended June 30
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended June 30 2013	2012	Six months ended June 30 2013	2012
		$	**$**	**$**	**$**
Corporate development consultants		**263,614**	201,368	**571,371**	498,318
Depreciation		**2,578**	3,162	**5,063**	5,526
Finance expenses	**9,10**	**336,167**	-	**625,674**	-
First Nation consulting		**292,543**	150,380	**490,930**	315,397
First Nation development and designation		**-**	18,000	**100,000**	72,626
Investor communications		**96,434**	90,821	**168,570**	183,123
Legal and audit		**167,757**	76,788	**290,536**	112,023
Management compensation	**10**	**231,108**	140,008	**379,724**	280,852
Office		**52,260**	50,943	**95,718**	90,993
Regulatory compliance		**32,104**	16,838	**69,126**	57,014
Share-based payments	**8c**	**31,850**	242,224	**356,675**	345,857
Travel and accommodation		**79,868**	72,125	**136,529**	122,308
Loss before other items		**(1,586,283)**	(1,062,657)	**(3,289,916)**	(2,084,037)
Interest earned		**16,126**	13,369	**29,828**	29,298
Impairment on investment	**5**	**(212,000)**	-	**(318,000)**	-
Loss for the period before income taxes		**(1,782,157)**	(1,049,288)	**(3,578,088)**	(2,054,739)
Deferred income tax recovery		**-**	13,000	**350,000**	22,000
Net loss for the period		**(1,782,157)**	(1,036,288)	**(3,228,088)**	(2,032,739)
Other comprehensive Income					
Unrealized loss on investment		**-**	(848,000)	**-**	(848,000)
Total comprehensive loss for the period		**(1,782,157)**	(1,884,288)	**(3,228,088)**	(2,880,739)
Loss per share					
- Basic and diluted		**(0.01)**	(0.00)	**(0.01)**	(0.01)
Weighted average number of shares outstanding					
- Basic and diluted		**285,460,897**	275,799,755	**281,875,631**	275,278,889

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

ENCANTO POTASH CORP.

Condensed Interim Consolidated Statements of Cash Flows
Six months ended June 30
(Unaudited - Expressed in Canadian dollars)

	2013	2012
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss for the period	**(3,228,088)**	(2,032,739)
Items not affecting cash		
Depreciation	**5,063**	5,526
Share-based payments	**356,675**	345,857
Impairment on investment	**318,000**	-
Accretion of discount on convertible debentures	**274,318**	-
Amortization of issuance costs on convertible debentures	**117,932**	-
Deferred income tax recovery	**(350,000)**	(22,000)
	(2,506,100)	(1,703,356)
Net change in non-cash working capital items		
Taxes recoverable	**168,218**	55,950
Prepaid expenses	**2,677**	51,456
Accounts payable and accrued liabilities	**366,045**	67,832
	(1,969,160)	(1,528,118)
Investing activities		
Deferred mineral property interest expenditures	**(3,808,110)**	(1,545,611)
Deposits	**(52,000)**	50,000
Purchase of equipment	**(3,607)**	(37,233)
	(3,863,717)	(1,532,844)
Financing activities		
Proceeds on shares issued, net of share issuance costs	**2,540,820**	1,260,305
Proceeds on convertible debenture, net of issuance costs	**6,653,140**	-
	9,193,960	1,260,305
Increase (Decrease) in cash	**3,361,083**	(1,800,657)
Cash, beginning of period	**279,529**	5,940,458
Cash, end of period	**3,640,612**	4,139,801

Supplemental cash flow information – note 11

ENCANTO POTASH CORP.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Common shares	Share capital	Contributed surplus	Convertible debenture	AOCI	Deficit	Total
	number	$	$	$	$	$	$
Balance, December 31, 2011	**269,792,298**	**39,811,870**	**3,251,683**	**-**	**(106,000)**	**(13,405,786)**	**29,551,767**
Shares issued in consideration for:							
Cash, pursuant to:							
- Warrants exercised	4,678,885	1,226,971	(116,666)	-	-	-	1,110,305
- Options exercised	1,000,000	228,400	(78,400)	-	-	-	150,000
Mineral property interests	400,000	104,000	40,160	-	-	-	144,160
Share-based payments	-	-	345,857	-	-	-	345,857
Comprehensive loss	-	-	-	-	(848,000)	(2,032,739)	(2,880,739)
Balance, June 30, 2012	**275,871,183**	**41,371,241**	**3,442,634**	**-**	**(954,000)**	**(15,438,525)**	**28,421,350**
Shares issued in consideration for:							
Cash, pursuant to:							
- Warrants exercised	1,688,615	394,752	(57,029)	-	-	-	337,723
- Options exercised	650,000	173,660	(66,160)	-	-	-	107,500
Convertible debenture	-	-	-	242,018	-	-	242,018
Share-based payments	-	-	99,834	-	-	-	99,834
Comprehensive loss	-	-	-	-	954,000	(4,157,317)	(3,203,317)
Balance, December 31, 2012	**278,209,798**	**41,939,653**	**3,419,279**	**242,018**	**-**	**(19,595,842)**	**26,005,108**
Shares issued in consideration for:							
Cash, pursuant to:							
- Private placement	7,950,000	2,703,000	-	-	-	-	2,703,000
Share issuance costs	-	(162,180)	-	-	-	-	(162,180)
Convertible debenture	-	-	-	695,636	-	-	695,636
Share-based payments	-	-	356,675	-	-	-	356,675
Comprehensive loss	-	-	-	-	-	(3,228,088)	(3,228,088)
Balance, June 30, 2013	**286,159,798**	**44,480,473**	**3,775,954**	**937,654**	**-**	**(22,823,930)**	**26,370,151**

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

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 June 30, 2013, the Company has not yet achieved profitable operations, had an accumulated deficit of $22,823,930 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.

3. Basis of presentation

These condensed interim consolidated financial statements for the three and six months ended June 30, 2013 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, 2012 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 August 28, 2013

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's December 31, 2012 annual consolidated financial statements except for new standards and amendments mandatorily effective for the first time from January 1, 2013.

a) New standards and Amendments effective for the first time from January 1, 2013

The following revised standards and amendments became effective on January 1, 2013. The new and amended standards did not have a significant impact on the financial statements. The following is a brief summary of the principal new standards:

IFRS 10 – Consolidation
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1, Presentation of Financial Statements
IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

4. 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, 2012 annual consolidated financial statements.

5. Investment

The Company has received consideration from Sundance Energy Corp. ("Sundance") totaling 10,600,000 common shares of Sundance, originally valued at $2,120,000, and $200,000 in cash under a two-part transaction completed during fiscal 2010.

Sundance's closing share price on June 30, 2013 was $0.01 (December 31, 2012 of $0.04 per share). During the three and six months ended June 30, 2013 the Company considered the decrease in share price to represent impairment and accordingly, recognized an impairment loss of $212,000 and $318,000, respectively.

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 a joint venture agreement ("JVA") for the purpose of developing potash mineral deposits on MFN reserve lands (the "MFN Project") in Saskatchewan. The parties have further agreed to jointly appoint a management committee to supervise the business affairs of the joint venture.

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. As of June 30, 2013 the Company has advanced $735,000 against the development fee, with the remaining $265,000 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. Pursuant to the terms and conditions of the royalty agreement, MRL has a 3% gross overriding royalty 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. In accordance with the agreements, the Company issued 400,000 common shares (fair value - $104,000 being the value based on the closing price at the date of issuance) and 400,000 common share purchase warrants (fair value - $40,160, was attributed to these warrants using an option-pricing model. Assumptions used in the pricing model were as follows: average risk-free interest rate – 1.10%; expected life – 1 year; expected volatility – 100%; and expected dividends – nil.), which are exercisable at a price of $0.26 per share until February 1, 2014.

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.

(Unaudited - Expressed in Canadian dollars)

c) Spar property

The Company continues to hold an undivided 100% interest in the KP441 and KP452 claims and each of these properties is subject to a 2% net smelter return royalty.

7. Convertible debentures

On January 14, 2013, the Company issued a second convertible debenture for the principal sum of $7,000,000. The convertible debenture bears interest at 5% and is repayable on January 14, 2015 or can be converted into shares at the holder's option at a rate of $0.25 per convertible debenture share. The convertible debenture may be prepaid in whole or in part by the Company by giving 60 days prior written notice, provided that the volume weighted average trading price of the Company's common shares for the 20 consecutive trading days ending on the date that is five days prior to the date such written notice is given is greater than $0.50 per common share.

For accounting purposes, the convertible debenture is separated into its liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the convertible debenture assuming a 17% effective interest rate which was the estimated rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debenture and the fair value of the liability component.

Issuance costs of $346,860 were incurred and have been recorded against the liability and equity components. The liability component of the issuance costs are being amortized to the statements of comprehensive loss over the life of the convertible debenture.

	Liability Component	Equity Component
	$	$
Opening balance – December 31, 2012	**1,993,797**	**242,018**
Issued - amount at date of issue (January 14, 2013)	5,900,000	1,100,000
Issuance costs allocated	(292,496)	(54,364)
Deferred income tax liability	-	(350,000)
Amortization of issuance costs	117,932	-
Accretion of discount	274,318	-
Balance – June 30, 2013	7,993,551	937,654

8. 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

(Unaudited - Expressed in Canadian dollars)

b) Financings

On April 8, 2013 the Company closed a private placement of 7,950,000 common shares at a price of $0.34 per share for gross proceeds of $2,703,000. A cash finders' fee of 5% of the gross proceeds was paid in connection with the financing ($135,150). The Company also incurred other share issuance costs of $27,030 in respect of this financing.

c) Stock options

The balance of options outstanding and related information for the six months ended June 30, 2013 is as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2012	25,125,000	$0.21	7.51
Granted	2,925,000	$0.25	
Cancelled	(250,000)	$0.44	
Balance, June 30, 2013	27,800,000	$0.21	7.58
Unvested	(2,806,250)	$0.33	8.99
Exercisable, June 30, 2013	24,993,750	$0.20	7.18

For the three and six months ended June 30, 2013, the Company recorded share-based payments expense of $31,850 and $356,675 respectively ($242,224 and $345,857 respectively for 2012). The fair value of these options was determined using an option pricing model using the following weighted average assumptions:

	2013	2012
Risk free interest rate	1.11%	1.33%
Expected life	2 years	1 year
Expected volatility	86%	100%
Expected dividends	Nil	Nil

The balance of options outstanding as at June 30, 2013 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
September 1, 2013	$0.26	0.17	100,000	-	100,000
April 28, 2018	$0.30	4.83	200,000	-	200,000
July 13, 2019	$0.17	6.04	8,750,000	-	8,750,000
September 16, 2019	$0.25	6.33	1,000,000	-	1,000,000
July 13, 2020	$0.15	7.04	6,350,000	-	6,350,000
September 1, 2021	$0.26	8.18	4,875,000	-	4,875,000
February 17, 2022	$0.45	8.64	500,000	500,000	-
April 24, 2022	$0.30	8.82	500,000	-	500,000
June 28, 2022	$0.30	9.00	2,600,000	2,100,000	500,000
January 9, 2023	$0.25	9.53	2,650,000	-	2,650,000
March 25, 2023	$0.28	9.74	275,000	206,250	68,750
	$0.21	7.58	27,800,000	2,806,250	24,993,750

(Unaudited - Expressed in Canadian dollars)

d) Share purchase warrants

The balance of warrants outstanding and related information for the six months ended June 30, 2013 as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance, December 31, 2012 and June 30, 2013	7,070,000	$0.34	1.39

The balance of warrants outstanding as at June 30, 2013 is as follows:

Expiry date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
February 1, 2014	400,000	$0.26	0.59
October 28, 2014	200,000	$0.225	1.33
December 9, 2014	6,470,000	$0.35	1.44
	7,070,000	$0.34	1.39

9. Finance expenses

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
	$	$	$	$
Amortization of issuance costs	62,874	-	117,932	-
Accretion of discounts	154,660	-	274,318	-
Interest expense	118,633	-	233,424	-
	336,167	-	625,674	-

10. Related party transactions

During the three and six months ended June 30, 2013 and 2012, 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:

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
	$	$	$	$
Corporate development consultants	154,575	-	306,575	-
Management compensation	140,508	50,008	189,724	100,852
Legal fees	-	2,000	-	4,413
	295,083	52,008	496,299	105,265

Included in accounts payable and accrued liabilities as at June 30, 2013 was $12,982 (December 31, 2012 - $30,748) due to directors and officers of the Company and/or companies they control or of which they were significant shareholders. Amounts owing are unsecured, non-interest bearing and due on demand.

A director of the Company holds $7,500,000 of the total $9,500,000 convertible debentures with no accrued interest as at June 30, 2013.

(Unaudited - Expressed in Canadian dollars)

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 and six months ended June 30, 2013 and 2012 was as follows:

	Three months ended June 30		**Six months ended June 30**	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Management compensation	117,000	87,000	204,000	174,000
Share-based payments	-	24,093	82,973	68,698
	117,000	111,093	286,973	242,698

11. 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 six months ended June 30, 2013 and 2012 the following transactions were excluded from the consolidated statements of cash flows:

	2013	**2012**
	$	**$**
Non-cash investing and financing transactions		
Common shares issued for mineral property interest acquisitions	-	104,000
Warrants issued for mineral property interest acquisitions	-	40,160
Mineral property interest expenditures in accounts payable	698,707	470,129
Mineral property interest expenditures in accounts payable as at December 31	(777,878)	(454,901)
Reclassification from prepaid expenses to deposits	-	(18,424)

12. Commitments

In addition to any commitments pursuant to mineral property interest obligations (Note 6), as at June 30, 2013, the Company is committed to payments, for the next 12 months, of $600,000 under consulting services agreements, $55,307 on lease payments for office premises and $475,000 in interest payable on the convertible debentures.

The convertible debentures are due for repayment as to $2,500,000 due on November 28, 2014 and $7,000,000 due on January 14, 2015. The Company also has $136,635 of office premises expenses due during the remainder of the leases.

ENCANTO POTASH CORP.

Schedule 1

Consolidated Schedule of Changes in Mineral Property Interests
Six months ended June 30, 2013
(Expressed in Canadian dollars)

	MFN Project	Chacachas Ochapawace First Nation Prospects	Spar Property	Total
	$	$	$	$
Balance, December 31, 2012	**19,530,255**	**4,000,272**	**6,422,870**	**29,953,397**
Deferred exploration expenditures				
3-D seismic	95,065	62,500	-	157,565
Consulting	53,456	-	-	53,456
Drilling	-	25,748	-	25,748
Environmental	1,731,098	-	-	1,731,098
Feasibility	1,283,236	-	-	1,283,236
Permitting	18,947	-	10,030	28,977
Pre-feasibility	448,859	-	-	448,859
	3,630,661	88,248	10,030	3,728,939
Balance, June 30, 2013	**23,160,916**	**4,088,520**	**6,432,900**	**33,682,336**

ENCANTO POTASH CORP.

Schedule 1

Consolidated Schedule of Changes in Mineral Property Interests
Year ended December 31, 2012
(Expressed in Canadian dollars)

	MFN Project	Chacachas Ochapawace First Nation Prospects	Spar Property	Total
	$	$	$	$
Balance, December 31, 2011	**13,255,684**	**3,967,437**	**6,747,824**	**23,970,945**
Acquisition costs				
Shares and warrants	144,160	-	-	144,160
Deferred exploration expenditures				
3-D seismic	1,709,121	-	-	1,709,121
Assaying	125,162	-	-	125,162
Consulting	147,951	-	-	147,951
Drilling	141,493	8,168	-	149,661
Engineering studies	67,046	-	-	67,046
Environmental	1,674,909	-	-	1,674,909
Other	58,065	-	-	58,065
Permitting	15,853	24,667	250,597	291,117
Pre-feasibility	2,180,811	-	-	2,180,811
Site reclamation	10,000	-	-	10,000
	6,130,411	32,835	250,597	6,413,843
Write off of mineral property interests	-	-	(575,551)	(575,551)
Balance, December 31, 2012	**19,530,255**	**4,000,272**	**6,422,870**	**29,953,397**