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 three and nine months ended September 30, 2016 has been prepared as of November 28, 2016. It should be read in conjunction with the condensed interim consolidated financial statement of Encanto Potash Corp (the "Company") for the three and nine months ended September 30, 2016 as well as the audited annual consolidated financial statements for the year ended December 31, 2015 and the accompanying MD&A for the year then ended.

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 October 31, 2016 the Company closed a private placement of 20,588,235 flow-through shares at a price of $0.085 per share for gross proceeds of $1,750,000. Finder's fees of $105,000 were paid in connection with the private placement.

On June 3, 2016 and July 13, 2016 the Company closed in two tranches a private placement for 24,845,000 units at a price of $0.105 per unit for gross proceeds of $2,608,725. Each unit consists of one common share and one purchase warrant, with each warrant entitling the holder to purchase one common share at a price of $0.16 per share for a period of 30 months after closing.

On May 24, 2016 the Company closed a private placement of 3,125,000 flow-through common shares at a price of $0.16 per common share for gross proceeds of $500,000.

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. The put option expired unexercised on January 9, 2016.

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.

As a result of the put option expiring January 9, 2016 and the December 10, 2015 private placement the Company currently holds a 5% interest in the potash rights.

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.

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 September 30, 2016.

	Three months ended			
	September 30 2016 ($)	**June 30 2016 ($)**	**March 31 2016 ($)**	**December 31 2015 ($)**
Total revenue	-	-	-	-
Net loss	(784,955)	(1,966,679)	(643,593)	(2,203,221)
Net loss per share (basic and diluted) [(1)]	(0.00)	(0.01)	(0.00)	(0.01)
Deferred exploration expenditures and acquisition costs	-	-	-	329,822
Total assets	28,919,906	30,664,987	28,486,855	29,403,049

	Three months ended			
	September 30 2015 ($)	**June 30 2015 ($)**	**March 31 2015 ($)**	**December 31 2014 ($)**
Total revenue	-	-	-	-
Net loss	(4,136,186)	(929,718)	(819,831)	(6,379,374)
Net loss per share (basic and diluted) [(1)]	(0.01)	(0.00)	(0.00)	(0.03)
Deferred exploration expenditures and acquisition costs	(32,750)	-	-	46,822
Total assets	30,659,692	33,775,216	33,563,752	33,639,515

(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 June 30, 2016 the increase in net loss is due to performance shares issued to certain consultants valued at $880,000.

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 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, 2014 the Company recorded a write down of mineral property interests of $5,269,069 as the Company did not renew the Spar property permits.

Results of Operations

<u>Three months ended September 30, 2016</u>

During the three months ended September 30, 2016, the Company reported a net loss of $822,455 or $0.00 loss per share (2015 - $4,136,186 or $0.01 loss per share).

	2016 ($)	**2015 ($)**
General and administrative expenses	479,348	619,067
Write down of equipment	10,654	-
Finance expenses	294,953	139,974
Impairment of mineral properties	-	3,371,303
Share-based payments	-	5,842
Net loss for the period	784,955	4,136,186

With respect to general and administrative expenses, the 2016 expenditures were generally lower than 2015 because of the continued focus to reduce costs in the economic downturn. The most significant general and administrative expenses were with respect to corporate development consultants, management compensation and travel and accommodation.

<u>Corporate development – $166,451 (2015 - $234,055)</u>

The decrease is due to less consultants being used in the current period as the Company continued its focus to reduce costs.

<u>Management compensation - $91,549 (2015 – $180,520)</u>

The expense has decreased as Management's remuneration has been decreased in connection with the reduced activity of the Company and the number of individuals receiving compensation decreased in the period.

<u>Travel and accommodation - $115,234 (2015 – $10,968)</u>

The expense has increased due to travel expenditures incurred to progress discussions of an off-take agreement.

Finance expenses of $294,953 (2015 - $139,974) were recognized in the period in relation to the outstanding convertible debenture. The increase is due to certain expenses related to the issuance of the new $7.7 million convertible debenture including interest expense at 7.5%.

The Company wrote off $10,654 of leasehold improvements and office furniture during the three months ended September 30, 2016 relating to the Vancouver office location whose lease was terminated subsequent to September 30, 2016.

Nine months ended September 30, 2016

During the nine months ended September 30, 2016, the Company reported a net loss of $3,395,227 or $0.01 loss per share (2015 - $5,885,735 or $0.02 loss per share). Operating activities consumed $2,132,433 before working capital adjustments.

	2016 ($)	**2015 ($)**
General and administrative expenses	1,738,949	1,898,844
Performance shares (classified within corporate development consultants)	880,000	-
Write down of equipment	10,654	-
Finance expenses	765,624	419,922
Impairment of mineral properties	-	3,371,303
Gain on sale of investment	-	(5,982)
Share-based payments	-	201,648
Net loss for the period	3,395,227	5,885,735

With respect to general and administrative expenses, the 2016 expenditures were generally consistent with 2015. The most significant general and administrative expenses were with respect to First Nation consulting and management compensation.

Corporate development – $1,418,823 (2015 - $590,858)

The increase is due to a one time issuance of performance shares to consultants as segregated in the above table.

First Nation development and designation – $265,000 (2015 - $nil)

The increase is due to the Company recording the remaining amount of the development fee on the MFN project.

Management compensation - $389,309 (2015 - $574,284)

The expense has decreased as Management's remuneration has been decreased in connection with the reduced activity of the Company and the number of individuals receiving compensation decreased in the period.

The Company recognized a gain of $5,982 on the sale of its remaining Vital Energy shares during the nine months ended September 30, 2015.

Share-based payments expense of $nil (2015 – $201,648) was recorded based on an option grant and the vesting of previously granted options during the nine months ended September 30, 2015.

Finance expenses of $765,624 (2015 - $419,922) were recognized in the period in relation to the outstanding convertible debenture. The increase is due to certain expenses related to the issuance of the new $7.7 million convertible debenture including interest expense at 7.5%.

The Company wrote off $10,654 of leasehold improvements and office furniture during the nine months ended September 30, 2016 relating to the Vancouver office location whose lease was terminated subsequent to September 30, 2016.

Capital Expenditures
During the nine months ended September 30, 2016 and 2015 the Company did not incur any deferred exploration expenditures due to its financial situation. (For more information refer to Schedule 1 in the condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2016.)

Performance shares
During the nine months ended September 30, 2016 the Company issued 20,000,000 performance shares. A total of 8,000,000 shares were issued based on past performance and have been recorded to corporate development consultants expense in the statement of comprehensive loss at their fair value on the date of issuance of $880,000.

The remaining 12,000,000 shares were issued and are held in escrow until such time as the shares are released from escrow upon achieving the performance milestones described below:

> a) 6,000,000 escrow shares upon receipt by the escrow agent of written confirmation from the Company, that the Company or a trading company in which Encanto has a commercial interest, has successfully delivered its first shipment of potash to Metals and Minerals Trading Company of India ("MMTC") pursuant to a Memorandum of Understanding with MMTC dated October 9, 2015, as amended March 10, 2016, or has successfully delivered its first shipment of potash to any public sector undertaking of the Government of India; and
>
> b) 6,000,000 escrow shares or, if 6,000,000 escrow shares have not been released pursuant to (a) above, then 12,000,000 escrow shares, upon receipt by the escrow agent of written confirmation from the Company that the Company or an affiliate has entered into a definitive off-take agreement with MMTC or a party arranged by MMTC or by the holders of the escrow shares for the long term supply of potash.

Financing Activities
On October 31, 2016 the Company closed a private placement of 20,588,235 flow-through shares at a price of $0.085 per share for gross proceeds of $1,750,000. Finder's fees of $105,000 were paid in connection with the private placement.

On June 3, 2016 and July 13, 2016 the Company closed in two tranches a private placement for 24,845,000 units at a price of $0.105 per unit for gross proceeds of $2,608,725. Each unit consists of one common share and one purchase warrant, with each warrant entitling the holder to purchase one common share at a price of $0.16 per share for a period of 30 months after closing.

On May 24, 2016 the Company closed a flow-through private placement of 3,125,000 common shares at a price of $0.16 per common share for gross proceeds of $500,000.

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.

Liquidity and Capital Resources
As at September 30, 2016, the Company had a working capital deficit of $8,052,956 (including $7,045,978 related to convertible debenture principal and accrued interest of $388,970) compared to a working capital deficit of $9,667,950 (including $6,982,229 related to convertible debenture principal and accrued interest of $692,087) as at December 31, 2015.

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 three and nine months ended September 30, 2016 and 2015 was as follows:

	Three months ended June 30		Nine months ended June 30	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Corporate development consultants	150,000	150,000	450,000	250,000
Management compensation	49,500	99,000	231,500	297,000
Share-based payments	-	2,371	-	113,438

The Company incurred additional expenditures charged by related parties during the three and nine months ended September 30, 2016 and 2015 as follows:

	Three months ended June 30		Nine months ended June 30	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Management compensation	42,000	51,250	127,000	152,624
Share issuance costs	-	-	37,183	22,113

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

Included in accounts payable and accrued liabilities as at September 30, 2016 was $686,092 (December 31, 2015 - $1,245,145) 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 $5,432,900 of the total $7,700,000 convertible debentures outstanding as at September 30, 2016.

Financial instruments
The Company's financial instruments consist of cash, deposits, accounts payable and accrued liabilities and convertible debenture. The Company designated its cash and deposits as loans and receivables. 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.

Outstanding Share Data
The following table discloses the Company's share capital structure as at November 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 and fully diluted common shares:

Type of Security	Number
Issued and outstanding	440,817,039
Stock options	30,715,000
Share purchase warrants	55,327,500
Convertible debenture	77,000,000
TOTAL DILUTION	**603,859,539**

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 condensed interim consolidated financial statements for the three and nine months ended September 30, 2016 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 creating the trading company in cooperation with the MFN and MMTC to become an active potash supplier

- Continue work on the FS on the 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.