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

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the years ended December 31, 2014 has been prepared as of April 28 2015. It should be read in conjunction with the audited consolidated financial statement of Encanto Potash Corp (the "Company") for the years ended December 31, 2014 and 2013 and the accompanying MD&A for the year then ended.

All amounts are expressed in Canadian dollars unless otherwise indicated.

Description of Business

The Company is an exploration and mine development company focused on potash properties in the Province of Saskatchewan, the largest producing potash region in the world. The Company is primarily focused on the development of its flagship property, the Muskowekwan First Nation Project ("MFN Project"), and in February of 2013 it completed a pre-feasibility study in respect thereof. The Company is currently working on a feasibility study on the MFN Project. In addition to its flagship property, the Company holds an interest in two other potash properties in Saskatchewan, namely the Ochapowace and Chacachas First Nation Property, and the Spar Property, in which it holds a 20% and 100% interest respectively.

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

Negotiations are continuing on a multi-year off-take agreement between the Company and a consortium of Indian fertilizer companies, some of which are owned by the government of India. These discussions have been advanced with the election of the new government in India. While there may be fluctuations of potash prices, the Company remains confident that a long-term off-take agreement will ensure the construction and profitability of the MFN Project. As of yet no binding agreement has been reached or executed and there is no assurance an agreement will be reached or executed.

Recent Highlights

On April 28, 2015 the Company was advised by the TSX Venture Exchange ("the Exchange") that it had accepted the Company's application to close a private placement in excess of 17,000,000 units for gross proceeds of a minimum of $2,040,000. To date the Company has received $1,461,000 in trust against receipt of securities pursuant to the private placement. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at $0.17 for a period of 12 months from the date of closing. The Company intends to use the proceeds for general working capital for the Company. The private placement has been fully allocated and is targeting closing before May 1, 2015. The securities issued by the Company in connection with this Private Placement are subject to a 4-month "hold period" as prescribed by the TSX Venture Exchange and applicable securities laws.

The Company, through its strategic advisor, Horgen Holdings Inc., received an expression of interest from Fengate Capital Management Ltd. to undertake the development, construction and financing of a 100-MW power generating station for the proposed new potash mine and processing plant to be built for the Company’s MFN Project. The power generating station could see the Capex as calculated in the Pre-feasibility reduced by up to $250 million.

Muskowekwan First Nation Potash Mine Project

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

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

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

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

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

The reserve/resource breakdown is as follows:

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

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

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

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

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

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

Pursuant to an agreement dated October 9, 2013 (the "**Funding Agreement**") between the Company and Hamad Al-Wazzan, a director of the Company, the Company received funding of $1,250,000 to drill a test well on the Ochapowace and Chacachas First Nation Property (to test both the potash and oil and gas potential). Pursuant to the Funding Agreement, Mr. Al-Wazzan was granted an 80% interest in the Company's potash rights under the Ochapowace EPA and a 50% working interest in the oil and gas permits and leases on the Ochapowace and Chacachas First Nation Property. The Company granted Mr. Al-Wazzan the right, until October 9, 2015, to put these interests back to the Company and receive shares of the Company equal to the amount of the funds advanced divided by $0.17 per share.

Pursuant to a farmout agreement dated August 9, 2013 between the Company and Vital Energy Inc (formerly Sundance Energy Company), the Company has retained a 5% working interest in the oil and gas leases.

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

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

Note: All results reported are weighted averages

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

Spar Property
The Company holds an undivided 100% interest in the Spar Property which is currently comprised of one mineral claim, the KP441 claim. An impairment write down of $5,269,068 was taken as the Company does not intend to do work in fiscal 2015 as it is focusing on the FS on the MFN Project.

Selected Annual Information

The following is a summary of certain selected audited consolidated financial information of the Company for the years ended December 31, 2014, 2013 and 2012:

	2014 ($)	**2013 ($)**	**2012 ($)**
Total revenues	-	-	-
Net loss	(10,111,021)	(5,315,172)	(6,190,056)
Net loss per share (basic and diluted) [1]	(0.03)	(0.02)	(0.02)
Total assets	33,639,515	39,324,389	31,259,673
Acquisition cost of mineral properties	-	-	144,160
Deferred exploration expenditures	598,844	9,356,505	6,413,843
Long term debt, gross	7,000,000	7,000,000	2,500,000
Dividends declared	-	-	-

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

The loss for the year ended December 31, 2014 includes an impairment charge of $5,269,068 related to the Spar property as the Company does not intend to do work in fiscal 2015 as it is focusing on the FS on the MFN Project.

Quarterly Results

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended December 31, 2014.

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

	December 31 2013 ($)	**September 30 2013 ($)**	**June 30 2013 ($)**	**March 31 2013 ($)**
Total revenue	-	-	-	-
Net income (loss)	325,808	(2,412,892)	(1,782,157)	(1,445,931)
Net loss per share (basic and diluted) [1]	(0.00)	(0.01)	(0.01)	(0.00)
Deferred exploration expenditures and acquisition costs	4,197,493	1,430,073	2,440,886	1,288,053
Total assets	36,063,389	36,288,422	37,911,344	36,851,714

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

During the quarter ended December 31, 2014 the Company recorded an impairment charge of $5,269,068 relating to the Spar property.

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

During the quarter ended September 30, 2013 the Company recorded a write down of $1,040,000 of mineral property interests relating to the KP 452 claim and during the quarter ended December 31, 2013 a further $165,969 write down of mineral property interests was recorded with respect to small potash claims.

Results of Operations

Business activities in fiscal 2014 focused primarily on work related to the FS for the MFN Project. During the year ended December 31, 2014, the Company reported a net loss of $10,111,021 or $0.03 loss per share (2013 - $5,315,172 or $0.02 loss per share). Operating activities consumed $4,020,135 before working capital adjustments. Cash requirements for investing activities totaled $2,798,462 which was all virtually related to deferred exploration expenditures. These cash requirements were primarily funded from a prospectus financing and private placement offerings completed during the year.

	2014 ($)	**2013 ($)**
General and administrative expenses	(3,638,953)	(4,362,153)
Impairment on investment	(10,357)	(360,400)
Write off of mineral property interests	(5,269,068)	(1,040,000)
Share-based payments	(410,436)	(570,879)
Deferred income tax recovery	186,675	2,557,001
Interest earned	63	38,230
Finance expenses on convertible debt	(968,945)	(1,576,971)
Net loss for the year	(10,111,021)	(5,315,172)

With respect to general and administrative expenses, the 2014 expenditures were generally lower than those of 2013 primarily because of a focus to reduce costs in the economic downturn. The most significant general and administrative expenses were with respect to corporate development consultants, First Nation consulting, legal and audit costs and management compensation.

<u>Corporate development consultants - $711,379 (2013 - $1,027,814)</u>

The expense relates to consulting agreements entered into in connection with the Company assessing domestic and international strategic partnerships for the financing, development and sale of potash production from its MFN Project. The expense has decreased in connection with decreased consulting services as the Company more tightly focuses its efforts.

First Nation consulting – $644,414 (2013 - $790,521)
The Company continues to retain the services of consultants and advisors who are conversant with First Nation requirements and have stature in the First Nation communities. The expense has decreased in connection with decreased consulting services being provided.

Legal and audit - $478,050 (2013 - $571,241)
The expense has decreased due to a lower amount of legal expenses required to support the initiatives of the Company to advance the development of the MFN project.

Management compensation - $866,756 (2013 - $837,474)
Management compensation has remained consistent with prior years and includes fees paid to the Company's senior executives, as well as the cost to cover administrative matters associated with the corporate secretarial function.

The Company recognized an impairment charge with respect to the investment in Vital Energy Inc. (formerly called Sundance Energy Corp) of $10,537 (2013 - $360,400) and took an impairment charge of $5,269,068 (2013 - $nil) related to the Spar property as the Company does not intend to do work on the property during fiscal 2015 as it focuses on the FS for the MFN Project. During the year ended December 31, 2013 the Company wrote off $1,040,000 of mineral property interests relating to the KP 452 claim as the Company allowed the claims to lapse.

Share-based payments expense of $410,436 (2013 - $570,879) was recorded based on 4,280,000 (2013 – 5,025,000) stock options granted during the year and on the vesting terms of those stock options as well as vesting of previously granted stock options. The weighted average fair value of the options granted during the year ended December 31, 2014 was $0.07 (2013 - $0.09).

The Company recognized a deferred income tax recovery of $186,675 (2013 - $2,557,001) which arose as a result of the Company’s accounting procedures for the issuance of flow-through shares and having enough non capital tax losses available to offset the deferred tax liability, respectively.

Finance expenses of $968,945 (2013 - $1,576,971) were recognized in the year in relation to the convertible debenture and short term loan.

Fourth Quarter
During the fourth quarter of 2014 the Company reported a net loss of $6,379,374 compared to net income of $325,808 during the same period in 2013. During the fourth quarter ended December 31, 2014 the Company recorded an impairment charge of $5,269,068 in relation to the Spar property. During the fourth quarter ended December 31, 2013 the Company recorded a deferred tax recovery of $2,557,001.

Capital expenditures were lower in the fourth quarter of 2014 ($46,822) as compared to 2013 ($4,197,493) due to the Company’s financial situation.

Capital Expenditures

During the year ended December 31, 2014, the Company incurred deferred exploration expenditures of $598,844 (2013 - $9,356,505). The majority of the expenditures relate to the MFN project and the Chacachas / Ochapawace First Nation property. (For more information refer to Schedule 1 in the audited annual consolidated financial statements of the Company.)

	MFN Project		**Other**	
	2014 ($)	**2013 ($)**	**2014 ($)**	**2013 ($)**
Deferred exploration				
3-D seismic	-	97,702	9,033	122,542
Consulting	66,897	91,590	29,127	14,549
Drilling	-	-	113,890	1,262,289
Environmental	-	2,022,366	-	-
Feasibility	328,113	4,992,992	-	-
Permitting	18,467	168,914	33,317	134,703
Pre-feasibility	-	448,859	-	-
	413,477	**7,822,423**	**185,367**	**1,534,083**

MFN Project

On the MFN Project, the Company continued working on the FS.

Other

On the Chacachas / Ochapawace prospects during the year ended December 31, 2014, the Company completed drilling of a test well and a 3-D seismic program.

On the Spar property, during the year ended December 31, 2014 and 2013 the Company incurred permitting costs only.

Financing Activities

i) On April 28, 2015 the Company was advised by the Exchange that it had accepted the Company's application to close a private placement in excess of 17,000,000 units for gross proceeds of a minimum of $2,040,000. To date the Company has received $1,461,000 in trust against receipt of securities pursuant to the private placement. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at $0.17 for a period of 12 months from the date of closing. The private placement has been fully allocated and is targeting closing before May 1, 2015.

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

On October 9, 2014, the Company closed a private placement of 5,585,000 units at a price of $0.10 per unit for gross proceeds of $558,500. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at $0.30 until October 9, 2016.

On August 22, 2014 the repayment date and conversion feature of the convertible debenture was extended from January 14, 2015 to January 14, 2016. The extension was accounted for as a modification and the remaining issuance costs and discount will be amortized and accreted over the extended life of the convertible debenture.

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

On February 20, 2014 the Company received $750,000 pursuant to a loan agreement (the "Loan"). The Loan bore interest at 15% per annum and was repayable on or before April 20, 2014. The Loan included the issuance of 1,000,000 bonus share purchase warrants exercisable at $0.20 with an expiry date of February 20, 2015. On April 14, 2014 the Loan and accrued interest was repaid in full.

On February 18, 2014, the Company closed a private placement of 3,150,000 units at a price of $0.17 per unit for gross proceeds of $535,500. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at $0.30 until August 18, 2015.

Liquidity and Capital Resources

The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. As at December 31, 2014, the Company had a working capital deficiency of $2,590,832 (including the flow-through premium liability) which is not sufficient to cover funding requirements for operations as currently planned for at least the next twelve months and has commitments due in the coming year including the $7,000,000 convertible debenture that is due for repayment on January 14, 2016.

On April 28, 2015 the Company was advised by the Exchange that it had accepted the Company's application to close a private placement in excess of 17,000,000 units for gross proceeds of a minimum of $2,040,000. To date the Company has received $1,461,000 in trust against receipt of securities pursuant to the private placement. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at $0.17 for a period of 12 months from the date of closing. The private placement has been fully allocated and is targeting closing before May 1, 2015.

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

Related Party Transactions

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

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

Key management includes the directors, the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. Compensation paid or payable to key management for services provided during the year ended December 31, 2014 and 2013 was as follows:

	2014	**2013**
	$	**$**
Management compensation	396,000	366,000
Share-based payments	210,309	225,184

The Company incurred additional expenditures charged by related parties during the years ended December 31, 2014 and 2013 as follows:

	2014	**2013**
	$	**$**
Management compensation (1)	209,094	212,623
Share issuance costs (2)	49,364	30,549

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

(2) The charge includes fees paid to Fiore Management & Advisory Corp.

Included in accounts payable and accrued liabilities as at December 31, 2014 was $757,615 (December 31, 2013 - $219,745) due to directors and officers of the Company and/or companies they control or of which they were significant shareholders.

A director of the Company holds $5,000,000 of the total $7,000,000 convertible debentures.

Financial instruments

The Company's financial instruments consist of cash, deposits, investment, accounts payable and accrued liabilities, derivative put option liability and convertible debenture. The Company designated its cash and deposits as loans and receivables. The investment is designated as available-for-sale, which is measured at fair value. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost. Prior to the reclassification to equity, the derivative put option liability was a separate derivative and was classified as FVTPL, which is measured at fair value with changes recorded through profit and loss. The convertible debenture is designated as other financial liabilities, which is measured at amortized cost, using the effective interest rate.

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

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

The value of the investment and the derivative put option liability have been assessed based on the fair value hierarchy described above. The investment is classified as level 1 and the value of the derivative put option liability, both at inception and as at December 31, 2013 was classified as level 3. The valuation model for the derivative put option liability considers the probability of the various outcomes that could occur under the Put Option Agreement (including the probability of a conversion price adjustment), the Company's share price, the time value of money and the market rate of interest.

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

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

Foreign exchange risk
As at December 31, 2014, all of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

Interest rate risk
When the Company holds surplus funds, the Company's policy is to invest in guaranteed investment certificates ("GIC's") that are highly liquid. As such, to the extent that the Company has surplus funds invested in GIC's it becomes exposed to nominal interest rate risk. As at December 31, 2014, the Company did not have any surplus funds invested in GIC's.

Equity price risk
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Sundance is monitored by Management with decisions on sale taken at Board level. A 10% decrease in the fair value of Sundance shares would result in an immaterial movement in equity.

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

Liquidity risk
The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. As at December 31, 2014, the Company had a working capital deficiency of $2,590,832 (including the flow-through premium liability). The Company has a commitment to incur approximately $1,000,000 in qualifying Canadian exploration expenses prior to December 31, 2015 and the $7,000,000 convertible debenture is due for repayment on January 14, 2016.

On April 28, 2015 the Company was advised by the Exchange that it had accepted the Company's application to close a private placement in excess of 17,000,000 units for gross proceeds of a minimum of $2,040,000. To date the Company has received $1,461,000 in trust against receipt of securities pursuant to the private placement.

Accounting Standards
a) New standards and amendments effective for the first time

The Company has adopted the new and revised standards and interpretations issued by the IASB or IFRIC listed below effective January 1, 2014. The adoption of these standards and amendments did not have a material impact on the consolidated financial statements of the Company.

IFRS 10, IFRS 12 and IAS 27
Amendments to IFRS 10, IFRS 12 and IAS 27 provides an exception to consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.

IAS 32 Financial Instruments: Presentation
Amendments to IAS 32 clarify matters regarding offsetting financial assets and financial liabilities as well as related disclosure requirements.

IAS 36 Impairment of Assets
Amendments to IAS 36 align the disclosures required for the recoverable amount of an asset (or cash generating unit) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use.

IAS 39 Financial Instruments: Recognition and Measurement
Amendments to IAS 39 allows hedge accounting to continue when derivatives are novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

IFRIC 21 Levies
IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

IFRS 2 - Share-based Payment
In December 2013, the IASB amended IFRS 2 – Share-based Payment. The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both

of which were previously incorporated within the definition of a vesting condition. The amendment is effective on a prospective basis for share-based payment transactions for which the grant date is on or after July 1, 2014.

b) Accounting standards issued but not yet effective

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements and applicable to the Company, but were not effective during the year ended December 31, 2014, are disclosed below. The Company intends to adopt these standards when they become effective. The Company is in the process of assessing the impact of the adoption of these standards and interpretations.

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

Outstanding Share Data
The following table discloses the Company's share capital structure as at April 28, 2015, the date of this MD&A.

a) Authorized:

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

b) Issued and outstanding common shares: 335,858,409

c) Fully diluted common shares:

Type of Security	Number
Stock options	33,100,000
Share purchase warrants	30,935,706
Convertible debenture	28,000,000
Put option	7,352,941
TOTAL DILUTION	**435,247,056**

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for year ended December 31, 2014 and this accompanying MD&A (together, the "Interim Filings").

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

Risks and Uncertainties

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

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

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

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

Outlook

The Company's primary focus for fiscal 2015 will be as follows:

- Continue work on the FS on the MFN Project.

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

Other Information

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

Forward-Looking Statements

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

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

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of April 28, 2015.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; actual results of current exploration activities; conclusions of economic evaluations; future price of potash; failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals of financial or in the completion of development or construction activities; as well as those factors discussed in the sections entitled "Risks and Uncertainties". Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

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