ENCANTO POTASH CORP.

Condensed Interim Consolidated Financial Statements
Three and nine months ended September 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	**September 30 2014**	December 31 2013
		$	$
Assets			
Current			
Cash		**82,899**	**778,728**
Taxes recoverable		**20,808**	**162,623**
Prepaid expenses		**81,654**	**122,894**
		185,361	**1,064,245**
Non-current			
Deposits		**135,664**	**135,664**
Equipment		**24,819**	**30,977**
Investment		**63,600**	**63,600**
Mineral property interests	**6**	**38,581,925**	**38,029,903**
		38,991,369	**39,324,389**
Liabilities			
Current			
Accounts payable and accrued liabilities	**12**	**2,299,206**	**3,234,183**
Derivative put option liability	**6**	**-**	**425,000**
Flow-through premium liability	**7**	**105,262**	**186,675**
		2,404,468	**3,845,858**
Non-current			
Convertible debenture – liability component	**9**	**6,719,864**	**6,217,761**
		9,124,332	**10,063,619**
Shareholders' Equity			
Share capital	**10**	**52,215,040**	**48,747,561**
Contributed surplus	**10**	**5,599,022**	**4,728,587**
Convertible debenture – equity component		**695,636**	**695,636**
Deficit		**(28,642,661)**	**(24,911,014)**
		29,867,037	**29,260,770**
		38,991,369	**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	*"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 nine months ended September 30
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2014	**2013**	**2014**	**2013**
		$	**$**	**$**	**$**
Corporate development consultants		**172,500**	203,621	**538,879**	774,991
Depreciation		**2,053**	2,756	**6,158**	7,819
First Nation consulting		**124,505**	188,131	**458,417**	642,980
First Nation development and designation		**75,000**	86,512	**240,000**	222,593
Investor communications		**54,925**	104,844	**155,627**	273,414
Legal and audit		**110,616**	98,608	**420,902**	389,144
Management compensation	**12**	**231,170**	228,578	**659,476**	608,302
Office		**39,019**	58,830	**133,245**	154,548
Regulatory compliance		**2,866**	2,277	**78,829**	71,403
Share-based payments		**21,743**	7,074	**280,628**	363,749
Travel and accommodation		**25,531**	35,161	**117,190**	171,690
Loss before other items		**(859,928)**	(1,016,392)	**(3,089,351)**	(3,680,633)
Interest earned		**-**	5,356	**-**	35,184
Finance expense	**11**	**(230,936)**	(340,656)	**(828,971)**	(966,330)
Impairment on investment		**-**	(21,200)	**-**	(339,200)
Write-off of mineral property interests		**-**	(1,040,000)	**-**	(1,040,000)
Loss for the period before income taxes		**(1,090,864)**	(2,412,892)	**(3,918,322)**	(5,990,979)
Deferred income tax recovery		**-**	-	**186,675**	350,000
Total comprehensive loss for the period		**(1,090,864)**	(2,412,892)	**(3,731,647)**	(5,640,979)
Loss per share					
- Basic and diluted		**(0.00)**	(0.00)	**(0.01)**	(0.01)
Weighted average number of shares outstanding					
- Basic and diluted		**330,273,409**	326,835,491	**321,742,906**	317,382,871

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

ENCANTO POTASH CORP.

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

	2014	2013
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss	**(3,731,647)**	(5,640,979)
Items not affecting cash		
Depreciation	**6,158**	7,819
Share-based payments	**280,628**	363,749
Finance expense	**527,016**	614,154
Deferred income tax recovery	**(186,675)**	(350,000)
Impairment on investment	**-**	339,200
Write-off of mineral property interests	**-**	1,040,000
	(3,104,520)	(3,626,057)
Net change in non-cash working capital items		
Taxes recoverable	**141,815**	150,949
Prepaid expenses	**41,240**	6,602
Accounts payable and accrued liabilities	**1,346,519**	162,910
	(1,574,946)	(3,305,596)
Investing activities		
Deferred mineral property interest expenditures	**(2,833,518)**	(5,754,057)
Deposits paid	**-**	(2,000)
Purchase of equipment	**-**	(3,608)
	(2,833,518)	(5,759,665)
Financing activities		
Proceeds on shares issued	**4,186,401**	2,703,000
Share issuance costs	**(573,766)**	(162,180)
Proceeds on convertible debenture issued	**-**	7,000,000
Convertible debenture issuance costs	**-**	(346,860)
Proceeds on mineral property interest put option	**100,000**	-
	3,712,635	9,193,960
(Decrease) Increase in cash	**(695,829)**	128,699
Cash, beginning of period	**778,728**	279,529
Cash, end of period	**82,899**	408,228

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	Share capital	Contributed surplus	Convertible debenture	Deficit	Total
	number	$	$	$	$	$
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	-	-	363,749	-	-	363,749
Comprehensive loss	-	-	-	-	(5,640,979)	(5,640,979)
Balance, September 30, 2013	**286,159,798**	**44,480,473**	**3,783,028**	**937,654**	**(25,236,821)**	**23,964,334**
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	-	-	207,130	-	-	207,130
Comprehensive gain	-	-	-	-	325,807	325,807
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
Put option	-	-	525,000	-	-	525,000
Share-based payments	-	-	280,628	-	-	280,628
Comprehensive loss	-	-	-	-	(3,731,647)	(3,731,647)
Balance, September 30, 2014	**330,273,409**	**52,215,040**	**5,599,022**	**695,636**	**(28,642,661)**	**29,867,037**

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 September 30, 2014, the Company has a working capital deficit of $2,219,107 and has not yet achieved profitable operations, had an accumulated deficit of $28,642,661 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 September 30, 2014 the Company has raised gross proceeds of $558,500 pursuant to a private placement offering. Refer to Note 15.

3. Basis of presentation

These condensed interim consolidated financial statements for the three and nine months ended September 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 November 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.

4. Accounting standards issued but not yet effective

At the date of approval of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2014 the following standards, which are applicable to the Company, were issued but not yet effective.

i) IFRS 2, Share-based Payment
In December 2013, the IASB amended IFRS 2 – Share-based Payment. The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective on a prospective basis for share-based payment transactions for which the grant date is on or after 1 July 2014. There were no share based transactions between the period July 1, 2014 and September 30, 2014. The Company will assess the impact of the amendment on subsequent share-based transactions.

ii) IFRS 9, Financial instruments
In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments – to replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of determining the impact of IFRS 9 on its consolidated financial statements.

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.

(Unaudited - Expressed in Canadian dollars)

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 a price to be determined by the Company and the Related Party, acting reasonably. During the three months ended September 30, 2014 the Company and the Related Party have mutually agreed that the total number of shares to be received, if the option is put back to the Company, be fixed at 7,352,941 or $0.17 per share in accordance with the agreement.

As at September 30, 2014 the put option does not qualify for a derivative instrument as the number of shares has been fixed and therefore in accordance with the Company's accounting policy the fair value was reclassified to equity.

	Derivative put option	**Contributed surplus**
	$	**$**
Fair value – December 31, 2013	425,000	725,000
Additional funding received	60,500	39,500
Reclassification	(485,500)	485,500
September 30, 2014	-	1,250,000

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.

(Unaudited - Expressed in Canadian dollars)

7. Flow-through premium liability

The flow-through premium liability balance as of September 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.

During the nine months ended September 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 nine months ended September 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	119,867	-
Accretion of discount	382,236	-
Balance – September 30, 2014	6,719,864	695,636

The convertible debenture bears interest at 5% annually and as at September 30, 2014 a total of $489,590 of interest payable was accrued. During the three months ended September 30, 2014 the repayment date and conversion feature were extended from January 14, 2015 to January 14, 2016. The extension was accounted for as a modification and the remaining issuance costs and discount will be amortized and accreted over the extended life of the convertible debenture.

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

(Unaudited - Expressed in Canadian dollars)

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 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 September 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, September 30, 2014	33,025,000	$0.20	6.37
Unvested	(831,250)	$0.18	9.53
Exercisable, September 30, 2014	32,193,750	$0.20	6.29

During the nine months ended September 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 nine months ended September 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.

(Unaudited - Expressed in Canadian dollars)

For the three and nine months ended September 30, 2014, the Company recorded share-based payments expense of $21,743 and $280,628 respectively, (2013 - $7,074 and $363,749). 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%	1.11%
Expected life	4 years	2 years
Expected volatility	87%	86%
Expected dividends	Nil	Nil

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

Expiry date	**Exercise price**	**Remaining life (years)**	**Options Outstanding**	**Unvested**	**Vested**
December 31, 2014	$0.15	0.25	500,000	-	500,000
December 31, 2014	$0.17	0.25	1,000,000	-	1,000,000
December 31, 2014	$0.25	0.25	75,000	-	75,000
December 31, 2014	$0.26	0.25	400,000	-	400,000
April 28, 2018	$0.30	3.58	200,000	-	200,000
July 13, 2019	$0.17	4.79	7,750,000	-	7,750,000
September 16, 2019	$0.25	4.96	1,000,000	-	1,000,000
July 13, 2020	$0.15	5.79	5,850,000	-	5,850,000
September 1, 2021	$0.17	6.93	525,000	-	525,000
September 1, 2021	$0.26	6.93	3,950,000	-	3,950,000
April 24, 2022	$0.30	7.57	500,000	-	500,000
June 28, 2022	$0.17	7.75	200,000	-	200,000
June 28, 2022	$0.30	7.75	2,400,000	-	2,400,000
January 9, 2023	$0.17	8.28	970,000	-	970,000
January 9, 2023	$0.25	8.28	1,600,000	-	1,600,000
March 25, 2023	$0.28	8.49	275,000	-	206,250
October 18, 2023	$0.20	9.05	100,000	-	100,000
November 20, 2023	$0.20	9.15	2,000,000	-	2,000,000
February 19, 2024	$0.20	9.39	750,000	255,000	375,000
April 28, 2024	$0.17	9.58	2,980,000	581,250	2,398,750
			33,025,000	831,250	32,193,750

Subsequent to September 30, 2014 a total of 550,000 options were granted with an exercise price of $0.15 and an expiry date of October 9, 2024 and 1,500,000 options expiring on December 31, 2014 were extended to June 30, 2015.

(Unaudited - Expressed in Canadian dollars)

d) Share purchase warrants

The balance of warrants outstanding and related information for the nine months ended September 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, September 30, 2014	27,384,974	0.31	0.71

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

Expiry date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
October 28, 2014	200,000	$0.225	0.08
December 9, 2014	6,470,000	$0.35	0.19
February 19, 2015	1,000,000	$0.20	0.39
April 15, 2015	834,268	$0.30	0.54
June 4, 2015	5,302,356	$0.30	0.68
August 18, 2015	3,150,000	$0.30	0.88
October 15, 2015	10,428,350	$0.30	1.04
	27,384,974	$0.31	0.71

Subsequent to September 30, 2014 a total of 200,000 warrants with an exercise price of $0.225 expired unexercised and the 6,470,000 warrants expiring on December 9, 2014 were re-priced from $0.35 to $0.25 and extended to December 9, 2016.

11. Finance expenses

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
	$	$	$	$
Amortization of issuance costs	33,155	62,874	167,280	180,806
Accretion of discounts	110,280	159,030	382,236	433,348
Interest expense	87,501	118,752	279,455	352,176
	230,936	340,656	828,971	966,330

(Unaudited - Expressed in Canadian dollars)

12. Related party transactions

During the three and nine months ended September 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 September 30		Nine months ended September 30	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Management compensation	122,380	150,000	389,476	456,575
Share issuance costs	-	-	49,364	-
	122,380	150,000	438,840	456,575

Included in accounts payable and accrued liabilities as at September 30, 2014 was $357,350 (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 $349,707 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 nine months ended September 30, 2014 and 2013 was as follows:

	Three months ended September 30		Nine months ended September 30	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Management compensation	117,000	117,000	351,000	321,000
Share-based payments	13,031	-	161,622	82,973
	130,031	117,000	512,622	403,973

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

	2014	**2013**
	$	**$**
Non-cash investing and financing transactions		
Fair value of broker warrants	37,809	-
Flow through premium liability	105,262	-
Recovery of mineral property interest included in receivables	-	(240,000)
Mineral property interest expenditures in accounts payable:		
As at September 30, 2014 and 2013	198,258	1,462,833
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 September 30, 2014, the Company is committed to payments, for the next 12 months of $620,000 under consulting services agreements, $74,090 on lease payments for office premises and $350,000 in interest payable on the convertible debenture.

The convertible debenture is due for repayment as to $7,000,000 on January 14, 2016. The Company also has $16,430 of office premises expenses due during the remainder of the leases.

15. Subsequent event

The Company closed a private placement of 5,585,000 units at a price of $0.10 per unit for gross proceeds of $558,500. 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 October 9, 2016.

ENCANTO POTASH CORP.

Schedule 1

Consolidated Schedule of Changes in Mineral Property Interests
Nine months ended September 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	-	9,033	-	9,033
Consulting	66,897	29,127	-	96,024
Drilling	-	113,890	-	113,890
Feasibility	313,045	-	-	313,045
Permitting	-	-	20,030	20,030
	379,942	152,050	20,030	552,022
Balance, September 30, 2014	**27,732,621**	**5,581,137**	**5,268,168**	**38,581,925**

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**