

FRAMEWORK AGREEMENT

THIS AGREEMENT is made and entered into as March 20th, 2014 (the "effective date").

BETWEEN:

ENCANTO POTASH CORP., a company incorporated under the laws of British Columbia, Canada having its registered office at Suite 1600, 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3 ("ENCANTO")

and

HORGEN HOLDINGS INC., a company incorporated under the laws of the British Virgin Islands having its registered office at Akra Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands ("HORGEN").

WHEREAS,

A. ENCANTO is involved in the exploration and development of potash prospects located in Saskatchewan and has an interest in certain properties including the Muskowekwan, Ochapawace and Chacachas First Nation Reserve lands as well as the Spar Property (collectively the "Potash Property Interests") of which the Muskowekwan properties are held pursuant to a Joint Venture Agreement dated 16 October, 2010, and all amendments thereto, among Encanto Resources Ltd., Muskowekwan First Nations and Muskowekwan Resources Ltd.; and

B. HORGEN has represented to ENCANTO that HORGEN has the expertise in capital sourcing, project finance, contract structuring and negotiation, supply chain management, transportation, and related subjects necessary or desirable to bring the Potash Property Interests into Commercial Production; and

C. ENCANTO and HORGEN (by and through its principals) have agreed to formalize the structure of our working relationship since 2012 by entering into this agreement, pursuant to which Encanto will: (a) deal exclusively with HORGEN in order to develop the Potash Property Interests for Commercial Production; (b) form a joint venture company with HORGEN to facilitate development of the Project; (c) pay HORGEN a monthly consultancy fee as well as pay certain fees and commissions to HORGEN upon the signature of an Off-Take Contract; and (d) authorize HORGEN to sell on behalf of ENCANTO all potash produced in excess of the requirements of an Off-Take Contract;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the Parties agree as follows:

1. RECITALS

1.1 The foregoing recitals constitute an integral part of this Agreement.

2. DEFINITIONS

2.1 In this Agreement, unless otherwise expressly provided, the following words, phrases and expressions shall have the following meanings:

- (a) **“Affiliate”** means in relation to a Party, any person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Party. For purposes of this definition control means the power to direct or cause the direction of the management and policy of an entity, directly or indirectly, whether through ownership of voting securities, by contract or credit arrangement, as a trustee, partner, executor or otherwise.
- (b) **“Agreement”** means this Framework Agreement, together with the schedules attached hereto, as amended from time to time.
- (c) **“Approvals and Consents”** shall have the meaning ascribed to it in section 7.3 of this Agreement.
- (d) **“Assets”** means all tangible and intangible goods, chattels, facilities, improvements or other items including, without limitation, seismic and consultant’s reports, surveys, samples, land, buildings and equipment acquired by or on behalf of a Party with respect to the Potash Property Interests.
- (e) **“Business Day”** means any day other than Saturday, Sunday or a day that is a bank or public holiday in the Province of British Columbia, Canada.
- (f) **“Change of Control”** means, without limitation, the occurrence of any of the following events:
 - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving ENCANTO or any of its Affiliates and another corporation or other entity, as a result of which the holders of common shares of ENCANTO, prior to the completion of the transaction, hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction unless such transaction consists of the issue and sale of securities by ENCANTO for the purpose of raising capital necessary to effect the purposes of this Agreement or such transaction as the Parties otherwise agree in writing is necessary or desirable to effect the Project.

- (ii) any person, entity or group of persons or entities acting jointly or in concert (an “Acquirer”), other than an Acquirer acceptable (as confirmed in writing) to HORGEN, acquires or acquires control (including, without limitation, the right to vote or direct the voting) of voting securities which, when added to the voting securities owned of record or beneficially by the Acquirer or which the Acquirer has the right to vote or in respect of which the Acquirer has the right to direct the voting, would entitle the Acquirer and/or associates and/or affiliates of the Acquirer to cast or to direct the casting of 50% or more of the votes attached to ENCANTO's outstanding voting securities which may be cast to elect directors of ENCANTO or the successor corporation (regardless of whether a meeting has been called to elect directors).
- (g) **“Commercial Production”** means the operation of the Potash Property Interests as a producing Mine and the extraction and production of potash therefrom (excluding bulk sampling, pilot plant or test operations).
- (h) **“Competing Transaction”** means an offer, proposal, inquiry or communication to ENCANTO from a third party relating to the financing or funding of the Project, investment in or acquisition of any interest in the Project, or any transaction which could result in a Change of Control of ENCANTO.
- (i) **“ENCANTO”** means Encanto Potash Corp and its Affiliates and includes, without limitation, Encanto Resources Ltd.
- (j) **“Joint Venture Agreement”** means the Joint Venture Agreement to be negotiated by the Parties for the purpose of developing and operating the Project containing the material terms and conditions contained in the Indicative Terms set forth in Schedule A attached hereto.
- (k) **“JV Co.”** means the corporation to be established by the Parties under the terms of this Agreement to own the Assets and to develop and operate the Mine.
- (l) **“Mine”** means the mine(s), mill(s), workings established, processing facilities, product storage area, and Assets acquired, obtained or constructed in order to bring the Potash Property Interests, or any portion thereof, into Commercial Production and to maintain or increase Commercial Production.
- (m) **“Off-Take Contract”** means an agreement between ENCANTO or JV Co. and a third party for the purchase and sale of potash produced from the Mine on terms indicating that development of the Potash Property Interests as a Mine offers a commercial return sufficient to permit a senior financing institution to provide all, or substantially all, debt financing required to bring the Potash Property Interests into Commercial Production, and which provides for the purchase and sale of not less than 1.75 million tonnes of

potash produced from the Mine per year for a minimum period of fifteen (15) years.

- (n) **“Option”** has the meaning ascribed to it in Section 4.1 of this Agreement.
- (o) **“Option Period”** means the period of time from the effective date of this Agreement to the earlier of (i) the exercise of the Option or (ii) the expiry or termination of the Option under the terms of this Agreement.
- (p) **“Party” or “Parties”** means, as the context may require, ENCANTO and HORGEN, their Affiliates, and their respective successors and permitted assigns which become Parties to this Agreement.
- (q) **“Potash Property Interests”** shall have the meaning ascribed to it in Section (A) of the Preamble to this Agreement and to include any additional potash mineral rights acquired by ENCANTO or JV Co.
- (r) **“Program”** shall have the meaning ascribed to it by Article 1.1(qq) of that certain document entitled *‘Joint Venture Agreement’* dated 16 October 2010 among Encanto Resources Ltd., Muskowekwan First Nation and Muskowekwan Resources Ltd.
- (s) **“Project”** means all acts or things necessary to develop the Potash Property Interests in order to commence Commercial Production at the Mine including, without limitation, entry into an Off-Take Contract and obtaining a Project Financing Commitment.
- (t) **“Project Financing Commitment”** means such financing by one or more third parties, on terms acceptable to ENCANTO, as is required to bring the Mine into production.
- (t) **“TSXV”** means the TSX Venture Exchange.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of ENCANTO

ENCANTO represents and warrants to HORGEN as follows and acknowledges that HORGEN is relying on such representations and warranties in entering into this Agreement:

- (a) it is a corporation duly incorporated, organized, validly existing and in good standing under the laws of its incorporating jurisdiction and is qualified to do business in those jurisdictions where necessary in order to carry out the purposes of this Agreement.

- (b) it has full power, capacity and authority to enter into and perform its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement.
- (c) the execution and delivery of this Agreement will not violate or result in the breach of any applicable law to which it is subject or the terms of its constituting or operating documents.
- (d) neither the execution and delivery of this Agreement, nor the performance of the obligations and transactions contemplated hereunder, conflict with, result in the breach of, or accelerate the performance required by any agreement to which it is a party.
- (e) this Agreement has been, and all other agreements or instruments to be executed and delivered by ENCANTO or its Affiliate(s) hereunder will be upon execution, duly executed and delivered by such party and constitute, or will upon execution constitute, legal, valid and binding obligations of such Party enforceable against such Party in accordance with their respective terms.
- (f) except for the Approvals and Consents, no consent from a lender, shareholder, joint venture partner, governmental agency or authority, First Nation entity or any third party is necessary or appropriate to authorize ENCANTO to execute, deliver and perform its obligations under this Agreement.
- (g) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, which prevents or which seeks to prevent ENCANTO from entering into or performing its obligations hereunder and the transactions contemplated by this Agreement.
- (h) it has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any petition for a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound-up, has not taken any proceeding to have a receiver appointed of any part of its assets, has not had any encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or become levied upon any of its property.

3.2 Representations and Warranties of HORGEN

HORGEN represents and warrants to ENCANTO as follows and acknowledges that ENCANTO is relying on such representations and warranties in entering into this Agreement:

- (a) it is a corporation duly incorporated, organized, validly existing and in good standing under the laws of its incorporating jurisdiction and is qualified, or will take the steps necessary to qualify, to do business in those jurisdictions where necessary in order to carry out the purposes of this Agreement.
- (b) it has full power, capacity and authority to enter into and perform its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement.
- (c) the execution and delivery of this Agreement will not violate or result in the breach of any applicable law to which it is subject or the terms of its constituting or operating documents.
- (d) neither the execution and delivery of this Agreement, nor the performance of the obligations and transactions contemplated hereunder, conflict with, result in the breach of, or accelerate the performance required by any agreement to which it is a party.
- (e) this Agreement has been, and all other agreements or instruments to be executed and delivered by HORGEN or its Affiliate(s) hereunder will be upon execution, duly executed and delivered by such party and constitute, or will upon execution constitute, legal, valid and binding obligations of such Party enforceable against such Party in accordance with their respective terms.
- (f) there is no judgment, decree, injunction, ruling or order of any court, governmental department, commission, agency, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding in progress, pending or threatened, which prevents or which seeks to prevent HORGEN from entering into this Agreement or performing its obligations hereunder and the transactions contemplated herein.
- (g) it has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any petition for a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a compromise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound-up, has not taken any proceeding to have a receiver appointed of any part of its assets, has not had any encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or become levied upon any of its property.

4. GRANT AND EXERCISE OF OPTION

- 4.1** To enable HORGEN to source the Project Financing Commitment ENCANTO hereby grants HORGEN the exclusive option (the "Option") during the Option Period to acquire a fifty one percent (51%) controlling interest in the voting shares of a joint venture corporation to be established by the Parties in accordance with the indicative terms set forth in Schedule A hereto in order to develop the Project and operate the Mine.
- 4.2** The exclusive Option granted by clause 4.1 shall have an initial period of three hundred and sixty five (365) days from the effective date of this Agreement.
- 4.3** The exclusive Option shall automatically renew for similar, successive periods provided that any one of the following conditions exists on the expiry of the initial period or any subsequent period:
- (a)** ENCANTO, through HORGEN, is involved in active negotiations with one or more third parties in relation to an Off-Take Contract;
 - (b)** ENCANTO, through HORGEN, is involved in active negotiations with one or more third parties in relation to a Project Financing Commitment; or
 - (c)** the Parties have agreed to extend the Option Period.
- 4.4** During the Option Period, HORGEN may exercise the Option by providing a written notice of exercise to ENCANTO at any time after the occurrence of all of the following events:
- (a)** execution of a binding Off-Take Contract (sourced through Horgen) by ENCANTO or JV Co.;
 - (b)** execution by ENCANTO or JV Co. of a binding agreement in respect of a Project Financing Commitment; and
 - (c)** a recommendation by the Management Committee of that certain joint venture (its successors or assigns) created by the *Joint Venture Agreement* dated 16 October 2010 between Encanto Resources Ltd., Muskowekwan First Nation and Muskowekwan Resources Ltd. to implement a Program for Commercial Production.

5. EXCLUSIVITY

- 5.1** In consideration of HORGEN entering into this Agreement and working exclusively with ENCANTO to develop the Project and incurring expenses associated therewith, ENCANTO (including its Affiliates, officers, directors, employees, agents or advisors) agrees that it shall not, during the term of this Agreement, hold

discussions, negotiate or enter into a Competing Transaction without HORGEN's prior written consent which consent will not be unreasonably withheld or delayed.

5.2 Should ENCANTO (including its Affiliates, officers, directors, employees, agents or advisors) receive any communication regarding a Competing Transaction during the term of this Agreement, it shall immediately provide HORGEN with written notice of such communication, such notice to include a detailed summary of the terms of the communication and, in the event the communication is in writing, a copy of such written communication.

5.3 Notwithstanding sections 5.1 and 5.2 of this Agreement, nothing in this Agreement shall restrict ENCANTO (including its Affiliates, officers, directors, employees, agents and advisors) from taking such actions as may be required in order to discharge their fiduciary obligations pursuant to applicable corporate or securities laws.

6. OBLIGATIONS OF THE PARTIES DURING THE OPTION PERIOD

6.1 During the Option Period ENCANTO shall provide HORGEN and its designated representatives or agents with complete access to the Potash Property Interests, all reports, maps, economic feasibility studies, environmental feasibility studies, reserve certification studies, business plans, licenses, permits and any other relevant or material contracts, agreements, geological reports, surveys, updates and all such other documentation or information that HORGEN may reasonably require to effect the purposes of this Agreement or for its own due diligence.

6.2 During the Option Period HORGEN shall continue to use its best efforts to develop a business plan and business strategies necessary or desirable to develop the Project including: (i) development of labor and transportation strategies; (ii) strategies for implementation of requisite ancillary logistical services; (iii) sourcing and negotiating the terms of the equity and/or debt financing required to bring the Potash Property Interests into Commercial Production; and (iv) assisting in the structuring and negotiation of an Off-Take Contract designed to procure a Project Financing Commitment.

6.3 During the Option Period and continuing throughout the duration of this Agreement ENCANTO shall pay HORGEN a consulting fee of CDN. \$50,000 (fifty thousand Canadian dollars) per month, due and payable on the first Business Day of each month.

7. OBLIGATIONS OF THE PARTIES UPON EXERCISE OF THE OPTION

7.1 As soon as practicable after HORGEN's exercise of the Option the Parties will meet as necessary to negotiate with each other in good faith with respect to the final terms of the Joint Venture Agreement for the purpose of developing and operating the Project through JV Co.

7.2 Within twenty one (21) Business Days of HORGEN's exercise of the Option the Parties shall proceed to establish JV Co. as a British Virgin Islands Business Company (or such entity incorporated in such jurisdiction as the Parties may agree).

7.3 Within sixty (60) Business Days of HORGEN's exercise of the Option, ENCANTO shall provide HORGEN with a comprehensive list of all Provincial, Federal, or other governmental, private, TSXV or other regulatory approvals, including, without limitation, business and environmental permits and licenses, or Muskowekwan or First Nation authorizations and consents, required to convey all of ENCANTO's existing rights and interests in the Project to JV Co. (collectively the "Approvals and Consents") as well as a business plan projecting a timetable to achieve this end.

8. CONTRIBUTIONS BY THE PARTIES TO JV Co.

8.1 As its contribution to the joint venture between the Parties ENCANTO shall, subject to receipt of all Approvals and Consents, convey all of its existing Assets, title, equitable or beneficial interests, and rights related to the Project to JV Co.

8.2 As its contribution to the joint venture between the Parties HORGEN shall convey up to ninety seven percent (97 %) of its shares in JV Co. to a third party or parties as necessary to facilitate the equity financing of the Project or to procure an Off-Take Contract and Project Financing Commitment for the benefit of JV Co.

8.3 After the occurrence of all of the events referred to in section 4.4 and HORGEN having exercised the Option, the Parties' respective contributions to JV Co. shall be finally and irrevocably made no later than three (3) Business Days after the receipt by ENCANTO of all required Approvals and Consents.

9. JOINT VENTURE AGREEMENT

9.1 The Parties shall deal in good faith and use their best efforts to execute the Joint Venture Agreement no later than one hundred and eighty (180) Business Days after HORGEN's exercise of the Option.

9.2 The Parties agree that the Indicative Terms set forth in Schedule A hereto are material and shall be incorporated into the Joint Venture Agreement.

10. FURTHER ASSURANCES

10.1 The Parties covenant and agree to do or cause to be done all acts or things necessary to implement and carry into effect the provisions and intent of this Agreement. Without limitation, each of the Parties hereto will from time to time execute and deliver all such further documents and instruments and do all such further acts and things as another Party may reasonably require effectively to carry out or better evidence or perfect the full intent and meaning of this Agreement.

11. TERMINATION

11.1 This Agreement may be terminated:

- (a)** upon the mutual agreement of the Parties;
- (b)** if a Party becomes insolvent, ceases or liquidates its business, fails to pay its debts, files a petition on bankruptcy or otherwise seeks the protection of any applicable bankruptcy or insolvency act, or makes an assignment for the benefit of creditors or otherwise, or if a receiver of its assets is appointed;
- (c)** if a Party is in breach of any material term of this Agreement or has failed to comply with any of the terms, conditions and covenants contained herein and has failed to cure such breach within sixty (60) days of receiving written notice requiring it to do so;
- (d)** if an Intervening Event as defined in Clause 16.1 continues for a period of more than eighteen (18) consecutive months.

12. WAIVER

12.1 Any waiver of a breach of any of the terms of this Agreement or of any default hereunder shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of this Agreement.

12.2 No failure to exercise and no delay on the part of any Party in exercising any right, remedy, power or privilege of that Party under this Agreement and no course of dealing between the Parties shall be construed or operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies provided by this Agreement are cumulative and are not exclusive of any rights or remedies provided in equity or by law.

13. SEVERABILITY

13.1 If any provision of this Agreement is held to be illegal, invalid or unenforceable in whole or in part in any jurisdiction this Agreement shall, as to such jurisdiction, continue to be valid as to its other provisions and the remainder of the affected provision; and the legality, validity and enforceability of such provision in any other jurisdiction shall be unaffected.

14. NO PARTNERSHIP

14.1 Nothing in this Agreement shall constitute a partnership between the Parties or constitute either as agent of the other for any purpose whatever and neither Party shall have authority or power to bind the other or to contract in the name of or

create liability against the other in any way or for any purpose save as expressly authorized in writing by the other from time to time.

- 14.2** Unless otherwise specifically provided, the rights and obligations of each Party in connection with the Joint Venture will be in every case several and not joint or joint and several, the intent being that the Parties hold their respective interests as tenants in common.

15. ASSIGNMENT

- 15.1** Neither Party shall without the prior written consent of the other Party assign, transfer, charge or deal in any other manner with this Agreement, or any of its rights under this Agreement, or purport to do any of the same, nor subcontract any or all of its obligations under this Agreement.

16. FORCE MAJEURE

- 16.1** Time shall be of the essence to this Agreement provided, however, that notwithstanding anything to the contrary herein, no Party shall be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its reasonable control including acts of God, fire, floods, explosions, strikes, lockouts or other industrial disturbances, or laws, rules, regulations of any duly constituted governmental authority (each an "Intervening Event").
- 16.2** Any time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.
- 16.3** A Party relying upon the provisions of Clause 16.1 shall take all reasonable steps to eliminate an Intervening Event and will perform its Obligations under this Agreement as far as possible.

17. NOTICES

- 17.1** Any notice or other communication arising under this Agreement shall be in writing, shall be deemed to have been duly served on, given to or made in relation to a Party if it is delivered by hand to the authorized address of that Party or sent by facsimile transmission to a machine situated at such address and shall if:
- (a)** delivered by hand, be deemed to have been received at the time of delivery;
or
 - (b)** sent by facsimile transmission, be deemed to have been received upon receipt by the sender of a facsimile transmission report (or other appropriate evidence) that the facsimile has been transmitted to the addressee.

Provided that where, in the case of delivery by hand or facsimile transmission, delivery or transmission occurs after 6.00 pm on a Business Day or on a day which is

not a Business Day, receipt shall be deemed to occur at 9.00 am on the next following Business Day.

- 17.2** For the purposes of this clause the authorized address of each Party shall be the address set out below (including the details of the facsimile number and person for whose attention a notice or communication is to be addressed) or such other address (and details) as that Party may notify to the other in writing from time to time :

ENCANTO Potash Corp.

Address:

Suite 450 – 800 West Pender Street
Vancouver, British Columbia
V6C 2V6

Facsimile number:

(604) 683-2484

Attention:

Jim Walchuck

With a copy (which will not constitute notice) to:

Anfield Sujir Kennedy & Durno LLP

Address:

1600 – 609 Granville Street
Vancouver, British Columbia
V7Y 1C3

Facsimile number:

(604) 669-3877

Attention:

Horgen Holdings Inc.

C/O Stavros Daskos

Address: 1134 St-Catherine Street West Suite 502, PQ,CAN, H3B-1H4

Facsimile number: 514-948-4088

18. GOVERNING LAW AND RESOLUTION OF DISPUTES

- 18.1** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 18.2** All disputes arising out of or in connection with this Agreement shall be finally settled by arbitration with seat in London, England under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules.
- (a) The Parties shall be entitled to engage in reasonable discovery, including requests for the production of relevant non-privileged documents. Depositions may also be ordered by the arbitrator(s) upon a showing of need.
- (b) Notwithstanding any of the provisions of clause 18.2, the Parties shall be entitled to seek and obtain interim injunctive relief from a court of competent jurisdiction.

19. FINAL AGREEMENT

- 19.1** This Agreement, together with its schedules, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior discussions, contracts, agreements, understandings, oral or written. No waiver, modification, change or amendment of any of the provisions of this Agreement shall be valid unless in writing and duly signed by the Parties.
- 19.2** The English text of this Agreement is the only authentic text. The English language shall be the controlling language for all purposes of this Agreement.

20. COUNTERPARTS

- 20.1** This Agreement may be executed in two counterparts, each of which when executed and delivered shall be an original, but both of which when taken together shall constitute a single instrument.

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above:

ENCANTO POTASH CORP.

HORGEN HOLDINGS LTD.

"Jim Walchuck" (signed)

As Duly Authorised by the Board

Name: JIM WALCHUCK

Title: CEO

As Duly Authorised by the Board

Name: OMER SULYAK

"Omer Sulyak" (signed)

Title: Director

Name: STAVROS DASKOS

"Stavros Daskos" (signed)

Title: Director

SCHEDULE A

Indicative Terms for Joint Venture Agreement

The Parties agree that the following material provisions shall be incorporated into the Joint Venture Agreement:

1. Success Fee

- (a) Within fifteen (15) Business Days after execution of the Off-Take Contract sourced by HORGEN, independent of the evidence of senior financing capability, ENCANTO shall pay HORGEN a cash success fee of U.S. \$5.5 million (five million five hundred thousand United States dollars).

Should this need to be delayed or require extension, Encanto shall issue a suretyship/guarantee in the equivalent amount acceptable to HORGEN and ENCANTO.

- (b) In addition to the cash success fee, ENCANTO shall issue fifteen (15) million shares of its common stock to HORGEN, subject to regulatory approval upon signing of the above Off-Take Contract.

2. Commission

- (a) During the term of an Off-Take Contract sourced by Horgen executed by ENCANTO or JV Co., HORGEN shall be entitled to a sales commission payable pro rata by JV Co. as follows:

- (i) ♦ percent (♦%) of the total gross revenue generated by actual sales of potash during the term of such Off-Take Contract based on FOB Mine value and any renewals thereof if minimum secured pricing is U.S.\$♦ per metric ton or less;
- (ii) ♦ percent (♦%) of the total gross revenue generated by actual sales of potash during the term of such Off-Take Contract based on FOB Mine value and any renewals thereof if secured pricing is between U.S.\$♦ and U.S.\$♦ per metric ton;
- (iii) ♦ percent (♦%) of the total gross revenue generated by actual sales of potash during the term of such Off-Take Contract based on FOB Mine value and any renewals thereof if minimum secured pricing is U.S.\$♦ per metric ton or greater; and

Payment will be made by JV Co. within 30 calendar days of receipt of payment by JV Co. under such Off-Take Contract and any renewals thereof.

3. Finder's Fee

- (a) In the event HORGEN is primarily responsible for sourcing a Project Financing Commitment (debt, equity or a combination of debt and equity), ENCANTO shall pay HORGEN a finder's fee of five percent (5%) of the gross value of such Project Financing Commitment.
- (b) In the event an Off-Take Contract is signed and a Project Financing Commitment is obtained from a third party not primarily sourced by HORGEN, ENCANTO shall nonetheless pay HORGEN a finder's fee of one percent (1%) of the gross value of such Project Financing Commitment.

4. Excess Production

- (a) The Parties agree that HORGEN (or such entity as HORGEN may, in its sole discretion, designate) shall have the exclusive right during the term of any Off-Take Contract and any renewals thereof executed by ENCANTO or JV Co. to sell any and all potash produced from the Mine in excess of the amounts required to be delivered to a third party under the terms of an Off-Take Contract.
- (b) JV Co. shall pay HORGEN (or its designee) a ♦ percent (♦%) sales commission on all excess potash sold pursuant to clause (a) above.

5. Share Capital

Fifty-one percent (51%) of the share capital of JV Co. shall be owned by HORGEN and forty-nine (49%) of the share capital of the JV Co. shall be owned by ENCANTO.

6. Management and Board of Directors

- (a) Overall responsibility for management and supervision of the Parties' joint venture shall be the responsibility of the Board of Directors of JV Co.
- (b) The Board of Directors of JV Co. shall be comprised of a majority of nominees of ENCANTO.

7. Voting Trust

HORGEN will enter into a voting trust agreement pursuant to which it will covenant and agree that, so long as ENCANTO is a shareholder of JV Co., HORGEN will vote, or cause to be voted, all of its shares of JV Co. in favour of that number of nominees of ENCANTO as will constitute the majority of the Board of Directors of JV Co.; provided that if there is a Change of Control of ENCANTO this clause will no longer apply.