

Encanto Announces Expanded Memorandum of Understanding for a Potash Off-Take Agreement

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Agreement with Government of India's Largest International Trading Company along with Worldwide Distribution Rights

VANCOUVER, April 13, 2016 - [Encanto Potash Corp.](#) ("Encanto" or the "Company") (TSXV: EPO) is pleased to announce that they have finalized important terms for their Memorandum of Understanding ("MOU") with Metals and Minerals Trading Company of India (MMTC) <http://mmtclimited.gov.in>, for a substantial off-take agreement.

Following months of continued negotiations subsequent to the signing of the MOU with MMTC previously announced on October 15th, 2015, which outlined the base terms to a long term off-take agreement, Encanto confirms that the MOU is now expanded for an annual supply of a minimum of 2,000,000 metric tonnes of potash (approximately US\$600 million at current prices) from the Company's Muskowekwan Project, located in Saskatchewan.

A Pre-Feasibility Study dated February 28, 2013 referenced below confirms Proven and Probable KCI Reserves on the Muskowekwan Project totalling 162 MMt grading 28%, which supports primary and secondary mining for over 50 years at an assumed annual extraction rate of 2.8 million tonnes.

MMTC, established in 1963, is a Government of India Public Sector Undertaking ("PSU"), India's Largest International Trading Company and one of the two highest foreign exchange earners for the country with a turnover of ~US \$10 billion and a current market cap of US \$35 billion dollars. MMTC is the first Public Sector Enterprise to be accorded the status of "FIVE STAR EXPORT HOUSE" by the Government of India for long standing contribution to exports and, most importantly, is one of the world's largest buyers of fertilizers. MMTC is owned by the Ministry of Commerce that is also responsible for the Export Credit Guarantee Corporation of India Limited.

The MOU also allows for the immediate supply of potash by Encanto to MMTC, which can be sourced from existing producers while Encanto concurrently continues to develop the Muskowekwan Project. To that effect, Encanto now intends to create a joint trading company in an expanded working relationship with the Muskowekwan First Nation to ensure that the Company can begin to supply potash to satisfy MMTC's needs in the near future as well. The plan is to become an active potash company and to secure substantial near term cash flow; a rarity for a junior potash developer.

In addition, the MOU provides that MMTC will also act as Encanto's worldwide distributor of potash on an exclusive basis, which is expected to provide access to markets and increased pricing well beyond the primary market in India.

Encanto President Stavros Daskos commented on the transaction, "Various entities in India had been tasked over the years with reviewing dozens of potash property opportunities worldwide as part of their formal policy to secure a long term supply of potash for India. Due to a combination of the size, high grade reserves, the simple geology, low environmental impact, solution mining advantages in terms of employment safety and faster path to production, it was determined that Encanto offers the best potash opportunity for India such that MMTC decided to move forward with a long term supply agreement. This will bring the Company great options, including significant near term revenue and a bright long term future."

"To that end, I would like to personally thank H.E. Nadir Patel the Canadian High Commissioner to India and his Government of Canada staff who provided the invaluable support and guidance that made it possible to bring an agreement of this magnitude to this advanced stage."

"This is an exciting day for the Council and the people of Muskowekwan. Production from the first potash mine on First Nation land is now one important step closer and we welcome both the coming direct job creation, spin off employment opportunities and own source sustainable revenue. The new opportunity of facilitating an immediate supply of potash to India will allow us to accelerate our joint goals with Encanto of enhancing First Nations and Indo Canadian skills training and education in conjunction with preserving our important cultural heritage" stated Muskowekwan First Nation Chief Reginald Bellerose.

About Encanto:

[Encanto Potash Corp.](#) is a TSX Venture Exchange listed and traded Canadian resource company engaged in the development of potash properties in the Province of Saskatchewan, Canada, the largest producing potash region in the world. Through a joint venture agreement with Muskowekwan Resources Ltd. on our flagship Muskowekwan Project, Encanto has a project land package which totals approximately 61,000 largely contiguous acres. 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" confirms the Proven & Probable KCI Reserves totaling 162 MMt grading 28% which supports primary and secondary mining for over 50 years at an assumed annual rate extraction rate of 2.8 million tons.

Encanto is currently negotiating financing for the development and sale of potash production from the Muskowekwan Project.

The Company also has a 5% interest in the 55,000 acre Ochapowace/Chacachas property also located in Saskatchewan.

The technical content of this news release has been reviewed and approved by James Walchuck, a qualified person as defined by NI 43-101.

For additional information about Encanto Potash Corp., please visit the Company's website at www.encantopotash.com or review the Company's documents filed on www.sedar.com.

ON BEHALF OF THE BOARD OF DIRECTORS

Per: "James Walchuck"
Chief Executive Officer

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SOURCE [Encanto Potash Corp.](#)

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