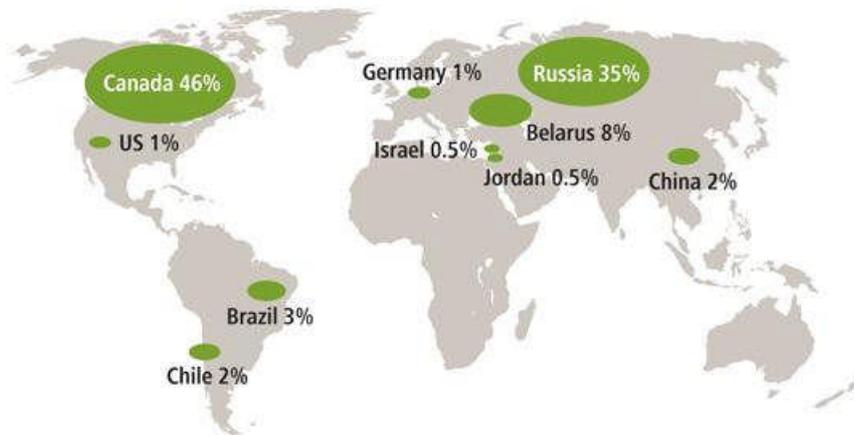




Excerpt from regular issue:

Updates on Potash Corp. of Saskatchewan (TSX-POT; NYSE-POT) and Encanto Potash (TSXV-EPO; OTC-ENCTF)

Besides supplying a healthy share of the world's uranium demand, the province of Saskatchewan is the world's single-biggest producer of potash; most of it coming from **Potash Corporation of Saskatchewan**. Its shares have been rewarding our move into them back when they were near their lows several months back. By all appearances, the pricing structure for the key fertilizer has stabilized as well, following last Summer's plunge when the key Russia/Belarus cartel infighting caused the price to suddenly drop. (NOTE: As you see in the nearby chart from a recent Potash Corp. presentation, Canada on the one hand and the Russia/Belarus axis on the other control nearly 90% of the global supply.)



In its first quarter, Potash Corp. did better than had been expected. It ended up earning 40 cents per share; and with modest improvements in both demand and pricing, it raised its guidance for full-year expectations by a dime to a range of \$1.50-\$1.80 per share. Helping shareholders' cause as well, the company during the quarter bought back 11.7 million shares at an average price of \$34 each.

Annualized global potash production, as a share of the total

company President and C.E.O. Bill Doyle credited "greater demand and stability" that came in with the new year. "We saw strong customer engagement ahead of the spring planting season, particularly in potash," he added. "Despite weather-related issues that impacted our results, especially in phosphate, we were able to deliver earnings above our quarterly guidance range."

Echoing some comments he made earlier in a *CNBC* interview,

Helping matters also has been the recovery in emerging markets, which were getting shaky for a while in 2013 (chiefly, as you'll remember, when the initial fears over the Federal Reserve printing less money going forward caused some people to pull back from "investments" in many emerging nations.)

South America remains a key export market for Potash Corp.; and the better mood of the recent past has helped business. No matter its own present financial/credit market worries, China continues to find ways, too, to obtain all manner of resources it needs. Earlier this year, Canpotex, the offshore marketing company owned by Potash Corp and fellow fertilizer producers Agrium and Mosaic, reached an agreement with Sinochem Fertilizer Macao Commercial Offshore to supply 700,000 metric tons of potash to China in the first half of 2014. It said pricing was at “current and competitive” market levels.

The odd man out of the global potash equation among emerging nations has remained India.

As Doyle said in his CNBC interview several weeks back, India has not kept up with its own agricultural needs generally, nor its need to import fertilizers specifically. Much of that owed to a government that had been swallowed up by a declining currency and weak growth, and had few ideas how to deal with any of it. As many others have felt, the fact that a new, business-friendly government was brought to power in the latest elections has the potential to change a lot of this.

To keep up with the company, visit <http://www.potashcorp.com/>

While a return of India as a reinvigorated consumer could help out the potash and broader agricultural industry generally, it has the potential to be a company-maker for **Encanto Potash specifically**. You will remember that the potash explorer has been in negotiations with a quasi-governmental body in India over an offtake agreement related to its 100%-owned Muskowekwan Potash Project, underlying 61,400 acres in south-eastern Saskatchewan (One of three major projects Encanto has, but by far the most advanced.) Encanto and its Muskowekwan First Nations partner have developed a substantial project on the MFN Reserve lands, already with proven and probable reserves that would support a solution mine producing KCI (potassium chloride) for *over 50 years*. Mineralization not quite in the "proven and probable" category could *double* that figure!



Back in January, Encanto's Chairman Gord Keep discussed the possibility of a deal with India (one that has obviously gone beyond his expected timetable from back then, due to the political uncertainty in India.) **But, though delayed, the story has not changed.** Nor has the fact, as Keep articulated in an interview (which you can read at <http://ceo.ca/2014/01/15/india-off-take-deal-would-be-transformative-encanto-potash-chairman-gord-keep/>) that Encanto is selling for a *fraction* of past potash developers.

Encanto continues to be not only one of the most potentially explosive speculative recommendations on my list, but one with better potential to come through for investors sooner rather than later. *And I need to add once more, as I have discussed in the past, that it's encouraging to see the same confident officers and major shareholders of the company do the heavy lifting when financing is needed to keep everything on track until India (or someone else) steps up to provide the truly big money to, eventually, start development and mine production.* In mid-April, the company closed on a capital

raise of over C\$3.6 million; and as usual, much of that was ponied up by the same handful of large investors that have already demonstrated their commitment--and did so anew--to bring this unappreciated asset to fruition.

To keep up with Encanto, visit <http://www.encantopotash.com/english/default.aspx>

The above is excerpted from the May 31, 2014 issue of The National Investor. It is reprinted with permission from the Editor/Publisher, Chris Temple.

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