ENCANTO POTASH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the year ended December 31, 2015 has been prepared as of April 28, 2016. It should be read in conjunction with the audited consolidated financial statement of Encanto Potash Corp (the "Company") for the years ended December 31, 2015 and 2014.

All amounts are expressed in Canadian dollars unless otherwise indicated.

Description of Business
The Company is an exploration and mine development company focused on potash properties in the Province of Saskatchewan, the largest producing potash region in the world. The Company is primarily focused on the development of its flagship property, the Muskowekwan First Nation Project ("MFN Project"), and in February of 2013 it completed a pre-feasibility study in respect thereof. The Company is currently working on a feasibility study (the "FS") on the MFN Project. In addition to its flagship property, the Company holds an interest in one other potash property in Saskatchewan, namely the Ochapowace and Chacachas First Nation Property.

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan and Ontario and trades on the TSX Venture Exchange ("TSXV") under the trading symbol "EPO".

Recent Highlights
On April 18, 2016 the Company extended the expiry date of certain warrants. The warrants scheduled to expire May 4, 2016 were extended to an expiry date of May 4, 2018 and the warrants scheduled to expire October 9, 2016 and October 23, 2016 were both given a one year extension on their expiry date.

On April 14, 2016 the Company announced that they have finalized important terms for their Memorandum of Understanding ("MOU") with Metals and Minerals Trading Company of India ("MMTC") for a substantial off-take agreement. Following months of continued negotiations subsequent to the signing of the MOU with MMTC previously announced on October 15, 2015, which outlined the base terms to a long term off-take agreement, Encanto confirms that the MOU is now expanded for an annual supply of a minimum of 2,000,000 metric tonnes of potash (approximately US$600 million at current prices) from the Company's MFN Project.

On March 1, 2016 new convertible debentures were issued in replacement of previously outstanding convertible debentures in the aggregate principal amount of $7 million plus accrued interest of $0.7 million which matured on January 14, 2016. The March 1, 2016 convertible debentures are secured by all of the assets of the Company, bear interest at the rate of 7.5% per annum, will mature on September 1, 2017 and are convertible in whole or in part at the option of the holders into common shares of the Company at a price of $0.10 per common share on or before September 1, 2017. A related party, Mr. Al Wazzan, holds $5.4 million of the new convertible debentures.

On December 30, 2015 the Company closed a private placement of 6,833,332 flow-through common shares at a price of $0.06 per share for gross proceeds of $410,000. Related parties subscribed for a total of 1,500,000 flow-through shares. On December 10, 2015 the Company closed a private placement of 8,333,333 common shares at a price of $0.12 per share with Mr. Al

Wazzan for total gross proceeds of $1,000,000. As part of this private placement the Company assigned a further 15% interest in the potash rights of the Ochapowace First Nation prospect to the same related party.

Muskowekwan First Nation Potash Mine Project
The Muskowekwan First Nation ("MFN") Project is located in southeastern Saskatchewan, approximately 100 km north of Regina, and comprises a total of approximately 61,114 acres.

The Company's 100% interest in the MFN Project was acquired through an agreement with MFN and Muskowekwan Resources Ltd. ("MRL") in October 2010 under which the Company obtained the exclusive right to work with MFN and MRL in proceeding to explore, develop and produce the potash minerals on the property.

The MFN, whose reserve lands contain the potash resources, are continuing to assist the Company in MFN member consultations and in developing the skills training programs to ensure maximum MFN employment and benefit and in the securing and maintaining of the necessary licenses and permits.

The Company is currently working on a feasibility study (the "FS") on the MFN Project. The feasibility team consists of Novopro Projects Inc. as the study lead and SNC-Lavalin Group Inc. and Agapito Associates Inc.

The Company announced the positive results of a Pre-Feasibility Study dated February 28, 2013 titled "Encanto Potash Corp. Technical Report Summarizing the Preliminary Feasibility Study for the Muskowekwan First Nations Home Reserve Project in South Eastern Saskatchewan, Canada", in which it reported a Proven and Probable Recoverable Reserve of 161.97 million tonnes grading 28% KCI. This Reserve tonnage would support a mine life of 57 years with an assumed extraction rate of 2.8 million tonnes annually.

The reserve/resource breakdown is as follows:

Solution Mining Resource Summary (Proven and Probable Reserves)*	
Category	**KCl Reserves (MMT)**
Total Proven Reserves	34.23
Total Probable Reserves	127.74
Proven and Probable Reserves	161.97

*Note – Reserves listed above in addition to and separate from the Resources listed in the table below.

Solution Mining Resource Summary (Measured and Indicated)	
Category	**KCl Reserves (MMT)**
Total Measured	4.84
Total Indicated	30.56
Total Measured and Indicated	35.40

Solution Mining Resource Summary (Inferred)	
Category	**KCl Reserves (MMT)**
Total inferred	165.80

Ochapowace and Chacachas First Nation Property

The Ochapowace and Chacachas First Nation properties are located in Saskatchewan, approximately 130 kilometres east of Regina, and comprise a total of approximately 50,000 acres.

Through its wholly-owned subsidiary, Encanto Resources Ltd. (“ERL”), the Company is a party to an Exploration Participation Agreement (“EPA”) with Ochapowace First Nation and a Memorandum of Understanding (“MOU”) with Chacachas First Nation (collectively “the Bands”). The Company has obtained two permits from the Crown to explore and develop potash minerals on the reserve lands of the Bands.

Pursuant to an agreement dated October 9, 2013 (the "Funding Agreement") between the Company and Mr. Al-Wazzan, a director of the Company, the Company received funding of $1,250,000 to drill a test well on the Ochapowace and Chacachas First Nation Property (to test both the potash and oil and gas potential). Pursuant to the Funding Agreement, Mr. Al-Wazzan was granted an 80% interest in the Company's potash rights under the Ochapowace EPA and a 50% working interest in the oil and gas permits and leases on the Ochapowace and Chacachas First Nation Property. The Company granted Mr. Al-Wazzan the right, until January 9, 2016 (extended from October 9, 2015), to put these interests back to the Company for 7,352,941 shares. Subsequent to December 31, 2015 the put option expired unexercised. With the expiry of the put option, Mr. Al-Wazzan no longer has the right to cause the Company to reacquire the 80% interest in the potash interest and the 50% working interest in the oil and gas. The Company and Mr. Al-Wazzan remain in discussions regarding the possibility of entering into a new put option in the future.

Pursuant to a farm out agreement dated August 9, 2013 between the Company and Vital Energy Inc. (“Vital Energy”) (formerly Sundance Energy Company), the Company has retained a 5% working interest in the oil and gas leases. During the year ended December 31, 2015 the leases under the Farm-out Agreement expired.

In December 2013 the Company completed the drilling of the test well under the Funding Agreement. The well was drilled to a depth of 1,307 meters and two potash members were intercepted in the Prairie Evaporite formation which contained the following grades and intercepts:

Potash Member	Depth to (m)	Width (m)	% K2O	%KCl	% Carnallite	% Insols
Belle Plaine	1,235.1	6.3	14.3	22.7	0.5	5.5
Esterhazy	1,258.5	7.56	17.8	28.2	2.3	4.3

Note: All results reported are weighted averages

The positive assay results obtained from drilling the test well have justified the initiation of a resource review for the Ochapowace and Chacachas First Nation Property. The review has been carried out and has indicated that further drilling and possibly additional seismic shooting will be required before a resource calculation can be carried out.

On December 10, 2015 the Company closed a private placement of 8,333,333 common shares at a price of $0.12 per share with Mr. Al Wazzan for total gross proceeds of $1,000,000. As part of the private placement the Company assigned a further 15% interest in the potash rights of the Ochapowace First Nation prospect to the same related party. The Company allocated an estimated fair value of $155,250 to the assignment of the Ochapowace First Nation prospect.

Selected Annual Information

The following is a summary of certain selected audited consolidated financial information of the Company for the years ended December 31, 2015, 2014 and 2013:

	2015 ($)	**2014 ($)**	**2013 ($)**
Total revenues	-	-	-
Net comprehensive loss	(8,088,956)	(10,111,021)	(5,315,172)
Net loss per share (basic and diluted) [1]	(0.02)	(0.03)	(0.02)
Total assets	29,403,049	33,639,515	39,324,389
Acquisition cost of mineral properties	-	-	-
Deferred exploration expenditures	297,072	598,844	9,356,506
Long term debt, gross	7,000,000	7,000,000	7,000,000
Dividends declared	-	-	-

(1) The basic and diluted loss per share calculation results in the same amount due to the anti-dilutive effect of outstanding stock options, warrants and convertible debt.

The loss for the year ended December 31, 2015 and 2014 includes an impairment charge of $4,534,116 and $5,269,068 respectively related to mineral property interests.

Quarterly Results

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended December 31, 2015.

	Three months ended			
	December 31 2015 ($)	**September 30 2015 ($)**	**June 30 2015 ($)**	**March 31 2015 ($)**
Total revenue	-	-	-	-
Net loss	(2,203,221)	(4,136,186)	(929,718)	(819,831)
Net loss per share (basic and diluted) [1]	(0.01)	(0.01)	(0.00)	(0.00)
Deferred exploration expenditures and acquisition costs	329,822	(32,750)	-	-
Total assets	29,403,049	30,659,692	33,775,216	33,563,752

	Three months ended			
	December 31 2014 ($)	**September 30 2014 ($)**	**June 30 2014 ($)**	**March 31 2014 ($)**
Total revenue	-	-	-	-
Net loss	(6,379,374)	(1,090,864)	(1,467,826)	(1,172,957)
Net loss per share (basic and diluted) [1]	(0.03)	(0.00)	(0.00)	(0.00)
Deferred exploration expenditures and acquisition costs	46,822	21,340	44,633	486,049
Total assets	33,639,515	38,991,369	38,994,375	39,016,730

(1) The basic and diluted loss per share calculation results in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

During the quarter ended September 30, 2015 the credit in deferred exploration expenditures is due to a receivable recorded in relation to the Funding Agreement on the Ochap property.

During the quarter ended December 31, 2015 and September 30, 2015 the Company reviewed and concluded that there were impairment indicators on the Ochapawace property. Management estimated the recoverable amount of the property and recorded an impairment charge of $1,162,813 and $3,371,303 respectively. During the quarter ended December 31, 2014 the Company recorded a write down of $5,269,069 as the Company did not renew the Spar property permits.

During the quarter ended December 31, 2013 the net income is as a result of recognizing a deferred tax recovery of $2,207,001. The increase in deferred exploration expenditures reflects a drilling program on the Ochapowace property and work on the FS on the MFN project.

Results of Operations

During the year ended December 31, 2015, the Company reported a net loss of $8,088,956 or $0.02 loss per share (2014 - $10,111,021 or $0.03 loss per share). Operating activities consumed $3,248,227 before working capital adjustments. Cash requirements for investing activities totaled $452,542 which was all virtually related to deferred exploration expenditures. These cash requirements were primarily funded from private placement offerings completed during the year.

	2015 ($)	**2014 ($)**
General and administrative expenses	(2,459,540)	(3,638,890)
Deferred income tax recovery	105,262	186,675
Write off of mineral property interests	(4,534,116)	(5,269,068)
Share-based payments	(201,648)	(410,436)
Gain (Impairment) on investment	5,982	(10,357)
Part XII.6 tax and indemnification of shareholders	(445,000)	-
Finance expenses on convertible debt	(559,896)	(968,945)
Net loss for the year	(8,088,956)	(10,111,021)

With respect to general and administrative expenses, the 2015 expenditures were consistent with those of 2014 as the Company continues to focus on reducing costs in the economic downturn. The most significant variances in general and administrative expenses were with respect to First Nation consulting, First Nation development and designation and legal and audit costs, all of which decreased.

First Nation combined – $264,376 (2014 - $959,414)

The Company continues to retain the services of consultants and advisors who are conversant with First Nation requirements and have stature in the First Nation communities. The expense has decreased in connection with decreased consulting services and initiatives being provided.

Legal and audit - $218,250 (2014 - $478,050)

The expense has decreased as the Company completed initiatives to advance the development of the MFN project in previous periods.

Share-based payments expense of $201,648 (2014 - $410,436) was recorded based on granting of new options and on vesting of previously granted options.

The Company recognized a deferred income tax recovery of $105,262 (2014 - $186,675) as a result of the Company accounting procedures for flow-through shares.

Finance expenses of $559,896 (2014 - $968,945) were recognized in relation to the convertible debenture. The decrease in expense is due to the fact that the convertible debenture repayment date was extended on August 22, 2014 thereby decreasing the accretion expense recorded in the current period and future periods. There were also issuance costs recorded during fiscal 2014 in relation to a short term loan that were not incurred fiscal 2015.

There were facts and circumstances that suggested that the carrying amount of the Ochapowace Property were impaired as at December 31, 2015. These included both the further assignment of the 15% of the potash interest and the fact that the put option subsequently expired unexercised. The Company performed a fair value assessment and recognized an impairment write down of $4,534,116 in relation to the Ochapowace Property.

Fourth Quarter

During the fourth quarter of 2015 the Company reported a net loss of $2,203,221 compared to net loss of $6,379,374 during the same period in 2014. During the fourth quarter ended December 31, 2015 the Company recorded an additional impairment charge of $1,162,813 on the Ochapowace Property and during the fourth quarter ended December 31, 2014 the Company recorded an impairment charge of $5,269,068 in relation to the Spar property.

Capital expenditures were higher in the fourth quarter of 2015 of $329,822 as compared to 2014 expenditures of $46,822. The increase is due to the Company having flow through share commitments.

Capital Expenditures

During the year ended December 31, 2015, the Company incurred deferred exploration expenditures of $297,072 (2014 - $598,844). The majority of the expenditures relate to the MFN project and the Chacachas / Ochapawace First Nation property. (For more information refer to Schedule 1 in the audited annual consolidated financial statements of the Company.)

	MFN Project		**Other**	
	2015 ($)	**2014 ($)**	**2015 ($)**	**2014 ($)**
Deferred exploration				
3-D seismic	-	-	-	9,033
Consulting	-	66,897	2,543	29,127
Drilling	304,762	-	-	113,890
Environmental	-	-	-	-
Feasibility	26,511	328,113	-	-
Permitting	18,467	18,467	19,926	33,317
Reclamation	1,540	-	5,023	-
Recovery	(29,800)	-	(51,900)	-
	321,480	**413,477**	**(24,408)**	**185,367**

Financing Activities

i) Subsequent to December 31, 2015

On March 1, 2016 new convertible debentures were issued in replacement of previously matured convertible debentures in the aggregate principal amount of $7 million plus accrued interest of $0.7 million which matured on January 14, 2016. The new convertible debentures are secured, bear interest at the rate of 7.5% per annum, will mature on September 1, 2017 and are convertible in whole or in part at the option of the holders into common shares of the Company at a price of $0.10 per common share on or before September 1, 2017. Mr. Al Wazzan holds a total of $5.4 million of the new convertible debentures.

ii) During the year ended December 31, 2015 the Company completed the following financing activities:

On December 30, 2015 the Company closed a private placement of 6,833,332 flow-through common shares at a price of $0.06 per share for gross proceeds of $410,000. A total of 1,500,000 flow-through shares were subscribed by various related parties.

On December 10, 2015 the Company closed a private placement of 8,333,333 common shares at a price of $0.12 per share with Mr. Al Wazzan for total gross proceeds of $1,000,000. As part of the private placement the Company assigned a further 15% interest in the potash rights of the Ochapowace First Nation prospect to the same related party.

On May 4, 2015 the Company closed a private placement of 18,427,500 units at a price of $0.12 per unit for gross proceeds of $2,211,300. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at $0.17 until May 4, 2016 (subsequently extended).

iii) During the year ended December 31, 2014 the Company completed the following financing activities:

On October 9, 2014, 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 (subsequently extended).

On August 22, 2014 the repayment date and conversion feature of the convertible debenture was 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.

On April 15, 2014, the Company completed a short form prospectus offering of units to raise gross proceeds of $3,650,901 through the issuance of 15,593,600 units at a price of $0.17 per unit and 5,263,100 flow through units at a price of $0.19 per unit. Each unit consists of one common share and one half of one share purchase warrant and each flow through unit consist of one flow through common share and one half of one share purchase warrant. A whole warrant entitles the holder to purchase one common share at a price of $0.30 per share on or before October 15, 2015. The Company issued 834,268 warrants to Agents that entitle the holder to purchase one common share at a price of $0.30 until April 15, 2015.

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. On April 15, 2014 the Loan and accrued interest was repaid in full.

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.

Liquidity and Capital Resources
As at December 31, 2015, the Company had a working capital deficit of $9,667,950 (including $6,982,229 of convertible debenture and accrued interest of $692,087) compared to a working capital deficit of $2,590,832 as at December 31, 2014.

The Company is currently in the development stage and depends on the junior resource capital markets to raise funds to carry out its exploration and development programs. The Company will require additional funding in order to cover its general and administrative expenses for the next 12 months. As part of its ongoing strategic plan the Company continues to explore alternate financing opportunities including equity financings, debt financings and strategic partner arrangements.

Related Party Transactions
The Company's related parties consist of the Company's directors, officers and companies associated with them including the following:

- Malaspina Consultants Inc., a company owned by Robert McMorran, the Chief Financial Officer;
- Fiore Management & Advisory Corp, a company which Gordon Keep, Chairman of the Board, is Chief Executive Officer
- Horgen Holdings Inc., a company which Stavros Daskos, a director, is a Principal

Compensation paid or payable to the directors, the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer for services provided during the years ended December 31, 2015 and 2014 was as follows:

	2015	**2014**
	$	**$**
Corporate development consultants	400,000	-
Management compensation	396,000	396,000
Share-based payments	114,159	210,309

The Company incurred additional expenditures charged by related parties during the years ended December 31, 2015 and 2014 as follows:

	2015	**2014**
	$	**$**
Management compensation (1)	204,364	209,094
Share issuance costs (2)	36,213	49,364

(1) The charge includes monthly fees paid to Malaspina Consultants Inc. (excluding CFO time) and Fiore Management & Advisory Corp.
(2) The charge includes fees paid to Fiore Management & Advisory Corp.

Included in accounts payable and accrued liabilities as at December 31, 2015 was $1,245,145 (December 31, 2014 - $757,615) 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. Mr. Al Wazzan holds $5,000,000 of the total $7,000,000 convertible debentures outstanding as at December 31, 2015.

Financial instruments

The Company's financial instruments consist of cash, deposits, investment, accounts payable and accrued liabilities, derivative put option liability and convertible debenture. The Company designated its cash and deposits as loans and receivables. The investment is designated as available-for-sale, which is measured at fair value. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost. The convertible debenture is designated as other financial liabilities, which is measured at amortized cost, using the effective interest rate.

Fair value of financial instruments

The Company classifies the fair value of its financial instruments according to a fair value hierarchy based on the amount of observable inputs used to value the instrument as follows:

- Level 1 - Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 - Level 2 valuation is based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 - Values based on prices or valuation techniques that are not based on observable market data.

The value of the investment has been assessed based on the fair value hierarchy described above. The investment is classified as level 1.

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

Discussions of risks associated with financial assets and liabilities are summarized below:

Foreign exchange risk

As at December 31, 2015, all of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

Interest rate risk

When the Company holds surplus funds, the Company's policy is to invest in guaranteed investment certificates ("GIC's") that are highly liquid. As such, to the extent that the Company has surplus funds invested in GIC's it becomes exposed to nominal interest rate risk. As at December 31, 2015, the Company did not have any surplus funds invested in GIC's.

Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Sundance while owned, was monitored by Management with decisions on sale taken at the Board level.

Credit risk
Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a chartered Canadian bank.

Liquidity risk
The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. As at December 31, 2015, the Company had a working capital deficiency of $9,667,950 which is not sufficient to cover funding requirements for operations in the coming year.

Changes in Accounting Policy
Effective January 1, 2015, the Company retrospectively changed its accounting policy for equity offerings consisting of a common share and warrants when both instruments are classified as equity. The Company no longer bifurcates the proceeds between the common share and the warrant where both instruments qualify as equity instruments.

The change in accounting policy resulted in changes to the Company's shareholder's equity. There were no other retrospective changes to the Company's financial statements.

Total shareholder's equity	**No te**	**As previously reported**	**Effect of change in accounting policy**	**As restated under new policy**
As of January 1, 2014				
Share capital	**(a)**	48,747,561	117,457	48,865,018
Contributed surplus	**(a)**	4,728,587	(117,457)	4,611,130
Convertible debenture–equity component		695,636	-	695,636
Deficit		(24,911,014)	-	(24,911,014)
		29,260,770	-	29,260,770
As of December 31 ,2014				
Share capital	**(a)**	52,690,304	184,795	52,875,099
Contributed surplus	**(a)**	5,794,083	(184,795)	5,609,288
Convertible debenture–equity component		695,636	-	695,636
Deficit		(35,022,035)	-	(35,022,035)
		24,157,988	-	24,157,988

(a) – The proceeds of equity offerings where both instruments were classified as equity were fully allocated to share capital.

Accounting Standards issued but not yet effective

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements and applicable to the Company, but were not effective during the year ended December 31, 2015, are disclosed below. The Company intends to adopt these standards when they become effective. The Company is in the process of assessing the impact of the adoption of these standards and interpretations.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IAS 7 Statement of Cash Flows

In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017.

Outstanding Share Data

The following table discloses the Company's share capital structure as at April 28, 2016 the date of this MD&A.

a) Authorized:

Unlimited common shares without par value
100,000,000 Class A non-voting preference shares, par value $10 each
100,000,000 Class B non-voting preference shares, par value $50 each

b) Issued and outstanding common shares: 369,452,574

c) Fully diluted common shares:

Type of Security	**Number**
Stock options	31,865,000
Share purchase warrants	30,482,500
Convertible debenture	77,000,000
TOTAL DILUTION	**139,347,500**

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for year ended December 31, 2015 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Financial risks include commodity prices and interest rates all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital and to repay indebtedness it incurs.

- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Outlook

The Company's primary focus for fiscal 2016 will be as follows:

- Continue work on the FS on the MFN Project.
- Continue exploring domestic and international strategic partnerships for the financing, development and sale of the potash production from its MFN Project.

Forward-Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements including, without limitation, the interpretation of drill results and future equity financing activities. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results may be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the date of the MD&A.

- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; actual results of current exploration activities; conclusions of economic evaluations; future price of potash; failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals of financial or in the completion of development or construction activities; as well as those factors discussed in the sections entitled "Risks and Uncertainties". Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

Other Information

Additional information related to the Company including its filed National Instrument 43-101 Technical Report is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.encantopotash.com.