ENCANTO POTASH CORP.

Suite 450 - 800 W. Pender Street
Vancouver, British Columbia, V6C 2V6

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2011

Dated: May 31, 2012

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GLOSSARY OF GENERAL TERMS

In this Annual Information Form, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms have the following meanings:

Affiliate	A company is an "Affiliate" of another company if: (a) One of them is the subsidiary of the other; or (b) Each of them is controlled by the same Person;
Associate	means, when used to indicate a relationship with a Person, (a) A partner, other than a limited partner, of that Person; (b) A trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity; (c) An issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or (d) A relative, including the spouse, of that Person or a relative of that Person's spouse, if the relative has the same home as that Person;
Common Shares:	means the common shares of the Corporation;
company:	means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
Corporation:	means Encanto Potash Corp., a company incorporated under the laws of British Columbia;
ERL:	means Encanto Resources Ltd., a private Alberta company and a wholly-owned subsidiary of the Corporation;
Exchange or TSXV:	means TSX Venture Exchange;
NI 43-101 or National Instrument 43-101:	means National Instrument 43-101 Standards of Disclosure for Mineral Projects adopted by the Canadian Securities Administrators;
Person:	means a company or individual; and
Shareholder:	means a holder of Common Shares of the Corporation.

Terms used and not defined in this Annual Information Form that are defined in National Instrument 51-102 – Continuous Disclosure Obligations shall bear that definition. Other definitions are set out in National Instrument 14-101 – Definitions.

METRIC CONVERSION TABLE

For ease of reference, the following conversion factors are provided:

Metric Unit	**U.S. Measure**	**U.S. Measure**	**Metric Unit**
1 metre	3.281 feet	1 foot	0.3048 metres
1 kilometre	0.621 miles	1 mile	1.6093 kilometres
1 hectare	2.4711 acres	1 acre	0.4047 hectares
1 gram	0.0322 troy ounces	1 troy ounce	31.1033 grams
1 kilogram	2.2026 pounds	1 pound	0.4541 kilograms
1 tonne	1.1023 short tons	1 short ton	907 kg or .907 tonnes
1 gram/tonne	0.029 troy ounces/ton	1 troy ounce/ton	34.28 grams/tonne

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Annual Information Form from documents filed with the securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained upon request without charge from the Corporation at Suite 450 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, or copies of documents incorporated by reference are also available electronically at www.sedar.com. The following documents, filed with the securities commission or similar authority in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of this Annual Information Form:

(a) Technical Report dated May 9, 2012 entitled Encanto Potash Corporation, 2012 Potash Resource Estimate For The Muskowekwan First Nations Home Reserve Project South Eastern Saskatchewan, Canada as prepared by North Rim Exploration Ltd.

(b) Technical report and preliminary economic assessment dated September 27, 2011 entitled "Technical Report and Preliminary Economic Assessment of the Muskowekwan Project" as prepared by Tetra Tech, Inc., Wardrop Engineering Inc., North Rim Exploration Ltd., NovoPro Projects Inc., and Agapito Associates, Inc.

(c) Audited financial statements of the Corporation, together with the accompanying report of the auditor, for the fiscal years ended December 31, 2011, 2010 and 2009 together with supporting management's discussion and analysis of results of operations and financial condition for the period.

PRELIMINARY NOTES

Financial Statements and MD&A

The Corporation's audited financial statements and management's discussion and analysis (MD&A) have been filed with Canadian securities regulatory authorities and are available electronically on the SEDAR website at www.sedar.com. The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (the CICA Handbook). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (IFRS), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Corporation commenced reporting on this basis in its 2011 interim consolidated financial statements. In this Annual Information Form, the term Canadian GAAP refers to Canadian GAAP before the adoption of IFRS. The Corporation's financial statements for the year ended December 31, 2011 have been prepared in accordance with IFRS and the Corporation's financial statements for the years ended December 31, 2010 and December 31, 2009 have been prepared in accordance with Canadian GAAP.

Effective Date of Information

All information in this Annual Information Form is as of December 31, 2011 unless otherwise indicated.

Forward-Looking Statements

This Annual Information Form contains or incorporates by reference "forward-looking information" which means disclosure regarding possible events, conditions, acquisitions, or results of operations that is based on assumptions about future conditions and courses of action and may include future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection, and may include, but is not limited to, statements with respect to the future financial and operating performance of the Corporation, its current and proposed subsidiaries and its current and proposed mineral projects, the future price of potash, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, working capital requirements, capital and exploration expenditures, costs and timing of mine development, processing facility construction and the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as plans", proposes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its current and proposed subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; the outcome of negotiations, conclusions of economic evaluations and studies; changes in project parameters and returns as plans continue to be refined; future prices of potash; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; insurrection or war; political uncertainty; arbitrary changes in law; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. As a result, actual actions, events or results may differ materially from those described in forward-looking statements and there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of the Annual Information Form and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

Currency and Exchange Rates

All dollar amounts in this Annual Information Form are expressed in Canadian dollars, unless otherwise indicated.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This Annual Information Form (including the documents incorporated by reference therein) uses the terms "measured", "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required under Canadian securities legislation, the United States Securities and Exchange Commission does not recognize them. "Inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility.

It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or part of an inferred mineral reserve exists or is economically or technically mineable.

Qualified Person

Ross Moulton, VP Exploration of the Corporation, is a "qualified person" as such term is defined in NI 43-101 and has approved the technical disclosure in this AIF.

ARTICLE 1 CORPORATE STRUCTURE

1.1 Name, Addresses and Incorporation

The full corporate name of the Corporation is "Encanto Potash Corp." The head office of the Corporation is Suite 450 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The registered office of the Corporation is Suite 300-576 Seymour Street, Vancouver, British Columbia V6B 3K1.

The Corporation was incorporated under the laws of British Columbia, Canada, in 1986. The Corporation currently is a reporting issuer in the provinces of British Columbia and Alberta and trades on the TSXV under the trading symbol "EPO". As of June 7, 2011 the Corporation has qualified for trading on the OTCQX under the trading symbol "ENCTF".

1.2 Intercorporate Relationships

The Corporation has the following subsidiaries[1]:

Name of Corporation	Jurisdiction	% Ownership
a) Encanto Resources Ltd.	Alberta	100%
b) Encanto Energy Corp.	Alberta	100%

[1] The Corporation had one other subsidiary, Encanto Holdings Ltd., which was dissolved on November 16, 2011.

ARTICLE 2 GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

2.1 Three Year History and Significant Acquisitions

On July 13, 2009, the Corporation under its previous name Angus Ventures Corp. (in this paragraph "Angus") acquired all of the issued and outstanding common shares of ERL in exchange for 87,531,153 common shares of Angus. As a result of this transaction, the shareholders of ERL acquired more than 50% of Angus's issued and outstanding common shares and the transaction was accounted for as a reverse takeover ("RTO"). Upon completion of the RTO, the shareholders of ERL obtained control of the consolidated entity. Under the purchase method of accounting ERL has been identified as the acquirer, and accordingly the entity is considered to be a continuation of ERL with the net assets of Angus at the date of the RTO deemed to have been acquired by ERL.

Effective July 14, 2009, the Corporation changed its name from Angus Ventures Corp., to Encanto Potash Corp.

The Corporation 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 Corporation is primarily focused on the development of its flagship property, the Muskowekwan Project, and has commenced feasibility studies following a favorable preliminary economic assessment and updated NI 43-101 compliant Mineral Resource Estimate. In addition to its flagship property, the Corporation holds a 100% interest in several other potash properties in Saskatchewan including the Ochapowace and Chacachas First Nation lands, and the Spar property and KP452 claim.

The Corporation is a reporting issuer in the provinces of Alberta and British Columbia and trades on the Exchange under the trading symbol "EPO" and in the United States on the OTCQX under the trading symbol "ENCTF".

Recent highlights include the following:

- On April 18, 2012, the Corporation announced the appointment of Novopro Projects Inc. to provide engineering services for its pre-feasability study ("PFS") on the Muskowekwan property.
- On May 10, 2012, the Corporation filed the results of a new NI 43-101 Technical Report, which detailed a significantly increased potash resource on the Muskowekwan Project, prepared based on the solution mining extraction method. The upgraded resource estimated contains measured and indicated resources of 130.7MMt grading 29.6% KCI or 18.7% K_20 and Inferred resources of 234.7MMt grading 28.3% KCI or 17.9% K_20.
- On February 25, 2012, the Corporation received support from a Muskowekwan First Nations ("MFN") vote, which increased the Muskowekwan joint venture land position to approximately 58,300 acres.
- On December 23, 2011, the Corporation closed a brokered private placement for 5,000,000 flow-through Common Shares at a price of $0.40 per share for aggregate gross proceeds of $2,000,000.
- On December 9, 2011, the Corporation closed a non-brokered private placement with MFN for 12,940,000 units consisting of one Common Share and one-half of one Common Share purchase warrant at a price of $0.23 per unit for aggregate gross proceeds of $2,976,200. Each whole warrant entitles MFN to purchase one additional Common Share at a price of $0.35 per share up to and including December 9, 2014.

- On August 18, 2011, the Corporation released the results of a preliminary economic assessment ("PEA") prepared by Wardrop Engineering Inc., a Tetra Tech company with respect to the Muskowekwan property's economic potential. The PEA established that the most economic method to be utilized was solution mining. This method resulted in an estimated capital expenditure of $2.4 billion and an IRR of 23.6% (at $450/tonne KCL) and an NPV of $2.86 billion at a discount rate of 10%.
- Effective August 1. 2011, the Corporation reached an agreement with Sundance Energy Corp. to participate in a 3D Seismic program covering the Chacachas First Nation lands. The data will be reprocessed and focused for Potash geologic information.

Saskatchewan Potash Properties

Muskowekwan First Nation Prospect

On July 31, 2009 the Company, through its wholly-owned subsidiary, ERL entered into Exploration Participation Agreements ("EPA") with Muskowekwan First Nation ("MFN") and their corporate nominee, Muskowekwan Resources Ltd. ("MRL") on two potash mineral deposits on MFN reserve lands (the "MFN Project"). In consideration for being granted the exclusive right to conduct exploration activities on MFN's reserve lands the Company paid $100,000 to MRL and issued 400,000 Common Shares and 400,000 warrants to MRL.

On October 22, 2010, through its wholly-owned subsidiary, ERL, the Corporation MFN and MRL signed a joint venture agreement dated October 16, 2010 ("JVA") for the purpose of developing the MFN Project in Saskatchewan. The parties have further agreed to jointly appoint a management committee to supervise the business affairs of the joint venture. Upon execution of the JVA, in consideration for granting leases, the Corporation issued 200,000 Common Shares and 200,000 share purchase warrants exercisable at $0.22 with an expiry date of October 22, 2012 to MRL.

On October 22, 2010, the Corporation also signed development fee, operating and royalty agreements with the MFN and MRL. Pursuant to the development fee agreement MFN will be paid a fee totalling $1,000,000 based on certain milestones being achieved of which $500,000 has been paid and expensed (2011: $300,000; 2010: $200,000), and $500,000 is due upon grant of a mining lease by the Federal government on the MFN Project. Under the operating agreement, the Corporation is appointed operator with responsibility to carry out the exploration and development program planned for the property interests. Pursuant to the terms and conditions of the royalty agreement, MRL has a 3% gross overriding royalty on the MFN Project.

Subsequent to December 31, 2011, the Corporation entered into two mineral rights option agreement with MRL. In accordance with the agreements, the Corporation has subsequently issued 400,000 Common Shares and 400,000 Common Share purchase warrants to MRL, for Encanto's opportunity to add significant new lands to the current JVA with MRL, bringing the total up to 58,300 acres. The Common Share purchase warrants are exercisable at a price of $0.26 per share until February 1, 2014. In addition, a further $100,000 was paid during the year ended December 31, 2011 for the opportunity to add these lands to the current JVA.

Other First Nation Prospects

As at December 31, 2011, through ERL, the Corporation is a party to a Memorandum of Understanding with Chacachas First Nation ("the Chacachas MOU") and an Exploration Participation Agreement with Ochapowace First Nation ("the Ochapowace EPA") (collectively "the Bands"). The Corporation has obtained two permits from the Crown to explore and develop potash minerals on the Band's reserve lands which are all located in Saskatchewan.

The EPA and MOU provide that in the event preliminary exploration work leads to a "second phase work program" on any respective Band lands which require leases from the Crown, or the completion of a definitive agreement, as the case may be, the Corporation is required to issue an additional 100,000 Common Shares of the Corporation along with two year warrants to purchase an additional 100,000 Common Shares to such Band, at an exercise price as set out in the respectively in the Ochapowace EPA and Chacachas MOU.

The Corporation intends to test the grade by drilling a hole on the property during 2012. If the grade assays come in positive, the Corporation will consider additional steps to establish a resource on the property.

During the year ended December 31, 2010 the Corporation wrote off deferred exploration and acquisition costs incurred on certain of its other First Nation prospects totalling $1,567,828 as they were not currently active prospects.

Spar Property and KP452 Claim

By an agreement dated with effect from August 11, 2009, between the Corporation and Lion Energy Corp. ("Lion") ("the Lion Agreement"), the Corporation acquired all of Lion's interests in its potash properties (the "Lion Potash Properties") in Saskatchewan for 19,846,525 Common Shares at the trading price of $0.25 per share for a fair value of $4,961,631.

Under the terms of the Lion Agreement, Lion incurred $6,500,000 of expenditures in the Corporation's potash property interests by December 31, 2009 thereby earning a 51% interest ("the Lion Interest") in all of the Company's properties (including the Lion Potash Properties) which interest the Corporation had the option to repurchase for 26,000,000 of its Common Shares. On February 3, 2010, the Corporation exercised its option to repurchase the Lion Interest by issuing to Lion 26,000,000 of its Common Shares at a fair value of $5,460,000. The Corporation allocated this value as to $2,809,716 to the MFN Project and $2,650,284 to Other First Nations Prospects, respectively.

The Corporation holds an undivided 100% interest in the Spar Property and KP452 claim. Each of these properties is subject to a 2% net smelter return royalty.

Investment

During 2010, the Corporation completed a series of transactions with Sundance Energy Corp., an Alberta oil and gas exploration company ("Sundance") whose shares trade on the TSXV. Pursuant to these transactions Sundance licensed seismic data from five First Nations Bands collectively ("the FN Bands") or individually ("each FN Band") and the Corporation jointly, and in addition the Corporation assigned to Sundance certain oil and gas rights it had with respect to the reserve lands owned by two of the FN Bands. As part of the consideration in connection with these transactions the Corporation received from Sundance 10,600,000 common shares of Sundance with a fair value of $0.20 per share for a total value of $2,120,000.

To date, in consideration for its interests in the licensed seismic date and the oil and gas rights the Corporation has received total consideration from Sundance consisting of 10,600,000 Sundance shares and $200,000 in cash under a two-part transaction as follows:

Licensing of seismic data:

By previous agreement with each FN Band, the interest in seismic data generated by the Corporation in the conduct of its potash exploration work on each FN Band's respective lands is owned as to 50% by the Corporation and 50% by the FN Band. On licensing the seismic data to Sundance, the Corporation received 5,000,000 Sundance shares.

Farm-in agreement on oil and gas rights:

Further to the Sundance interest in acquiring the seismic data, the Corporation assigned its entire interest in two oil and gas ("O&G") Farm-in Agreements to Sundance. The consideration paid by Sundance to the Corporation for the assignment of the Corporation's interest in the two O&G Farm-in Agreements consisted of 2,800,000 Sundance shares and a cash payment of $100,000 each. Accordingly, as of December 31, 2010, the Corporation had received total consideration of 5,600,000 Sundance shares and $200,000 cash.

On August 1, 2011 the Corporation signed an agreement with Sundance to participate in a 3D Seismic program. The cost of the program was $350,000 cash and the cancellation of the possible obligation of Sundance to issue to the Corporation 1,400,000 of Sundance's shares that it may have been otherwise obligated to issue to the Corporation in the event it is successful in acquiring oil and gas rights on certain Treaty Entitlement Lands.

The Corporation is indemnified by Sundance in respect of any liabilities accruing due to the failure of Sundance to fulfill its obligations to the FN Bands under the O&G Farm-in Agreements and related transactions.

In the event that the Corporation can come to terms with respect to oil and gas rights held by any of the three remaining FN Bands that are party to the Sundance transactions, and can assign such oil and gas rights to Sundance on terms comparable to those secured from the two FN Bands who have come to terms, Sundance has committed to issue to the Corporation up to an additional 7,000,000 Sundance shares and pay $300,000 cash for three remaining FN Band agreements.

ARTICLE 3 BUSINESS OF THE CORPORATION

3.1 General

Business

The Corporation is in the business of the exploration and development of potash properties of merit and indirectly the exploration and development of oil and gas properties of merit. The Corporation currently has interests in those mineral properties referred to in "General Development of the Business of the Corporation – Three Year History and Significant Acquisitions" above and in "Mineral Projects" below. Its current focus is on the Muskowekwan Prospect located in Saskatchewan, Canada, more particularly described under "Mineral Projects" below.

Stage of Development

The Corporation is in an exploration and development company and does not produce, develop or sell any products at this time. The progress on, and results of, work programs on the Corporation's material mineral properties is set out below in the "Mineral Projects" section of this Annual Information Form.

Specialized Skill and Knowledge

All aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs, mining, metallurgy and accounting. While recent increased activity in the resource mining industry has made it more difficult to locate competent employees and consultants in such fields, the Corporation has found that it can locate and retain such consultants and believes it will continue to be able to do so.

Competitive Conditions

Competition in the mineral exploration industry is intense. The Corporation competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of, and production from, mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

Components

All of the raw materials the Corporation requires to carry on its business are readily available through normal supply or business contracting channels in Canada. The Corporation expects to be able to conduct its contemplated programs including working with the First Nations employment offices.

Cycles

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

Economic Dependence

The Corporation's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends other than the agreements with the First Nations.

Changes to Contracts

It is not expected that the Corporation's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

Environmental requirements are being adhered to and monitored on an ongoing basis. Reclamation of any surface disturbances are completed as soon as possible and the mitigation of any environmental impact on exploration sites are in accordance with regulations and are subject to inspection by the provincial authorities. Limited amounts of deleterious materials are stored at the exploration sites.

Employees

As at the date of this Annual Information Form, the Corporation has one employee. The Corporation primarily relies upon consultants to carry on its business and many of its activities, in particular, to supervise work programs on its mineral properties.

Reorganizations

On July 13, 2009, the Corporation acquired all of the issued and outstanding common shares of ERL in exchange for 87,531,153 common shares of the Corporation. As a result of this transaction, the shareholders of ERL acquired more than 50% of Angus's issued and outstanding common shares and the transaction was accounted for as a RTO. Upon completion of the RTO, the shareholders of ERL obtained control of the consolidated entity. Under the purchase method of accounting ERL has been identified as the acquirer, and accordingly the entity is considered to be a continuation of ERL with the net assets of Angus at the date of the RTO deemed to have been acquired by ERL.

Social or Environmental Policies

The Corporation has not implemented any social or environmental policies that are fundamental to its operations.

3.2 Risk Factors

AN INVESTMENT IN SECURITIES OF THE CORPORATION IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Corporation consider the risks set out below to be the most significant to potential investors in the Corporation, but not all of the risks associated with an investment in securities of the Corporation. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Corporation's business, actually occur, the Corporation's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Corporation's securities could decline and investors may lose all or part of their investment.

Exploration, Development and Production Risks

An investment in the Corporation's Common Shares is speculative due to the nature of the Corporation's involvement in the evaluation, acquisition, exploration and, if warranted, development and production of minerals.

Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Corporation will result in new discoveries in commercial quantities.

While the Corporation has a limited number of specific identified exploration or development prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce reserves. No assurance can be given that the Corporation will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. The Corporation has no earnings record, no reserves and no producing resource properties.

Prices, Markets and Marketing of Natural Resources

Potash is a commodity whose price is determined based on world demand, supply and other factors, all of which are beyond the control of the Corporation. World prices for potash have fluctuated widely in recent years.

In addition to establishing markets for its natural resources, the Corporation must also successfully market its natural resources to prospective buyers. The marketability and price of natural resources which may be acquired or discovered by the Corporation will be affected by numerous factors beyond its control. The Corporation has limited direct experience in the marketing of potash.

Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and environmental protection are all factors which may affect the marketability and price of natural resources. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Corporation not receiving an adequate return for shareholders.

Substantial Capital Requirements and Liquidity

The Corporation anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of natural resources in the future. The Corporation may have limited ability to expend the capital necessary to undertake or complete its projects or to fulfil the Corporation's obligations under any applicable agreements. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or if, debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

Financing Risks

The Corporation has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Additional Funding Requirements

From time to time, the Corporation may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities, delay or indefinitely postpone further exploration and development of its projects with the possible loss of such properties, and reduce or terminate its operations. If the Corporation's future revenues decrease as a result of lower commodity prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favourable terms.

Competition

The Corporation actively competes for acquisitions, leases, licences, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater financial resources than the Corporation.

The Corporation's ability to successfully bid on and acquire additional property rights, to participate in opportunities and to identify and enter into commercial arrangements with other parties will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Environmental Risks

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Corporation to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. The Corporation believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of their activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resources companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new properties.

Resources

There can be no assurance that the Corporation's future exploration and development efforts will result in the discovery and development of commercial accumulations of natural resources.

Regulatory Requirements

Natural resource activities may be affected in varying degrees by political and financial instability, inflation and haphazard changes in government regulations relating to this industry. Any changes in regulations or shifts in political or financial conditions are beyond the Corporation's control and may adversely affect the Corporation's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety.

Reliance on Operators and Key Employees

The success of the Corporation will be largely dependent upon the performance of its management and key employees. The Corporation does not have any key man insurance policies and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Corporation. In assessing the risk of an investment in the Corporation's Common Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Corporation. An investment in the Corporation's Common Shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

Insurance

The Corporation's involvement in the exploration for and development of natural resource properties may result in the Corporation becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave ins, fires, floods, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards. Although the Corporation will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable, or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer or such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

No assurance can be given that insurance to cover the risks to which the Corporation's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to the Corporation or to other companies within the industry. The payment of such liabilities would reduce the funds available to the Corporation. Should the Corporation be unable to fund fully the cost of remedying an environmental problem, the Corporation might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

Permits and Licenses

The operations of the Corporation will require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

Title Matters

Although title to the Properties has been reviewed by the Corporation, formal title opinions have not been obtained by the Corporation and, consequently, no assurances can be given that there are no title defects affecting such properties. The Properties may be subject to prior unregistered liens, agreements or transfers, native land claims or other undetected title defects. There is no guarantee that title to the Properties will not be challenged or impugned. The Corporation is satisfied, however, that evidence of title to each of the Properties is adequate and acceptable by prevailing industry standards.

Availability of Equipment and Access Restrictions

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Conflict of Interest of Management

Certain of the Corporation's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to the Corporation will be made in accordance with their duties and obligations to deal fairly and in good faith with the Corporation and such other companies.

The Market Price of the Common Shares May Be Subject to Wide Price Fluctuations

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Corporation, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Corporation, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Corporation's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

The Corporation is unable to predict whether substantial amounts of Common Shares will be sold in the open market. Any sales of substantial amounts of Common Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Common Shares.

No Dividends

The Corporation has not paid any dividends since incorporation and does not anticipate paying any dividends in the foreseeable future.

3.3 Mineral Projects

Muskowekwan First Nation Prospect

Preliminary Economic Assessment

The Corporation commissioned a technical report and preliminary economic assessment entitled "Technical Report and Preliminary Economic Assessment of the Muskowekwan Project" (the "PEA") as prepared by Tetra Tech, Inc., Wardrop Engineering Inc., North Rim Exploration Ltd., NovoPro Projects Inc., and Agapito Associates, Inc. The PEA is dated September 27, 2011 and is filed on SEDAR at www.sedar.com.

The following is information taken from the PEA. For a complete description of the assumptions, qualifications and procedures associated with the information in the PEA, reference should be made to the full text of the PEA, which is available for review on SEDAR at www.sedar.com. The PEA is specifically incorporated by reference into, and forms an integral part of, this AIF.

Summary

The following summary set out herein has been taken in its entirety from the PEA. All terms set out below are those terms as specifically defined in the PEA.

Introduction

The project is located on the Muskowekwan Indian Reserve 85 (IR85, INAC Permit Number 368519) which is situated in south-eastern Saskatchewan approximately 100 kilometers north-northeast of Regina. The project area is approximately 100 kilometers south-east of BHP Billiton's Jansen Project and approximately 125 kilometres north-east of Mosaic's Belle Plaine Mine. The project area includes 16,831 acres of land that belongs to the Muskowekwan First Nations IR85.

In 2010, ERL formed a formal Joint Venture Agreement (JVA) with the MFN and MRL. The purpose of the JVA is to progressively develop plans to delineate a potash resource substantial enough to support a potential mining operation on the Muskowekwan First Nations' land.

Resource Estimate

The Mineral Resource is based on the assumption that the recovery of the potash will be by either solution mining or conventional underground mining methods as they exist today. The depth to the potential mineable formations is shallower and at lower formation temperatures than the only designed operating Saskatchewan solution mine, but deeper than operating Saskatchewan potash conventional mines, therefore requiring further investigation into suitable extraction ratios. As a result of the depth and yet to be determined economic factors, this report will present both a conventional and solution mining Resource. The factors used to select the intervals for each Resource type scenario are presented below.

The reader is cautioned that the two mining scenarios presented below should be treated as separate mineral resource calculations and should NOT be added together. The solution mining scenario was prepared as the base case with the conventional resource provided as an alternative case until additional engineering studies are completed.

Solution Mining Resource Scenario Estimate

Based on the solution mining methodology described in Hardy et al. (2010), the 'solution interval' is defined as the entire Patience Lake Member, the salt interbed and the entire Belle Plaine Member. It includes all barren interbed halite as well as insoluble rich layers. An 'economic cutoff grade' for the top and bottom of the resource interval was assumed to be where K2O values were greater than 10% (15% KCl) and where average 'mineable grade' was greater than 15% (23% KCl) (Hardy, Halabura, & Shewfelt, 2010). The Esterhazy was not included in the calculation as it has an average carnallite grade of 7.57% (2.59% MgCl2) and the grade was lower than the economic threshold cutoff.

Table 1.1: Weight-Average Thickness and Grade Parameters of the Solution Mining Interval

Solution Indicated Parameters Summary								
Sub-Member	From (m)	To (m)	Thickness (m)	K_2O (KCl) (%)	Carnallite (%)	$MgCl_2$ (%)	Insolubles (%)	Saltback (m)
Patience Lake	1189.50	1196.51	7.02	19.69 (31.17)	0.47	0.16	9.20	2.30
Interbed	1196.51	1202.50	5.99	3.96 (6.27)	0.46	0.16	3.20	9.32
Belle Plaine	1202.55	1210.95	8.40	17.41 (27.56)	0.59	0.20	4.57	15.32
Solution Inferred Parameters Summary								
Sub-Member	From (m)	To (m)	Thickness (m)	K_2O (KCl) (%)	Carnallite (%)	$MgCl_2$ (%)	Insolubles (%)	Saltback (m)
Patience Lake	1190.69	1197.85	7.16	19.85 (31.42)	0.46	0.16	9.38	2.28
Interbed	1197.85	1203.87	6.02	4.01 (6.35)	0.48	0.16	3.52	9.44
Belle Plaine	1204.04	1212.48	8.44	17.63 (27.91)	0.58	0.20	4.51	15.45

Conventional Mining Resource Scenario Estimate

In determining the Resource for the conventional mining scenario a "Geological Interval" was chosen to calculate the Resource and was selected based on clay seam stratigraphy and nomenclature outlined by Phillips (1982). The "Geological Interval" is defined as those intervals which include the uppermost bounding "marker" clay seams and the highest K_2O values from assays. The intervals were also verified with wireline logs using consistent inflection points off of the gamma ray log. The reader is cautioned that the thickness calculated in Table 1.2 is not a 'mining cut' and will likely be reduced if a conventional mining method is determined feasible. Thick stable roof 'salt back' is necessary when mining potash conventionally. The tonnages presented for the Lower Patience Lake and Upper Belle Plaine must not be added together as current mining practices dictate that only one mining horizon is extracted. Studies of bi-level mining may be conducted in the future.

Current conventional Saskatchewan operating mines prefer to have at minimum of seven meters of stable salt back. Due to this criterion the Upper Patience Lake was not used in this calculation and drill holes 02-09 and 07-02 were removed from the Lower Patience Lake calculation.

Table 1.2: Weighted-Average Thickness and Grade Parameters of the Potash Zone.

Solution Indicated Parameters Summary								
Sub-Member	From (m)	To (m)	Thickness (m)	K_2O (KCl) (%)	Carnallite (%)	$MgCl_2$ (%)	Insolubles (%)	Saltback (m)
LPL	1192.06	1195.36	3.30	24.36 (38.56)	0.50	0.17	10.39	7.98
UBP	1201.39	1206.47	5.08	22.09 (34.97)	0.61	0.21	5.89	15.32
Solution Inferred Parameters Summary								
Sub-Member	From (m)	To (m)	Thickness (m)	K_2O (KCl) (%)	Carnallite (%)	$MgCl_2$ (%)	Insolubles (%)	Saltback (m)
LPL	1190.76	1194.07	3.31	24.14 (38.21)	0.50	0.17	10.55	8.00
UBP	1200.17	1205.32	5.15	22.28 (35.27)	0.60	0.21	5.85	15.26

Indicated and Inferred Resource Summaries

Inferred and Indicated Resources are based on the distance from the cored and assayed drill holes on the property. Various 43-101's were reviewed to determine an appropriate distance for the buffer radii and based on the interpreted geological constraints in the area the following maximum Resource radii were employed: Indicated 0 to 2.0 kilometers and Inferred 2.0 to 5.0 kilometers. A summary of Inferred and Indicated Resources for the 'solution mining' scenario is presented in Table 1-3a and 1-3b. The resources for the 'conventional mining scenario' are presented in Table 1-4a and 1-4b.

Table 1.3: Solution Mining Indicated and Inferred Resource Summary

The resource calculations set forth in the following tables are as set forth in the PEA. Since the date of the PEA, the project area has been increased from 16,831 acres to approximately 42,800 acres, and the resource calculation has been increased. Refer to "Updated Resource Calculation" below.

Table 1-3a: Solution Mining Indicated Resource Summary							
Formation	Thickness (m)	Average K_2O Grade (%)[1]	Average KCl Grade (%)[1]	In-Place Sylvinite Resource (MMT)[2]	Net K_2O Tonnage (MMT)[3]	Net KCl Tonnage (MMT)[3]	Net KCl Tonnage Per Section (MMT/Sec)[4]
PLM	7.02	19.69	31.17	529.85	24.36	38.56	2.75
Interbed	5.99	3.96	6.27	452.03	4.29	6.79	0.48
BPM	8.39	17.41	27.56	614.33	25.61	40.54	2.98
Total/Average Including Interbed	**21.40**	**13.65**	**21.61**	**1,596.21**	**54.26**	**85.89**	**6.21**
Total/Average Excluding Interbed	**15.41**	**18.57**	**29.39**	**1,144.18**	**49.97**	**79.10**	**5.73**

Table 1-3b: Solution Mining Inferred Resources Summary							
Formation	Thickness (m)	Average K_2O Grade (%)[1]	Average KCl Grade (%)[1]	In-Place Sylvinite Resource (MMT)[2]	Net K_2O Tonnage (MMT)[3]	Net KCl Tonnage (MMT)[3]	Net KCl Tonnage Per Section (MMT/Sec)[4]
PLM	7.16	19.85	31.42	403.74	18.64	29.50	2.82
Interbed	6.02	4.01	6.35	339.45	3.25	5.15	0.49
BPM	8.44	17.63	27.91	464.61	19.60	31.03	3.04
Total/Average Including Interbed	**21.62**	**13.80**	**21.85**	**1,207.80**	**41.49**	**65.68**	**6.35**
Total/Average Excluding Interbed	**15.60**	**18.75**	**29.69**	**868.35**	**38.24**	**60.53**	**5.86**

1"Average K2O Grade" and "Average KCl Grade" refer to the weighted averages.
*2 "In-Place Sylvinite Resource" refers to the total tonnage of sylvinite in the project area (Volume of Rock * Density of Sylvinite)*

*3"Net K_2O Tonnage" and "Net KCL Tonnage" refer to total estimated amount of extractable K_2O and KCl resource in the project area. (i.e. Volume of Rock*Density of Sylvinite * Grade * Deductions)*
Deductions include 10% for unknown anomalies, a 35% extraction ratio, and 12% for plant losses.
4 Assuming 640 acres (2589988.11 m2) per section.

Table 1.4: Conventional Mining Indicated and Inferred Resource Summary

Table 1-4a: Conventional Mining Indicated Resource Summary							
Formation	Thickness (m)	Average K_2O Grade (%)[1]	Average KCl Grade (%)[1]	In-Place Sylvinite Resource (MMT)[2]	Net K_2O Tonnage (MMT)[3]	Net KCl Tonnage (MMT)[3]	Net KCl Resource Per Section (MMT/Sec)[4]
LBL	3.30	24.36	38.56	117.25	7.91	12.53	1.90
BP	5.07	22.09	34.97	344.29	21.06	33.34	2.65
Table 1-4b: Conventional Mining Inferred Resources Summary							
Formation	Thickness (m)	Average K_2O Grade (%)[1]	Average KCl Grade (%)[1]	In-Place Sylvinite Resource (MMT)[2]	Net K_2O Tonnage (MMT)[3]	Net KCl Tonnage (MMT)[3]	Net KCl Resource Per Section (MMT/Sec)[4]
LBL	3.31	24.14	38.21	88.61	5.93	9.39	1.89
BP	5.15	22.28	35.27	238.83	14.74	23.33	2.71

1"Average K2O Grade" and "Average KCl Grade" refer to the weighted averages.
*2 "In-Place Sylvinite Resource" refers to the total tonnage of sylvinite in the project area (Volume of Rock * Density of Sylvinite)*
*3"Net K_2O Tonnage" and "Net KCL Tonnage" refer to total estimated amount of extractable K_2O and KCl resource in the project area. (i.e. Volume of Rock*Density of Sylvinite * Grade * Deductions)*
Deductions include 10% for unknown anomalies, a 35% extraction ratio, and 12% for plant losses.
4 Assuming 640 acres (2589988.11 m2) per section.

Recommendations

The following recommendations are made by the authors:

Phase 1

- At the time of the completion of this report the TLE land agreement between MRL and ERL is awaiting a ratifying vote. A successful vote would add approximately 15,500 additional acres of land to the potential resource base.(1)
- An additional well in the north east portion of the home reserve and another on the TLE lands once designated.
  - *Estimated cost: $2 million*
- Complete a Preliminary Economic Assessment (PEA) or a Pre-Feasibility of which mining method would be more economical in the project area.
  - *Estimated cost: $500,000*
- Evaluation of the potential resource in the Esterhazy if a solution mining scenario is to be considered.
  - *Estimated cost: $100,000*
- If additional information is obtained, such as an additional well or the addition of the Esterhazy, an updated 43-101 should be completed
  - *Estimated cost: $50,000.*

(1) Since the date of the PEA, the project area has been increased to an aggregate of approximately 58,000 acres.

Total estimated costs: $2.65 million dollars

Phase 2

- Should the Corporation need additional Indicated Resources then it is recommended that a 3D seismic survey be completed on the remainder of the TLE lands. The estimated cost for this 3D program is $1.5 million.(1)

- Conditional upon favourable results and selection of mining method from Phase 1, continue studies to complete a Pre-Feasibility Study and Environmental Baseline Study. Costs for completing the Pre- Feasibility are not estimated at this time as a mining method has not been selected at the time of completion of this report.

(1) The Company is currently following up on the recommendation and is in the process of acquiring all relevant approvals and completing the 3D seismic survey

Economic Analysis

Preliminary economic analysis of the options indicate the conventional mine would have a IRR of 20.9% and the solution mine a 23.6% IRR. These are based on AACE Class 5 capital estimate, OPEX of equivalent accuracy and a base potash price of $450/t FOB site. Further details are given in Sections 20 and 21 of the PEA.

Major Risks

The major risks identified at this time include:

- Permitting and licensing issues – affects both project schedule and cost
- Organizational capacity to manage large capital projects – affects both project schedule and cost
- The financial security of project execution – cash flow can affect project schedule especially at peak purchasing and construction phases

- Availability of manpower – both for construction and operations can affect cost and schedule
- Water supplies unidentified – can affect project cost and schedule
- Limited conventional mine resources – affects mine life
- Conventional mine depth – could affect mine productivity and life (cost)

Conclusions and Recommendations

Both mining methods have positive and negative attributes, but we believe that the solution mine is the stronger option and should be the basis of all further investigations. The pros and cons of solution mining include:

- Longer mine life
- Lower man power requirements
- Lower CAPEX/tonne
- Higher IRR
- Greater water usage

It will require approximately six (6) years for the solution mine to be brought into production. This includes further investigation plans, environmental licensing, preliminary design, detailed design and construction.

Our main recommendations at this time include:

- An additional well in the north east portion of the home reserve and another on the TLE lands once designated
    - Estimated cost: $2,000,000

- Evaluation of the potential resource in the Esterhazy
    - Estimated cost: $100,000

- Complete environmental licensing work (EIS submission)
    - Estimated cost: $2,000,000

- Complete a pre-feasibility study of the solution mining option complete with various trade-off studies
    - Estimated cost: $7,000,000

Updated Resource Estimate

The Corporation commissioned a technical report entitled "Encanto Potash Corporation, 2012 Potash Resource Assessment For The Muskowekwan First Nations Home Reserve Project South Eastern Saskatchewan, Canada" (the "North Rim Report) as prepared by North Rim Exploration Ltd. The North Rim Report is dated May 9, 2012 and is filed on SEDAR at www.sedar.com.

The following information is taken from the North Rim Report. For a complete description of the assumptions, qualifications and procedures associated with the information in the North Rim Report, reference should be made to the full text of the North Rim Report which is available for review on SEDAR at www.sedar.com. The North Rim Report is specifically incorporated by reference into, and forms an integral part, of this AIF.

<u>Summary</u>

The following summary set out herein has been taken in its entirety from the North Rim Report. All terms set out below are those terms as specifically defined in the North Rim Report.

Introduction

Encanto Potash Corp. (hereinafter referred to as "Encanto") commissioned North Rim Exploration Ltd. (hereinafter referred to as "North Rim") to complete an updated Resource Calculation and National Instrument (NI) 43-101 Compliant Technical Report to be filed with the Toronto Stock Exchange (TSX). The Technical Report discusses the potash resource located under the Muskowekwan First Nations Home Reservation and newly designated Treaty Land Entitlement (TLE) Lands. The following Technical Report by North Rim classifies the Inferred, Indicated and Measured Resources for the Muskowekwan Home Reserve Project Area (hereinafter referred to as the "Project Area").

In 2010, Encanto Potash Corp. formed a formal Joint Venture Agreement (JVA) with the Muskowekwan First Nations and Muskowekwan Resources Limited Partnership (MRL). The purpose of the JVA is to progressively develop plans to delineate a potash resource substantial enough to support a potential mining operation on the Muskowekwan First Nations' land.

The Project Area is located on the Muskowekwan Indian Reserve 85 (IR85, AANDC Permit Number 368519) which is situated in south-eastern Saskatchewan approximately 100 kilometres (km) north-northeast of Regina. The project area is approximately 100 km south-east of BHP Billiton's Jansen Project and approximately 125 km north-east of Mosaic's Belle Plaine Mine. On February 25, 2012 Encanto received the results of a second and successful Mineral Rights Designation vote. This vote designated additional minerals rights for the Treaty Land Entitlement (TLE) and pre-reserve Muskowekwan lands which are in addition to the already designated Muskowekwan Home Reserve. This increases the project land holdings from 16,831 acres, prior to the vote, to 61,509 acres.

The potash deposit of the Great Plains of Canada and the United States consists of essentially flat-lying sedimentary deposits of interbedded halite (NaCl), sylvite (KCl), carnallite ($KCl.MgCl_2.6H_2O$), clay, and minor anhydrite and dolomite beds that extend from central Alberta, Canada through Saskatchewan, Canada to Manitoba, Canada, North Dakota, United States of America, and Montana, United States of America. The Prairie Evaporite Formation deposits underlying and surrounding the Project Area were penetrated by seven surface drill holes. In addition, extensive 2D and 3D seismic surveys have been performed within the Project Area to identify anomalies and subsurface structures. Evaluation of borehole geophysical drill-hole logs, assays of cores cut through the Prairie Evaporite Formation, and geological well-site reports show that the potash mineralization occurs within the Patience Lake, Belle Plaine and Esterhazy Members. In general, the potash-bearing beds consist of a mineralogically simple mixture of sylvite and halite and minor clay, dolomite, anhydrite and carnallite.

The intervals containing sylvinite with economic interest have been identified as the Patience Lake Member and the Belle Plaine Member. The Esterhazy Member may be of economic interest in some locations in Saskatchewan; however the grade is less than the 15% cutoff used in this report and the carnallite concentration is greater than 10% which precludes it as a potential resource in the Project Area at this time. The Patience Lake and Belle Plaine Members are deemed suitable beds for the recovery of sylvite (potash) by solution mining methods.

The potash-bearing beds are typically flat-lying and continuous, except where the mineralization has been modified either by intraformational erosional channels (i.e. washouts) or post-depositional replacement by halite (leach anomalies or salt horses).

2011 Preliminary Economic Assessment

In August 2011, Tetra Tech/Wardrop, Agapito Associates, North Rim and Novopro completed a Preliminary Economic Assessment (hereafter referred to as the "PEA") (Kotowski, et al., 2011). The purpose of that study was to evaluate the merits of conventional mining versus solution mining at the depth encountered in the Project Area. Based on the results of that study, it was concluded that mining of the deposit had the potential to be economically feasible and that solution mining was the preferred method of extraction. The results of the PEA were presented in a Technical Report dated September 2011 (Kotowski, et al., 2011) and will only be briefly summarized in this report.

Resource Estimate

The Mineral Resource is based on the assumption that the recovery of the potash will be by solution mining methods as they exist today. Measured, Indicated, and Inferred Mineral Resources have been estimated for these mineralized intervals.

Based on the solution mining methodology described in Hardy et al (Hardy, Halabura, Shewfelt, & Hambley, 2010), the 'solution interval' is defined as the combined Patience Lake and Belle Plaine Members with the barren halite interbed left unmined. The minable roof and floor contacts were based on a minimum K_2O grade of 10% with an average 'mineable grade' over the entire interval of at least 15% K_2O (Hardy, Halabura, Shewfelt, & Hambley, 2010). The Esterhazy was not included in the calculation as it has an average carnallite grade of 8.05% (2.75% $MgCl_2$) and a K_2O grade lower than the economic threshold cutoff of 15%.

Table 1: Average Thickness and Weighted-Average Mineralogical Parameters of the Potash Zone

Mineralogical Resource Parameters						
Member	***From (m)***	***To (m)***	***Solution Interval Thickness (m)***	***K_2O Grade Over Potash Zone (%)***	***Total Carnallite over Potash Zone (%)***	***Total Insolubles over Potash Zone (%)***
Patience Lake	1184.17	1192.36	8.19	18.33	0.50	9.51
Interbed Salt	1192.36	1197.66	5.30	4.01	0.62	5.45
Belle Plaine	1197.66	1204.92	7.26	17.88	0.55	3.66

Note: The Interbed Salt Member was not included in the Resource Calculation.

Table 2: Solution Mining Measured, Indicated and Inferred Resource Summary

Member	Weighted Average Thickness (m)	Weighted Average K_2O Grade (%)	Weighted Average KCl Grade (%)	In-Place Sylvinite Resource (MMT)	Net K_2O Tonnage (MMT)	Net KCl Tonnage (MMT)
Measured Resource Summary						
Patience Lake	7.10	19.31	30.57	127.76	8.21	13.00
Belle Plaine	8.05	18.20	28.80	144.82	8.77	13.88
Total Excluding Interbed	15.14			272.59	16.98	26.88
Weighted Average Excluding Interbed		18.72	29.63			
Indicated Resource Summary						
Member	Weighted Average Thickness (m)	Weighted Average K_2O Grade (%)	Weighted Average KCl Grade (%)	In-Place Sylvinite Resource (MMT)	Net K_2O Tonnage (MMT)	Net KCl Tonnage (MMT)
Patience Lake	6.91	19.45	30.79	484.81	31.38	49.67
Belle Plaine	8.04	18.21	28.82	564.52	34.20	54.15
Total Excluding Interbed	14.95			1,049.32	65.58	103.82
Weighted Average Excluding Interbed		18.78	29.73			
Inferred Resource Summary						
Member	Weighted Average Thickness (m)	Weighted Average K_2O Grade (%)	Weighted Average KCl Grade (%)	In-Place Sylvinite Resource (MMT)	Net K_2O Tonnage (MMT)	Net KCl Tonnage (MMT)
Patience Lake	8.65	18.13	28.70	1411.64	85.19	134.85
Belle Plaine	6.65	17.48	27.66	1084.72	63.09	99.87
Total Excluding Interbed	15.30			2,496.37	148.28	234.72
Weighted Average Excluding Interbed		17.85	28.25			

[1] "Average K_2O Grade" and "Average KCl Grade" refer to the weighted averages.
[2] "In-Place Sylvinite Tonnage" refers to the total tonnage of sylvinite in the project area (Volume of Rock * Density of Sylvinite)
[3] Net K_2O Resource and Net KCL Resource refer to total estimated amount of extractable K_2O and KCl resource in the project area. (i.e. Volume of Rock*Density of Sylvinite * Grade * Deductions)

- Deductions are based on 10% for unknown anomalies inside 3D seismic and 25% for unknown anomalies outside 3D seismic, a 41.6% extraction ratio, and 20% for plant losses.

[4] Assuming 640 acres (2589988.11 m^2) per section.
[5] Effective Date of Table is May 09, 2012 by T.Stirrett, P.Geo.

Note: The information stated above is based on the geological inputs only. The author cautions that the economics and extraction of the potash in the project area are presently being evaluated as part of a Pre-Feasibility Study. The economic extraction of the potential potash in the project area will be reported in the Pre-Feasibility Study as outlined in Phase 1 in the Recommendation Section 26.0.

The two new wells drilled in 2011 are currently undergoing geo-mechanical and dissolution testing that required the whole core to be analyzed. As a result of this, the grades calculated for the updated Resource presented in this report are a combination of actual assays and gamma ray equivalent calculations. Resources for the new wells (02-30-27-14W2 and 08-14-27-15W2) are reported as Inferred Resources only until the actual assay samples are returned. It is anticipated that these results will be completed sometime in July 2012. Dependent on results, the Inferred Resources from the two 2011 wells may be moved to Indicated or Measured and a subsequent report will be filed.

Recommendations

The following recommendations are made by the authors:

Phase 1

- Further 3D seismic survey over the newly acquired TLE lands
  - Acquisition to begin September 1, 2012.
  - Estimated cost: $1.5 million
- Creep testing, rock mechanical testing, and dissolution testing on core.

    - Currently on-going at IFG in Germany, and RESPEC in the United States.
    - Estimated cost: $350,000
- Complete an Environmental Baseline Study.
    - Estimated cost: $2,600,000
- Complete a Pre-Feasibility Study including mining, processing, hydrology, and Tailings Management Area (TMA) design.
- Estimated cost: $3,200,000 Total Estimated Cost: $7,650,000

Phase 2

- Conditional on favourable results from the Phase 1 Pre-Feasibility Study, continue to complete a Feasibility Study.
- Estimated cost: $10,000,000 to $15,000,000

ARTICLE 4 DIVIDENDS

No dividends on the Common Shares have been paid by the Corporation. Management anticipates that the Corporation will retain all future earnings and other cash resources for the future operation and development of its business. The Corporation does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Corporation's board of directors after taking into account many factors including the Corporation's operating results, financial condition and current and anticipated cash needs.

ARTICLE 5 DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares, of which 275,871,183 Common Shares are issued and outstanding as at the date of this Annual Information Form. The holders of Common Shares are entitled to one vote for each Common Share held, and shall be entitled to dividends if and as when declared by the board of directors.

Holders of Common Shares are entitled on liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares. All of the Common Shares are fully paid and non-assessable.

ARTICLE 6 MARKET FOR SECURITIES

6.1 Trading Price and Volume

The following table sets out the high and low daily closing prices and the volumes of trading of the Corporation's Common Shares on the Exchange since January 1, 2011 for the periods indicated, as reported by the Exchange. The closing price of the Common Shares on December 31, 2011, was $0.265.

	Price Range		**Trading Volume**
	High($)	**Low($)**	
December 2011	0.295	0.245	12,040,317
November 2011	0.30	0.23	12,779,516
October 2011	0.265	0.135	9,842,266

	Price Range		Trading Volume
	High($)	**Low($)**	
September 2011	0.265	0.185	8,170,316
August 2011	0.275	0.215	10,643,925
July 2011	0.295	0.22	9,974,328
June 2011	0.32	0.22	11,938,536
May 2011	0.32	0.205	25,289,242
April 2011	0.375	0.265	20,907,844
March 2011	0.52	0.315	64,304,426
February 2011	0.65	0.42	92,160,525
January 2011	0.56	0.385	38,908,274

6.2 Prior Sales

During the fiscal year ended December 31, 2011, the Corporation issued the following share purchase warrants and the following stock options to purchase securities:

Class of Securities	Date Issued	Number Issued	Price Per Security
Options	April 28, 2011	200,000	N/A[(1)]
Options	Sept. 1, 2011	4,875,000	N/A[(2)]
Options	Sept. 1, 2011	100,000	N/A[(3)]
Warrants	Dec. 9, 2011	6,470,000	N/A[(4)]

Notes:

(1) Exercisable at a price of $0.27 per Common Share until April 28, 2013.
(2) Exercisable at a price of $0.26 per Common Share until September 1, 2021.
(3) Exercisable at a price of $0.26 per Common Share until September 1, 2013.
(4) These warrants were issued pursuant to a private placement of 12,940,000 units at a price of $0.23 per unit, each unit consisting of one Common Share and one-half of one share purchase warrant, with each warrant entitling the holder to purchase one Common Share at a price of $0.35 per share until December 9, 2014.

ARTICLE 7 ESCROWED SECURITIES

The following securities are subject to escrow or contractual restrictions on transfer:

Designation of Class	Number of Securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class as at December 31, 2011
Common	8,038,001	2.98%

These Common Shares are held in escrow by Computershare and will be released from escrow on July 14, 2012.

ARTICLE 8 DIRECTORS AND OFFICERS

8.1 Name, Occupation and Security Holdings

The following are the names, province and country of residence of the directors and officers of the Corporation, the positions and offices they hold with the Corporation and their principal occupations during the five preceding years.

Each director will hold office until the next annual general meeting of the Shareholders of the Corporation unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) and the Articles of the Corporation.

Name, Province or State and Country of Residence, and Position with the Corporation	**Present Principal Occupation, Business or Employment**	**Date Served as Director / Officer Since**
James Walchuck BC, Canada President, Chief Executive Officer and Director	President, CEO and Director of Encanto Potash Corp., since January 1, 2009. Chief Executive Officer of Tournigan Gold Corporation ("Tournigan"), a company listed on the Exchange, from September 2005 to July 2008; President of Tournigan from May 2005 to July 2008.	December 18, 2008
Robert McMorran BC, Canada Chief Financial Officer, Secretary and Director	President of Malaspina Consultants Inc., a private company providing accounting and administrative services to junior public companies, since 1997.	March 6, 2009
Ross Moulton AB, Canada Vice President, Exploration	Co-founder of Encanto Resources Ltd., Consulting geologist currently working for Encanto Potash Corp, Sundance Energy Corp. (Expl. V.P) and Minergy Resources, a private international base metals and oil and gas exploration company incorporated in Mauritius.	July 13, 2009
Gordon Keep BC, Canada Non-Executive Chairman and Director	Executive Vice-President of Fiore Financial Corporation, a private financial advisory firm.	December 18, 2008
Hon. John D. Reynolds P.C. BC, Canada Director	Since 2006, a senior strategic advisor with McMillan LLP; from 1997 to 2006 Member of Parliament for West Vancouver – Sunshine Coast.	December 18, 2008

Name, Province or State and Country of Residence, and Position with the Corporation	**Present Principal Occupation, Business or Employment**	**Date Served as Director / Officer Since**
Tyler Cran AB, Canada Director	President of T.D. Cran Investments Ltd., a private holding company in the energy and real estate industries and President of Carefree Energy Partners Inc., a private energy and resource company active in the oil and gas exploration and development business and renewable fuel industry.	March 6, 2009
Brian Thurston BC, Canada Director	Owner Operator of CANMEX Consulting and Leasing, President, CEO and Corporate Secretary of Red Star Capital.	August 12, 2009
Jamie Schwitzer SK, Canada Director	Vice President with Westcap Mgt. Ltd.; formerly partner in Victoria Park Capital.	December 9, 2011

As at the date of this AIF the directors and officers of the Corporation, as a group, own, directly or indirectly, 11,097,002 Common Shares of the Corporation, representing approximately 4.02% of the total issued and outstanding Common Shares of the Corporation.

Audit Committee

The Audit Committee is responsible for reviewing the Corporation's financial reporting procedures, internal controls and the performance of the Corporation's external auditors. The Audit Committee is also responsible for reviewing the quarterly and annual financial statements of the Corporation prior to the approval by the full Board of Directors. The Audit Committee has direct communication channels with the external auditors and has, on occasion, met with them in the absence of management. The members of the Audit Committee are Gordon Keep, John Reynolds and Tyler Cran.

Compensation Committee

The Compensation Committee of the Corporation is a committee of the Board of Directors whose primary function is to monitor and make recommendations to the Board in respect of the total compensation paid by the Corporation to its senior executives. The members of the Compensation Committee are Brian Thurston, Gordon Keep, and John Reynolds.

Corporate Governance Committee

The Corporate Governance Committee is responsible for overseeing and assessing the functioning of the Board and the committees of the Board and for the development, recommendation to the Board, implementation and assessment of effective corporate governance principles. The members of the Corporate Governance Committee are Tyler Cran, Gordon Keep, and John Reynolds.

Directors and Officers

The following sets forth particulars on the directors and officers of the Corporation, including the positions they hold with the Corporation, their responsibilities with the Corporation, the proportion of their time devoted to the Corporation, and their relevant educational background. The directors and officers will devote their time to the Corporation on an as needed basis.

James Walchuck: Mr. Walchuck is registered as a Professional Engineer in Ontario and British Columbia. He received a Bachelor of Science from Dalhousie University in Halifax, Nova Scotia in 1977 and a Bachelor of Engineering from Technical University of Nova Scotia in 1979. Mr. Walchuck has over thirty years of national and international experience in the mining industry, including work in North America, Slovakia, the UK, Ghana, and Tanzania. From September 2005 until July 2008, Mr. Walchuck has served as President and CEO, of Tournigan Gold Corporation, a company listed on the Exchange, with advanced gold and uranium/molybdenum projects in Europe and exploration projects in North America. He served as VP Mining of Tournigan from March 2004 prior to his appointment as President and COO in May 2005. He was the Manager Mining for Barrick at the Bulyanhulu Gold Mine in Tanzania from 1999 to 2002. Prior to his six year involvement with Bulyanhulu (first as Sr. Project Manager with Sutton Resources then as Manager Mining for Barrick), Mr. Walchuck was Manager of Mining and then Manager - Corporate Operations for Royal Oak Mines. This was preceded by a five year term as Chief Mining Engineer for Tarkwa Goldfields in Ghana. Currently, Mr. Walchuck is the President, CEO and a Director of the Corporation. He also serves as a director for several natural resource companies.

Robert McMorran: Mr. McMorran is a chartered accountant and is the president of Malaspina Consultants Inc., a private company that provides accounting and administrative services to junior public companies. Mr. McMorran received a Bachelor of Science from Simon Fraser University in 1976 and a Licentiate in Accounting from the University of British Columbia in 1978. Mr. McMorran has over 25 years experience in dealing with financial reporting and the administration of public companies, the last fourteen years through Malaspina. During this time Mr. McMorran has served as an officer and/or director of several public companies, primarily involved in mineral exploration and development. He was CFO of the Canada Dominion Resources Group family of flow-through limited partnerships from 1998 to 2006. He is currently a director and or officer of several junior resource companies. Mr. McMorran is currently the CFO and a Director of the Corporation.

Ross Moulton: Mr. Moulton has more than 42 years of oil and gas experience with various private and public exploration and production companies. Prior experience includes 6 years at Texaco Exploration Canada Ltd and 18 years at Phillips Petroleum Corporation. He has also been a Director of Mart Resources, Exploration V.P. for Centurion Energy Ltd., and has acted as consultant for numerous companies including Devon Energy and Anderson Exploration. Mr. Moulton is a professional geologist. Most recently he was Exploration Vice President at Arapahoe Energy Corp.

Gordon Keep: Gordon Keep has extensive business experience in investment banking and creating public natural resource companies. Mr. Keep currently is Executive Vice-President of Fiore Financial Corporation, a private boutique merchant banking firm. He also serves as an officer and/or director for several natural resource companies. From January 2001 to July 2007, Mr. Keep was Managing Director of Corporate Finance at Endeavour Financial Corporation, September 1997 until March 2004, he was Senior Vice President and a director of Lions Gate Entertainment Corp., and from April 1987 until October 1997, he was Vice President, Corporate Finance in the Natural Resource group of Yorkton Securities Inc. He obtained his B.Sc. in Geological Science from Queen's University in 1979 and his Master's of Business Administration from the University of British Columbia in 1983 and is a Professional Geologist in the province of British Columbia.

Tyler Cran: Mr. Cran had a career as a land manager in the oil industry starting in 1973. Since 1985, Mr. Cran has been active in both the energy and real estate industries in a variety of management or executive capacities. Currently, Mr. Cran is a semi-retired businessman and is from time to time a director and senior officer of both public and private companies

Hon. John D. Reynolds, P.C.: Mr. John Reynolds has served as both an MLA in British Columbia from 1983 to 1991 and as a Member of Parliament in Ottawa, Ontario in 1972 to 1977 and then from 1997 to 2006. Prior to his recent retirement from Federal politics he was the Official Opposition House Leader for the Conservative Caucus. Previously he had been leader of the Opposition in the House of Commons. He is currently a Member of the Queen's Privy Council for Canada and has been a Senior Strategic Advisor for the law firm McMillan LLP since March 2006. He currently sits on multiple boards of mineral exploration companies listed on the exchange, and is President of Gainey Consultants Inc., since January 2006.

Brian Thurston: Mr. Thurston, HBSc (Geology) is a mining executive with over 19 years of exploration management and operational experience working on projects in Africa, North and South America. He is a Director of various private and public companies focused mainly on the mining sector. Mr. Thurston provides consulting and leasing services to mining companies.

Jamie Schwitzer: Jamie Schwitzer holds the office of Vice-President with Westcap Mgt. Ltd. Mr. Schwitzer has nearly 15 years of investment management experience during which he has developed and implemented rigorous and detailed due diligence processes applicable to a wide range of sectors and investment instruments. Prior to joining Westcap Mgt. Ltd., from 2007, Mr. Schwitzer was a partner with Victoria Park Capital, a private equity firm managing a $400-million-plus portfolio of investments. From 2000 - 2007, Mr. Schwitzer was an investment manager with Crown Capital Partners, a specialty finance company involved in subordinated debt, mezzanine and equity financings across life science, manufacturing, retail and oil and gas sectors. His background also includes managing money market and fixed income investments, public equities, currency trading and asset/liability management with Crown Life Insurance Company. Mr. Schwitzer holds a Chartered Financial Analyst (CFA) designation, and is a member of the CFA Institute and the CFA Society of Saskatchewan. Mr. Schwitzer also serves as a director of a number of private Canadian companies involved in technology, value added processing and agriculture.

8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, during the ten years preceding the date of this Annual Information Form and as at the date of this Annual Information Form, no director or executive officer of the Corporation has, to the knowledge of the Corporation, been a director, chief executive officer or chief financial officer of any company that:

i. was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation. that was in effect for a period of more than 30 consecutive days, and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

ii. was subject to a cease trade order or similar order or an order that denied the relevant company success to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, and that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On July 3, 2008, CY Oriental Holdings Ltd., a company of which Mr. Reynolds is a director, was cease traded by order of the British Columbia Securities Commission for a failure to file financial statements and related management discussion and analysis within the required time period.

On June 20, 2002, Onsat.net Canada Inc., a company of which Mr. Cran was a director, was cease traded by order of the British Columbia Securities Commission for failure to file financial statements in a timely manner. In addition, on July 5, 2002, a similar cease trade order was issued by the Alberta Securities Commission.

Other than as disclosed below, during the ten year period preceding the date of this Annual Information Form and as at the date of this Annual Information Form, no director or executive officer of the Corporation or a securityholder who holds a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(i) is a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

On March 3, 2010, Oil Sands Property Holdings Ltd., Oil Sands Development Corporation and Oil Sands Hotel (2007) Ltd., three related companies carrying on one common business, were the subject of a Receivership Order from the Court of Queen’s Bench of Alberta. At the time of the receivership order, Tyler Cran, was a director and officer of these companies.

On December 3, 2008, Merit Mining Corp., a company from which Robert McMorran and James Walchuck had resigned their offices, but which they respectively had within the prior 12 months been the Chief Financial Officer and a Director of, filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act. On April 14, 2009, unsecured creditors approved the Proposal and on May 6, 2009, the Supreme Court of British Columbia made an Order approving the Proposal.

8.3 Conflicts of Interest

The directors and officers of the Corporation are directors, officers and/or shareholders of other private and publicly listed corporations, including corporations that engage in mineral exploration and development. Conflicts may arise between their duties to the Corporation and their duties to such other corporations. All such conflicts will be dealt with pursuant to the provisions of the applicable corporate legislation. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the board of Directors as soon as they become aware of them.

ARTICLE 9 PROMOTERS

The Corporation does not presently have, and has not within the last two most recently completed financial years had, any promoters.

ARTICLE 10 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management knows of no legal proceedings, contemplated or actual, involving the Corporation which could materially affect the Corporation.

Management knows of no:

(a) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2011; or

(b) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or

(c) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2011.

ARTICLE 11 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Annual Information Form or in the Notes to the Corporation's financial statements for the financial year ended December 31, 2011, none of:

(1) the directors or executive officers of the Corporation;

(2) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares of the Corporation; or

(3) any Associate or Affiliate of the foregoing persons,

has, during any of the financial years ended December 31, 2011, 2010 and 2009 and during the current financial year, any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or or is reasonably expected to materially affect the Corporation.

ARTICLE 12 TRANSFER AGENT AND REGISTRAR

The Registrar and Transfer Agent for the Corporation's Common Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9.

ARTICLE 13 MATERIAL CONTRACTS

The following is a list of all contracts which the Corporation or its subsidiaries are a party to, and which currently can reasonably be regarded as material to a securityholder of the Corporation:

(1) a Joint Venture Agreement entered into between Encanto Resources Ltd., Muskowekwan First Nation, and Muskowekwan Resources Ltd. dated October 16, 2010,

(2) a financial advisory and office facilities agreement (the "Endeavour Mandate") with Endeavour Financial Ltd. of Vancouver, British Columbia ("Endeavour") effective July 17, 2008 as amended July 31, 2009, and October 1, 2011.

Under the terms of the Endeavour Mandate, Endeavour is currently paid a monthly work fee of $10,000. A success fee is payable to Endeavour on completion of any business combination or similar transaction equal to 2% of the value of the transaction. In the event of an equity financing 1% of the gross proceeds of any equity offering completed by the Corporation and/or its subsidiaries or affiliated companies is payable to Endeavour. The Endeavour Mandate is in force on a month-to-month basis.

ARTICLE 14 INTERESTS OF EXPERTS

The following are the persons or companies:

1. who were named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or relating to, the fiscal year ending December 31, 2011, being the Corporation's most recently completed financial year; and

2. whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

   (a) BDO Canada LLP, Chartered Accountants provided an auditor's report dated April 24, 2012 in respect of the Corporation's financial statements for the years ended December 31, 2011 and 2010 and incorporated by reference into this Annual Information Form. BDO Dunwoody LLP is independent in accordance with the auditors' rules of professional conduct in British Columbia.

   (b) Tetra Tech, Inc., Wardrop Engineering Inc., North Rim Exploration Ltd., NovoPro Projects Inc. and Agapito Associates Inc. provided the PEA dated September 27, 2011 on the MFN Project.

   (c) North Rim Exploration Ltd. provided the North Rim Report dated May 9, 2012 on the MFN Project.

To the knowledge of the Corporation, none of the foregoing or their designated professionals held at the time their report was prepared, received from the Corporation thereafter, or are expected to receive from the Corporation, a registered or beneficial interest, direct or indirect, in any securities or property of the Corporation.

ARTICLE 15 ADDITIONAL INFORMATION

Additional information concerning the Corporation is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") which may be accessed at www.sedar.com. Copies of such information may also be obtained on the Corporation's website at www.encantopotash.com.

Additional financial information is provided in the Corporation's Financial Statements and the Management's Discussion and Analysis for the year ended December 31, 2011. Copies of such documents may be obtained in the manner set forth above.