

ENCANTO POTASH CORP.

**Condensed Interim Consolidated Financial Statements
Three and six months ended June 30, 2014 and 2013**

(Unaudited - Expressed in Canadian dollars)

ENCANTO POTASH CORP.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	June 30 2014	December 31 2013
		\$	\$
Assets			
Current			
Cash		59,957	778,728
Taxes recoverable		49,644	162,623
Prepaid expenses		98,053	122,894
		207,654	1,064,245
Non-current			
Deposits		135,664	135,664
Equipment		26,872	30,977
Investment		63,600	63,600
Mineral property interests	6	38,560,585	38,029,903
		38,994,375	39,324,389
Liabilities			
Current			
Accounts payable and accrued liabilities	12	1,376,526	3,234,183
Convertible debenture – liability component	9	6,576,429	-
Derivative put option liability	6	485,500	425,000
Flow-through premium liability	7	105,262	186,675
		8,543,717	3,845,858
Non-current			
Convertible debenture – liability component	9	-	6,217,761
		8,543,717	10,063,619
Shareholders' Equity			
Share capital	10	52,215,040	48,747,561
Contributed surplus	10	5,091,779	4,728,587
Convertible debenture – equity component		695,636	695,636
Deficit		(27,551,797)	(24,911,014)
		30,450,658	29,260,770
		38,994,375	39,324,389

Nature of operations – Note 1

Going concern – Note 2

Commitments – Notes 6, 10 and 14

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 and six months ended June 30

(Unaudited - Expressed in Canadian dollars)

		Three months ended June 30		Six months ended June 30	
	Note	2014	2013	2014	2013
		\$	\$	\$	\$
Corporate development consultants		172,500	263,614	366,379	571,371
Depreciation		2,052	2,578	4,105	5,063
First Nation consulting		159,990	256,462	333,912	454,849
First Nation development and designation		90,000	36,081	165,000	136,081
Investor communications		51,359	96,434	100,702	168,570
Legal and audit		158,043	167,757	310,286	290,536
Management compensation	12	201,400	231,108	428,306	379,724
Office		45,434	52,260	94,226	95,718
Regulatory compliance		36,344	32,104	75,963	69,126
Share-based payments		233,315	31,850	258,885	356,675
Travel and accommodation		40,409	79,868	91,659	136,529
Loss before other items		(1,190,846)	(1,250,116)	(2,229,423)	(2,664,242)
Interest earned		-	16,126	-	29,828
Finance expense	11	(276,980)	(336,167)	(598,035)	(625,674)
Impairment on investment		-	(212,000)	-	(318,000)
Loss for the period before income taxes		(1,467,826)	(1,782,157)	(2,827,458)	(3,578,088)
Deferred income tax recovery		-	-	186,675	350,000
Total comprehensive loss for the period		(1,467,826)	(1,782,157)	(2,640,783)	(3,228,088)
Loss per share					
- Basic and diluted		(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding					
- Basic and diluted		326,835,491	285,460,897	317,382,871	281,875,631

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)

	2014	2013
	\$	\$
Cash flows (used in) provided by		
Operating activities		
Net loss	(2,640,783)	(3,228,088)
Items not affecting cash		
Depreciation	4,105	5,063
Share-based payments	258,885	356,675
Impairment on investment	-	318,000
Finance expense	383,581	392,250
Deferred income tax recovery	(186,675)	(350,000)
	(2,180,887)	(2,506,100)
Net change in non-cash working capital items		
Taxes recoverable	112,979	168,218
Prepaid expenses	24,841	2,677
Accounts payable and accrued liabilities	426,098	366,045
	(1,616,969)	(1,969,160)
Investing activities		
Deferred mineral property interest expenditures	(2,814,437)	(3,808,110)
Deposits recovered (paid)	-	(52,000)
Purchase of equipment	-	(3,607)
	(2,814,437)	(3,863,717)
Financing activities		
Proceeds on shares issued, net of share issuance costs	3,612,635	2,540,820
Proceeds on convertible debenture, net of issuance costs	-	6,653,140
Proceeds on mineral property interest put option	100,000	-
	3,712,635	9,193,960
(Decrease) Increase in cash	(718,771)	3,361,083
Cash, beginning of period	778,728	279,529
Cash, end of period	59,957	3,640,612

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 \$
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
Shares issued in consideration for:						
Cash, pursuant to:						
- Private placements	10,106,911	1,904,750	100	-	-	1,904,850
Share issuance costs	-	(379,680)	13,329	-	-	(366,351)
Convertible debenture	10,000,000	2,742,018	-	(242,018)	-	2,500,000
Derivative put option	-	-	725,000	-	-	725,000
Share-based payments	-	-	214,204	-	-	214,204
Comprehensive loss	-	-	-	-	(2,087,084)	(2,087,084)
Balance, December 31, 2013	306,266,709	48,747,561	4,728,587	695,636	(24,911,014)	29,260,770
Shares issued in consideration for:						
Cash, pursuant to:						
- Prospectus offering	20,856,700	3,543,554	2,085	-	-	3,545,639
- Private placement	3,150,000	535,500	-	-	-	535,500
Share issuance costs	-	(611,575)	37,809	-	-	(573,766)
Bonus warrants	-	-	24,913	-	-	24,913
Derivative put option	-	-	39,500	-	-	39,500
Share-based payments	-	-	258,885	-	-	258,885
Comprehensive loss	-	-	-	-	(2,640,783)	(2,640,783)
Balance, June 30, 2014	330,273,409	52,215,040	5,091,779	695,636	(27,551,797)	30,450,658

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

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Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

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, 2014, the Company has a working capital deficit of \$8,336,063 and has not yet achieved profitable operations, had an accumulated deficit of \$27,551,797 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, 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 August 26, 2014.

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.

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4. Accounting standards issued but not yet effective

The IASB has undertaken a three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, with *IFRS 9, Financial Instruments*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In November 2013, the IASB issued the third phase of IFRS 9, which details the new general hedge accounting model. Hedge accounting remains optional and the new model is intended to allow companies to better reflect risk management activities in the financial statements and provide more opportunities to apply hedge accounting. The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized; however, in its February 2014 meeting, the IASB tentatively decided that IFRS 9 would be mandatorily effective for annual periods beginning on or after January 1, 2018. The full impact of the standard on the Company's financial statements will not be known until the project is complete.

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.

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.

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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 price at which common shares are issued in a future financing. Subsequent to June 30, 2014 the Company and the Related Party have agreed that this price will be \$0.17, changing the put option from a derivative liability to a financial instrument.

The put option was repayable in a variable number of common shares up to June 30, 2014 and was therefore a derivative liability that must have been measured at fair value at each reporting date. The change in fair value from December 31, 2013 to June 30, 2014 was immaterial.

	Derivative put option	Contributed surplus
	\$	\$
Fair value – December 31, 2013	425,000	725,000
Additional funding received	60,500	39,500
Fair value – June 30, 2014	485,500	764,500

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.

7. Flow-through premium liability

The flow-through premium liability balance as of June 30, 2014 of \$105,262 arose in connection with the flow-through share offerings the Company completed on April 15, 2014. The reported amount is the unamortized balance of the premium recorded from issuing the flow-through shares. This balance does not represent a cash liability to the Company but rather this balance will be amortized to the statement of comprehensive income or loss pro-rata with the amount of qualifying flow-through expenditures that are incurred by the Company after the tax benefit is renounced to the shareholders.

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During the six months ended June 30, 2014 with respect to the flow-through share offerings the Company completed in December 2013 a total of \$186,675 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 six months ended June 30, 2014.

On April 15, 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	86,715	-
Accretion of discount	271,953	-
Balance – June 30, 2014	6,576,429	695,636

The convertible debenture bears interest at 5% annually and as at June 30, 2014 a total of \$402,089 of interest payable was accrued. Subsequent to June 30, 2014 the repayment date was extended from January 14, 2015 to January 14, 2016.

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 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 issuance 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.
- ii) \$999,989 from the issuance 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

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purchase one non flow-through common share at a price of \$0.30 per share expiring on October 15, 2015.

A nominal value has been attributed to the share purchase warrants as per the terms of the subscription agreement for the units. 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. The fair value of the warrants was estimated at \$37,809 based on the Black-Scholes option pricing model using the following assumptions: risk-free interest rate - 1.30%; expected life – 1 years; expected volatility - 77%; and expected dividends - nil. The Company also incurred other share issuance costs of \$513,212 in respect of this offering.

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 \$535,500. 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.

c) Stock options

The balance of options outstanding and related information for the three months ended June 30, 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	3,730,000	\$0.18	
Forfeited	(5,000)	\$0.11	
Balance, June 30, 2014	33,025,000	\$0.20	6.63
Unvested	(1,025,000)	\$0.19	9.69
Exercisable, June 30, 2014	32,000,000	\$0.20	6.53

During the six months ended June 30, 2014 the Company granted 3,730,000 options (2013 – 2,925,000). A total of 2,775,000 options granted vested immediately and the remaining 955,000 vested semi-annually over an 18-month period from the date of grant. During the six months ended June 30, 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 and six months ended June 30, 2014, the Company recorded share-based payments expense of \$233,315 and \$258,885 respectively, (2013 - \$31,850 and \$356,675). 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	1.16%	1.10%
Expected life	4 years	2 years
Expected volatility	87%	86%
Expected dividends	Nil	Nil

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The balance of options outstanding as at June 30, 2014 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
December 31, 2014	\$0.15	0.50	500,000	-	500,000
December 31, 2014	\$0.17	0.50	1,000,000	-	1,000,000
December 31, 2014	\$0.25	0.50	75,000	-	75,000
December 31, 2014	\$0.26	0.50	400,000	-	400,000
April 28, 2018	\$0.30	3.83	200,000	-	200,000
July 13, 2019	\$0.17	5.04	7,750,000	-	7,750,000
September 16, 2019	\$0.25	5.22	1,000,000	-	1,000,000
July 13, 2020	\$0.15	6.04	5,850,000	-	5,850,000
September 1, 2021	\$0.17	7.18	525,000	-	525,000
September 1, 2021	\$0.26	7.18	3,950,000	-	3,950,000
April 24, 2022	\$0.30	7.82	500,000	-	500,000
June 28, 2022	\$0.17	8.00	200,000	-	200,000
June 28, 2022	\$0.30	8.00	2,400,000	-	2,400,000
January 9, 2023	\$0.17	8.53	970,000	-	970,000
January 9, 2023	\$0.25	8.53	1,600,000	-	1,600,000
March 25, 2023	\$0.28	8.74	275,000	68,750	206,250
October 18, 2023	\$0.20	9.31	100,000	-	100,000
November 20, 2023	\$0.20	9.40	2,000,000	-	2,000,000
February 19, 2024	\$0.20	9.65	750,000	375,000	375,000
April 28, 2024	\$0.17	9.84	2,980,000	581,250	2,398,750
			33,025,000	1,025,000	32,000,000

d) Share purchase warrants

The balance of warrants outstanding and related information for the six months ended June 30, 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	15,412,618	\$0.29	
Expired	(400,000)	\$0.26	
Balance, June 30, 2014	27,384,974	0.31	0.96

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The balance of warrants outstanding as at June 30, 2014 was as follows:

Expiry date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
October 28, 2014	200,000	\$0.225	0.33
December 9, 2014	6,470,000	\$0.35	0.44
February 19, 2015	1,000,000	\$0.20	0.64
April 15, 2015	834,268	\$0.30	0.79
June 4, 2015	5,302,356	\$0.30	0.93
August 18, 2015	3,150,000	\$0.30	1.13
October 15, 2015	10,428,350	\$0.30	1.29
	27,384,974	\$0.31	0.96

11. Finance expenses

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
	\$	\$	\$	\$
Amortization of issuance costs	43,358	62,874	134,128	117,932
Accretion of discounts	141,470	154,660	271,953	274,318
Interest expense	92,152	118,633	191,954	233,424
	276,980	336,167	598,035	625,674

12. Related party transactions

During the three and six months ended June 30, 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:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
	\$	\$	\$	\$
Management compensation	130,190	140,508	267,096	189,724
Share issuance costs	36,509	-	49,364	-
	166,699	140,508	316,460	189,724

Included in accounts payable and accrued liabilities as at June 30, 2014 was \$36,768 (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. 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 \$287,206 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 and six months ended June 30, 2014 and 2013 was as follows:

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	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
	\$	\$	\$	\$
Management compensation	117,000	117,000	234,000	204,000
Share-based payments	148,590	-	148,590	82,973
	265,590	117,000	382,590	286,973

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 six months ended June 30, 2014 and 2013 the following transactions were excluded from the consolidated statements of cash flows:

	\$	\$
Non-cash investing and financing transactions		
Fair value of broker warrants	37,809	-
Flow through premium liability	105,262	-
Mineral property interest expenditures in accounts payable:		
As at June 30, 2014 and 2013	195,999	698,707
As at December 31, 2013 and 2012	(2,479,754)	(777,878)

14. Commitments

In addition to any commitments pursuant to mineral property interest obligations (Note 6), as at June 30, 2014, the Company is committed to payments, for the next 12 months of \$600,000 under consulting services agreements, \$84,890 on lease payments for office premises and \$204,166 in interest payable on the convertible debenture.

The convertible debenture is due for repayment as to \$7,000,000 on January 14, 2015. The Company also has \$28,752 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, 2014

(Unaudited - Expressed in Canadian dollars)

	MFN Project	Chacachas Ochapawace First Nation Prospects	Spar Property	Total
	\$	\$	\$	\$
Balance, December 31, 2013	27,352,678	5,429,087	5,248,138	38,029,903
Deferred exploration expenditures				
3-D seismic	-	9,032	-	9,032
Consulting	66,897	28,353	-	95,250
Drilling	-	113,890	-	113,890
Feasibility	312,510	-	-	312,510
	<u>379,407</u>	<u>151,275</u>	<u>-</u>	<u>530,682</u>
Balance, June 30, 2014	27,732,085	5,580,362	5,248,138	38,560,585

ENCANTO POTASH CORP.

Schedule 1

Consolidated Schedule of Changes in Mineral Property Interests

Year ended December 31, 2013

(Unaudited - 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	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)
Balance, December 31, 2013	27,352,678	5,429,087	5,248,138	38,029,903