

# **ENCANTO POTASH CORP.**

**Condensed Interim Consolidated Financial Statements  
Three and nine months ended September 30, 2012 and 2011**

**(Unaudited – expressed in Canadian dollars)**

# ENCANTO POTASH CORP.

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	September 30 2012	December 31 2011
		\$	\$
<b>Assets</b>			
Current			
Cash		2,072,969	5,940,458
Taxes recoverable		146,117	235,799
Prepaid expenses		51,127	156,232
		<b>2,270,213</b>	6,332,489
Non-current			
Deposits		196,160	227,236
Equipment		41,244	12,976
Investment	3	424,000	2,014,000
Mineral property interests	4	26,473,673	23,970,945
		<b>29,405,290</b>	32,557,646
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		353,147	701,878
Flow-through premium liability	5	513,000	650,000
		<b>866,147</b>	1,351,878
Non-current			
Deferred tax liability		1,759,501	1,654,001
		<b>2,625,648</b>	3,005,879
<b>Shareholders' Equity</b>			
Share capital	6	41,939,653	39,811,870
Contributed surplus		3,410,186	3,251,683
Accumulated other comprehensive loss		-	(106,000)
Deficit		(18,570,197)	(13,405,786)
		<b>26,779,642</b>	29,551,767
		<b>29,405,290</b>	32,557,646

Nature of operations and going concern – Note 1

Commitments – Notes 4, 6 and 9

Subsequent event – Note 6(d)

### 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 financial statements*

# ENCANTO POTASH CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss

Three and nine months ended September 30

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2012	2011	2012	2011
		\$	\$	\$	\$
Corporate development consultants		372,241	22,793	870,559	76,018
Depreciation		3,439	1,466	8,965	4,171
First Nation consulting	7	180,182	141,803	495,579	382,259
First Nation development and designation		17,797	272,610	90,423	614,761
Investor communications		86,075	89,904	269,198	261,309
Legal and audit	7	33,864	36,922	145,887	162,942
Management compensation	7	137,742	106,392	418,594	322,034
Office		44,908	55,413	135,901	117,434
Regulatory compliance		5,252	33,280	62,266	88,580
Share-based payments	6	90,741	431,796	436,598	544,384
Travel and accommodation		71,080	26,606	193,388	81,593
Loss before other items		(1,043,321)	(1,218,985)	(3,127,358)	(2,655,485)
Interest earned		7,731	4,417	37,029	37,423
Impairment on investment	3	(1,696,000)	-	(1,696,000)	-
Write off of mineral property interests		(409,582)	-	(409,582)	-
Loss for the period before income taxes		(3,141,172)	(1,214,568)	(5,195,911)	(2,618,062)
Deferred income tax recovery (expense)		9,500	(21,668)	31,500	(1,186,668)
Net loss for the period		(3,131,672)	(1,236,236)	(5,164,411)	(3,804,730)
Other Comprehensive Income					
Unrealized loss on investment		(742,000)	(1,325,000)	(1,590,000)	(424,000)
Transfer of Impairment on investment	3	1,696,000	-	1,696,000	-
Deferred income tax recovery		-	112,625	-	-
Total comprehensive loss for the period		(2,177,672)	(2,448,611)	(5,058,411)	(4,228,730)
<b>Loss per share</b>					
- Basic and diluted		(0.01)	(0.00)	(0.02)	(0.02)
<b>Weighted average number of shares outstanding</b>					
- Basic and diluted		277,690,021	251,718,968	275,083,084	250,148,779

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

# ENCANTO POTASH CORP.

## Condensed Interim Consolidated Statements of Cash Flows

Nine months ended September 30

(Unaudited - Expressed in Canadian dollars)

	2012	2011
	\$	\$
<b>Cash flows (used in) provided by</b>		
<b>Operating activities</b>		
Net loss	(5,164,411)	(3,804,730)
Items not affecting cash		
Depreciation	8,965	4,171
Share-based payments	436,598	544,384
Impairment on investment	1,696,000	-
Write off of mineral property interests	409,582	
Deferred income tax (expense) recovery	(31,500)	1,186,668
	(2,644,766)	(2,069,507)
Net change in non-cash working capital items		
Taxes recoverable	89,682	110,510
Prepaid expenses	86,181	(44,957)
Accounts payable and accrued liabilities	(103,395)	(92,034)
	(2,572,298)	(2,095,988)
<b>Investing activities</b>		
Deferred mineral property interest expenditures	(3,013,486)	(3,931,574)
Deposits recovered (paid)	50,000	(50,000)
Purchase of equipment	(37,233)	(1,669)
	(3,000,719)	(3,983,243)
<b>Financing activity</b>		
Proceeds on shares issued, net of share issuance costs	1,705,528	1,956,364
<b>Decrease in cash</b>	<b>(3,867,489)</b>	<b>(4,122,867)</b>
<b>Cash, beginning of period</b>	<b>5,940,458</b>	<b>9,260,208</b>
<b>Cash, end of period</b>	<b>2,072,969</b>	<b>5,137,341</b>

Supplemental cash flow information - Note 8

*The accompanying notes are an integral part of these condensed interim 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 \$	AOCI \$	Deficit \$	Total \$
<b>Balance, December 31, 2010</b>	<b>242,224,143</b>	<b>33,506,710</b>	<b>2,742,542</b>	<b>-</b>	<b>(8,569,482)</b>	<b>27,679,770</b>
Shares issued in consideration for:						
Cash, pursuant to:						
- Warrants exercised	8,889,825	2,056,554	(194,540)	-	-	1,862,014
- Options exercised	605,000	148,621	(54,271)	-	-	94,350
Share-based payments	-	-	544,384	-	-	544,384
Comprehensive loss	-	-	-	(424,000)	(3,804,730)	(4,228,730)
<b>Balance, September 30, 2011</b>	<b>251,718,968</b>	<b>35,711,885</b>	<b>3,038,115</b>	<b>(424,000)</b>	<b>(12,374,212)</b>	<b>25,951,788</b>
Shares issued in consideration for:						
Cash, pursuant to:						
- Private placements	17,940,000	4,261,500	64,700	-	-	4,326,200
- Warrants exercised	133,330	27,293	(627)	-	-	26,666
Share issuance costs	-	(188,808)	-	-	-	(188,808)
Share-based payments	-	-	149,495	-	-	149,495
Comprehensive loss	-	-	-	318,000	(1,031,574)	(713,574)
<b>Balance, December 31, 2011</b>	<b>269,792,298</b>	<b>39,811,870</b>	<b>3,251,683</b>	<b>(106,000)</b>	<b>(13,405,786)</b>	<b>29,551,767</b>
Shares issued in consideration for:						
Cash, pursuant to:						
- Warrants exercised	6,367,500	1,621,723	(173,695)	-	-	1,448,028
- Options exercised	1,650,000	402,060	(144,560)	-	-	257,500
Mineral property interests	400,000	104,000	40,160	-	-	144,160
Share-based payments	-	-	436,598	-	-	436,598
Comprehensive loss	-	-	-	106,000	(5,164,411)	(5,058,411)
<b>Balance, September 30, 2012</b>	<b>278,209,798</b>	<b>41,939,653</b>	<b>3,410,186</b>	<b>-</b>	<b>(18,570,197)</b>	<b>26,779,642</b>

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

# **ENCANTO POTASH CORP.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

*(Unaudited - Expressed in Canadian dollars)*

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## **1. Nature of operations and going concern**

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".

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 September 30, 2012, the Company had not yet achieved profitable operations, had an accumulated deficit of \$18,570,197 since inception and expects to incur further losses in the development of its business, all of which 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.

## **2. Basis of presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the consolidated financial statements for the year ended December 31, 2011.

These financial statements were approved by the board of directors for use on November 27, 2012.

# ENCANTO POTASH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

*(Unaudited - Expressed in Canadian dollars)*

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### 3. Investment

During 2010, the Company completed a series of transactions with Sundance Energy Corp., an Alberta oil and gas exploration company ("Sundance") whose shares trade on the TSXV. Pursuant to these transactions Sundance licensed seismic data from five First Nation Bands collectively ("the Bands") or individually ("each Band") and the Company jointly. In addition the Company assigned to Sundance certain oil and gas rights it had with respect to the reserve lands owned by two of the Bands. As part of the consideration in connection with these transactions the Company received from Sundance 10,600,000 common shares of Sundance with a fair value of \$0.20 per share for a total value of \$2,120,000.

Sundance's closing price on September 30, 2012 was \$0.04 (December 31, 2011 of \$0.19 per share). The Company determined that the fair value of the investment had decreased significantly and the decrease was other than temporary in nature. Accordingly, the Company recognized an impairment loss of \$1,696,000.

### 4. Mineral property interests - Schedule 1

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

#### ***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 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 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 of which \$500,000 had been paid and expensed prior to December 31, 2011 and \$500,000 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. 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. 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 the Black-Scholes option-pricing model. Assumptions used in the pricing model were as follows: average risk-free interest rate - 1.10%; expected life - 1 years; expected volatility - 100%; and expected dividends - nil.) which are exercisable at a price of \$0.26 per share until February 1, 2014, for Encanto's opportunity to add significant new lands to the JVA, bringing the total land package under the JVA up to 58,300 acres.

# ENCANTO POTASH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

(Unaudited - Expressed in Canadian dollars)

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## **Other 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.

## **Spar Property and KP452 claim**

The Company holds an undivided 100% interest in the Spar Property and KP452 claim. Each of these properties is subject to a 2% net smelter return royalty. Subsequent to September 30, 2012 the Company has decided to only renew the permits to the KP452 claim and the KP441 claim (which forms part of the Spar property). The Company wrote off \$409,582 in capitalized permitting costs for the claims that were not renewed.

## **5. Flow-through premium liability**

	<b>September 30, 2012</b>	December 31, 2011
	\$	\$
Flow-through premium liability	513,000	650,000

The flow-through premium liability arose in connection with flow-through share offerings the Company completed during fiscal 2011 ("the flow-through shares"). 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.

## **6. 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



## ENCANTO POTASH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

(Unaudited - Expressed in Canadian dollars)

### b) Stock options

The balance of options outstanding and related information for the nine months ended September 30, 2012 is as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2011	24,345,000	\$0.19	7.98
Granted	5,100,000	\$0.36	
Exercised	(1,650,000)	\$0.15	
Expired	(20,000)	\$0.17	
Cancelled	(2,000,000)	\$0.38	
Balance, September 30, 2012	25,775,000	\$0.21	7.58
Unvested	(3,981,250)	\$0.31	9.56
Exercisable, September 30, 2012	21,793,750	\$0.20	7.22

During the nine months ended September 30, 2012, the weighted average trading price per share as traded on the TSXV on the days that options were exercised was \$0.28 per share.

The balance of options outstanding as at September 30, 2012 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
December 20, 2012	\$0.42	0.22	400,000	-	400,000
December 31, 2012	\$0.22	0.25	250,000	-	250,000
April 28, 2013	\$0.27	0.58	200,000	-	200,000
September 1, 2013	\$0.26	0.92	100,000	-	100,000
November 29, 2015	\$0.44	3.16	250,000	-	250,000
July 13, 2019	\$0.17	6.79	8,750,000	-	8,750,000
September 16, 2019	\$0.25	6.96	1,000,000	-	1,000,000
July 13, 2020	\$0.15	7.79	6,350,000	-	6,350,000
September 1, 2021	\$0.26	8.93	4,875,000	631,250	4,243,750
February 17, 2022	\$0.45	9.39	500,000	500,000	-
April 24, 2022	\$0.30	9.57	500,000	375,000	125,000
June 28, 2022	\$0.30	9.75	2,600,000	2,475,000	125,000
			25,775,000	3,981,250	21,793,750

For the three and nine months ended September 30, 2012, the Company recorded share-based payments expense of \$90,741 and \$436,598 respectively (2011 - \$431,796 and \$544,384). The fair value of the options was determined by the Black-Scholes pricing model using the following assumptions: risk free rate of interest of 1 - 1.33%; expected life of 0.8 - 2 years; expected volatility of 100%; expected dividends of nil; and provision for forfeiture of 0%.

## ENCANTO POTASH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

(Unaudited - Expressed in Canadian dollars)

### d) Share purchase warrants

The balance of warrants outstanding and related information for the nine months ended September 30, 2012 is as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance, December 31, 2011	28,395,661	\$0.43	1.15
Issued	400,000	\$0.26	
Exercised	(6,367,500)	\$0.23	
Expired	(13,330,384)	\$0.60	
Balance, September 30, 2012	9,097,777	\$0.32	1.68

During the nine months ended September 30, 2012, the weighted average trading price per share as traded on the TSXV on the days that warrants were exercised was \$0.35 per share.

The balance of warrants outstanding as at September 30, 2012 was as follows:

Expiry date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
October 20, 2012	2,027,777	\$0.25	0.05
February 1, 2014	400,000	\$0.26	1.34
October 28, 2014	200,000	\$0.225	2.08
December 9, 2014	6,470,000	\$0.35	2.19
	9,097,777		

Subsequent to September 30, 2012 an aggregate 2,027,777 warrants expired unexercised.

### e) Flow-through shares

As at September 30, 2012 the Company is committed to incur on or before December 31, 2012 qualifying Canadian exploration expenses as defined under the *Income Act, Canada* ("Qualifying CEE") in the amount of approximately \$1,580,000 with respect to the flow-through shares issued during the year ended December 31, 2011.

None of the Qualifying CEE will be available to the Company for future deduction from taxable income. During the nine months ended September 30, 2012, the Company renounced \$2,000,000 of flow-through share proceeds to the respective flow-through share subscribers. The Company recognized a deferred tax liability amounting to \$105,500 with a corresponding deferred tax recovery of \$31,500 recorded to operations after recognition of a \$137,000 reduction in the related flow-through premium liability.

### f) Escrow Shares

As of September 30, 2012, there were no remaining common shares held in escrow (December 31, 2011 – 16,076,001).

## ENCANTO POTASH CORP.

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

(Unaudited - Expressed in Canadian dollars)

#### 7. Related party transactions

During the three and nine months ended September 30, 2012 and 2011, 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 September 30		Nine months ended September 30	
	2012	2011	2012	2011
	\$	\$	\$	\$
Management compensation	47,742	91,392	148,594	279,364
Legal fees	-	10,100	4,413	31,545
First Nation consulting	-	56,917	-	176,145
	47,742	158,409	153,007	487,054

Included in accounts payable and accrued liabilities as at September 30, 2012 was \$21,554 (December 31, 2011 - \$40,408) 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.

Key management includes the Directors, the Chief Executive Officer and the Chief Financial Officer. Compensation paid or payable to key management for services provided during the three and nine months ended September 30, 2012 and 2011 was as follows:

	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
	\$	\$	\$	\$
Management compensation	87,000	51,000	261,000	132,000
Share-based payments	19,757	95,219	88,455	168,168
	106,757	146,219	349,455	300,168

#### 8. 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 nine months ended September 30, 2012 and 2011 the following transactions were excluded from the consolidated statements of cash flows:

	Nine months ended September 30	
	2012	2011
	\$	\$
<b>Non-cash investing and financing transactions</b>		
Agent warrants issued in connection with private placement	-	165,000
Units issued for mineral property interest acquisitions	144,160	-
Mineral property interest expenditures included in accounts payable	209,565	778,186
Mineral property interest expenditures included in accounts payable as at December 31, 2011 and 2010	(454,901)	(2,177,402)
Reclassification from prepaid expenses to deposits	18,924	-

## **ENCANTO POTASH CORP.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2012

*(Unaudited - Expressed in Canadian dollars)*

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### **9. Commitments**

In addition to commitments pursuant to mineral property interest obligations (Note 4), as at September 30, 2012, the Company was committed to payments of \$560,000 under consulting services agreements and lease payments on office premises in the amount of \$55,600 for the next 12 months and \$111,400 during the remainder of the lease.

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

## Consolidated Schedule of Changes in Mineral Property Interests

Nine months ended September 30, 2012

*(Unaudited - Expressed in Canadian dollars)*

	MFN Project	Other First Nation Prospects	Spar and KP 452 Claim	Total
	\$	\$	\$	\$
<b>Balance, December 31, 2011</b>	<b>13,255,684</b>	<b>3,967,437</b>	<b>6,747,824</b>	<b>23,970,945</b>
Acquisition costs				
Shares and warrants	144,160	-	-	144,160
Deferred exploration expenditures				
3-D seismic	121,755	325	-	122,080
Assaying	120,657	-	-	120,657
Consulting	666,383	-	-	666,383
Drilling	137,477	7,868	-	145,345
Engineering studies	65,850	-	-	65,850
Environmental	208,242	-	-	208,242
Other	30,000	-	-	30,000
Permitting	-	-	90,596	90,596
Pre-feasibility	1,308,997	-	-	1,308,997
Site reclamation	10,000	-	-	10,000
	2,669,361	8,193	90,596	2,768,150
Write off of mineral property interests	-	-	(409,582)	(409,582)
<b>Balance, September 30, 2012</b>	<b>16,069,205</b>	<b>3,975,630</b>	<b>6,428,838</b>	<b>26,473,673</b>

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

## Consolidated Schedule of Changes in Mineral Property Interests

Year ended December 31, 2011

*(Unaudited - Expressed in Canadian dollars)*

	MFN Project	Other First Nation Prospects	Spar and KP 452 Claim	Total
	\$	\$	\$	\$
<b>Balance, December 31, 2010</b>	<b>8,645,219</b>	<b>3,567,531</b>	<b>6,417,227</b>	<b>18,629,977</b>
Acquisition costs				
Cash	100,000	-	-	100,000
Deferred exploration expenditures				
2-D seismic	12,000	12,000	-	24,000
3-D seismic	12,740	356,406	-	369,146
Consulting	324,008	-	-	324,008
Drilling	3,374,137	-	-	3,374,137
Engineering studies	66,642	-	-	66,642
Other	6,060	-	-	6,060
PEA	484,337	-	-	484,337
Permitting	38,743	31,500	330,597	400,840
Pre-feasibility	77,298	-	-	77,298
Site Reclamation	114,500	-	-	114,500
	4,510,465	399,906	330,597	5,240,968
<b>Balance, December 31, 2011</b>	<b>13,255,684</b>	<b>3,967,437</b>	<b>6,747,824</b>	<b>23,970,945</b>