

## ENCANTO HAS NET PRESENT VALUE OF \$1.13 BILLION AND IRR OF 18.9% BACKED BY A 20-YEAR OFFTAKE AGREEMENT WITH INDIA'S NACOF

TSXV: EPO

VANCOUVER, June 12, 2017 /CNW/ - [Encanto Potash Corp.](#) ("Encanto" or the "Company") (TSXV: EPO), which has signed an agreement to supply India with potash over 20 years, would have the capacity to produce and export 3.4 million tonnes of potash annually, according to a recently completed Preliminary Economic Assessment ("PEA") by Amec Foster Wheeler.

The estimated 20 per cent increase in production potential, based on adoption of greater plant capacity, can be maintained for more than 48 years, according to the PEA prepared by Amec Foster Wheeler. The study also concludes the project has a net present value of \$1.13 billion CDN, with an internal rate of return of 18.9% after taxes using a 10% discount rate. The PEA highlights are shown in Table 1. Readers are cautioned that the PEA is preliminary in nature, and is based on an economic evaluation of Measured and Indicated Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, and there is no certainty that the preliminary economic assessment will be realized.

Encanto, in partnership with the Muskowekwan First Nation ("MFN"), is developing Canada's first potash mine on a First Nation reserve in south-east Saskatchewan. Encanto recently signed a contract with NACOF, the Government of India subsidized Farmers' Co-Operative, to supply five million tonnes of potash annually for 20 years.

"We are confident that we will continue to succeed in building Encanto into a global industrial company, and deliver to the First Nations in Canada and to India a food security contract through long-term supply," said Encanto President and CEO Stavros Daskos.

"With almost two years of efforts and the strategic alignment in India with Mr. Vinay Maloo, founder and chairman of the Enso Group, we signed a 20-year agreement to supply 100 million tonnes of potash in India with NACOF. With the leadership of Muskowekwan First Nation Chief Reginald Bellerose, we then quickly secured the Mineral Title with the MFN and the support of the Ministry of Indigenous Affairs Government of Canada."

MFN Chief Reginald Bellerose added: "I believe we are making First Nations history. This recent study makes it clear the Encanto potash mine, thanks to the rich potash resources beneath the MFN, has the capacity to meet this long-term supply contract with India's NACOF. This represents one of the largest developments on First Nations land and will allow the Muskowekwan people to be active participants in the economy. I also believe this partnership, endorsed by the Muskowekwan, is a model for the future development of Canadian First Nation natural resources."

Encanto next steps will be to secure the additional capacity, above the 3.4 million tonnes estimated mine capacity, to supply the 5 million tonnes of potash established under the NACOF contract. To do so, Encanto has formed a trading company that is now in negotiations to supply potash to India, which if successful, would create a positive revenue stream while the company continues to seek further investment to build the \$3.7-billion (CDN) mine and plant.

Said Encanto CEO Daskos: "The next steps concurrent to structuring project financing, are now focused on negotiating a long-term supply agreement or merger with an existing producer where a ramp up schedule for 5 million tonnes per year can be reached with NACOF. This will trigger potash exports before opening on-site mining operations at MFN, allowing immediate revenues for Encanto. These discussions are currently taking place with the continued intervention of Mr. Maloo, who is also working to secure these quantities with cash as guarantees for supply as we work out pricing."

### FURTHER DETAILS OF PRELIMINARY ECONOMIC ASSESSMENT BY AMEC FOSTER WHEELER

Following the signature of the offtake agreement to supply NACOF, a Government of India subsidized Farmers' Co-Operative, with 5 million tonnes (Mt) of potash annually for a guaranteed term of 20 years, Encanto has updated its 2013 prefeasibility ("PFS") study mine plan that was originally designed for 2.8 Mt of annual output by completing a PEA based on 3.4 Mt of annual output. The PEA does not invalidate the 2013 PFS or the Mineral Reserves for the Project, it is simply an alternative development option at a different plant capacity. Under its operating agreement with Muskowekwan First Nation, Encanto is now contractually obligated to deliver potash within 36 months from its December 30, 2016 offtake agreement with NACOF.

The PEA indicates that the Project has significant positive economics and that the mineralization is of sufficient size as well as grade to support primary and secondary mining for over 48 years with a Muriate of Potash production rate of 3.4 Mt per annum. Although the Mineral Resources are sufficient to support a production rate of 5 Mt of potash annually, the most efficient production model for the MFN property would be to produce at a rate of 3.4 Mt annually.

### KEY FACTS

- Pre-tax net present value ("NPV") of \$1.13 billion (\$0.86 billion after taxes), and an internal rate of return ("IRR") of 18.9% (17.9% after taxes)
- The economic model is based on financing of 80% of the capital cost of the project at a 20 year amortization to match the 20 year offtake agreement with NACOF.

Table 1: PEA Highlights

Assumed Muriate of Potash ("MOP") Price (FOB Vancouver)	\$319
Discount Rate	10%
Inflation Rate	2%
Operating Costs ("OPEX") at full capacity (includes utilities, labour, maintenance, reagents, fuel, insurances and municipal taxes)	\$42.
Sustaining Capital Cost (includes brine field and Tailing Management Area extensions)	\$35.
Logistics Costs (rail and port)	\$50.
Taxes and Royalties (includes Potash Production Tax, Crown Royalty and Saskatchewan Resource Surcharge, average over the life of the project)	\$41.
Initial capital costs ("CAPEX") (includes contingency)	\$3.7
Deferred CAPEX	\$300
Annual Production Rate	3.4 M
Lifespan of Project	48 y

Table 1 Notes:

1. Monetary units are in Canadian dollars
  2. t equals tonnes
  3. Muriate of Potash (MOP) product is 98% KCl
  4. The basis for the PEA unit cost estimates was the PFS unit cost estimate. These unit costs were reviewed, and updated where applicable. The updated unit costs are not considered a material change to the equivalent unit costs from the PFS, and therefore the PFS inputs remain current.
- Capital and operating cost estimates were generated with a target accuracy of -30% to +50%, typical for this level of study. The initial CAPEX estimate for the plant is \$3.73 billion and includes estimates for water supply, and power and gas tie-ins to a 3<sup>rd</sup> party owned Cogeneration plant. The estimate includes a contingency of \$568 million.
  - The operating costs were estimated at \$42.86/t of MOP product at full production capacity. This figure includes utilities, labour, maintenance, reagents (including fuel), insurances, and municipal taxes. It does not include Royalties, Potash Production Taxes, or Federal/Provincial Income taxes which are estimated at \$41.95/t of MOP product. The logistical costs estimates of \$50.05/t of MOP product were provided by existing carriers and port facilities with capacity to serve this Project. Sustaining capital costs were estimated at \$35.98/t of MOP product at full production and include provisions for well field extension, and reclamation.

As a result of these findings, Encanto plans to proceed to undertake further, more detailed economic studies on the Project. During which, Encanto will review the results of this base-case PEA to identify areas where improvements to the economics of the project can be realized as a result of the First Nations component to the Project. Areas for review may include, but are not limited to, taxes and royalties.

## MINERAL RESOURCE BASIS FOR THE PEA

The Mineral Resource estimate used as the basis for the PEA was provided by Saskatchewan based North Rim Exploration Limited, Qualified Person Tabettha Stirrett, P.Geo. The Mineral Resource is shown in Table 2.

Table 2: Solution Mining Mineral Resource Summary

Measured			
Member	Tonnage (Mt)	Weighted Average KCl Grade (%)	KCl Tonnage (Mt)
Patience Lake	175.85	31.08	54.65
Belle Plaine	174.16	29.27	50.97
Total Excluding Interbed	350.02		105.62
Weighted Avg. Excluding Interbed		30.18	
Indicated			
Member	Tonnage (Mt)	Weighted Average KCl Grade (%)	KCl Tonnage (Mt)
Patience Lake	905.66	29.96	271.31
Belle Plaine	769.82	29.63	228.12
Total Excluding Interbed	1,675.48		499.43
Weighted Avg. Excluding Interbed		29.81	
Inferred			
Member	Tonnage (Mt)	Weighted Average KCl Grade (%)	KCl Tonnage (Mt)
Patience Lake	958.82	29.29	280.80
Belle Plaine	838.06	29.61	248.12
Total Excluding Interbed	1,796.87		528.93
Weighted Avg. Excluding Interbed		29.44	

Table 2 Notes:

- 1. Mt = Million tonnes.
- 2. Density = 2.08 t/m<sup>3</sup>.
- 3. Tonnage is calculated based on Area x Thickness x Density (2,080 kg/m<sup>3</sup>) and is reported in-place.
- 4. KCI Tonnage refers to contained Tonnage times weighted average grade, and is reported in-place.
- 5. Should any part of the Mineral Resource estimate be converted to Mineral Reserves, the tonnes will be reduced based on 41.6% extraction ratio and 20% plant and cavern loss.
- 6. Mineral Resources are reported using a cut-off grade of 15% K<sub>2</sub>O.
- 7. Measured Resource Radius of Influence of 800 metres, Indicated Resource Radius of Influence of 2000 metres, Inferred Resource Radius of Influence of 5000 metres
- 8. Mineral Resources have an effective date of May 24, 2017.
- 9. Tables 4 and 5 are not additive to Table 2.
- 10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

PFS SUMMARY

The summary of the 2013 PFS financial model is shown in Table 3.

Table 3: Summary of PFS Financial Model

Assumed Muriate of Potash Price (FOB Vancouver)	\$460/t standard grade. \$485/t granular grade
Discount Rate	10%
Inflation Rate	2%
OPEX at full capacity  (includes utilities, labour, maintenance, reagents, fuel, insurances and municipal taxes)	\$54.32/t of MOP produced
Sustaining Capital Cost  (includes brine field and Tailing Management Area extensions)	\$32.21/t of MOP produced
Logistics Costs (rail and port)	\$50.50/t of MOP produced
Taxes and Royalties  (includes Potash Production Tax, Crown Royalty and Saskatchewan Resource Surcharge, average over the life of the project)	\$64.76/t of MOP sold
Initial CAPEX  (includes contingency)	\$2.86 billion
Deferred CAPEX	\$130 million
Annual Production Rate	2.8 Mt of MOP
Lifespan of Project	50 years +

Table 3 Notes:

1. The NPV of the PFS remains positive using the assumed potash price in the PEA, therefore the Mineral Reserves remain current.
2. t equals tonnes
3. Muriate of Potash (MOP) product is 98% KCl

The NPV of the PFS remains positive using the assumed potash price in the PEA, therefore the Mineral Reserves remain current.

## PFS Mineral Reserve and Mineral Resource Statements

Table 4 presents Proven and Probable Mineral Reserves as determined in the 2013 PFS.

Table 4: Proven and Probable Mineral Reserves for the 2013 PFS

Member	Tonnage (Mt)	KCl Grade <sup>1</sup> (%)	KCl Tonnes (Mt) <sup>2</sup>
Patience Lake	&mdash;	&mdash;	&mdash;
Proven	75.86	24.58%	18.65
Probable	304.22	23.23%	70.67
Belle Plaine	&mdash;	&mdash;	&mdash;
Proven	59.79	26.06%	15.58
Probable	230.98	24.71%	57.07
Total Proven Mineral Reserves	135.64	25.24%	34.23
Total Probable Mineral Reserves	535.2	23.87%	127.74
Total Proven and Probable Mineral Reserves	670.84	24.14%	161.96

Table 4 Notes:

1. The grade shown was back-calculated from the Tonnage in-place and the KCl tonnes. The KCl tonnage in the table is the recoverable KCl, and was determined by estimating the production in the life of mine plan on a cavern by cavern basis using the local grade and member thickness from the resource model together with a curve relating the In-place grade to a brine grade. Extraction of brine from the caverns was assumed to be 90% of total cavern volume.
2. Mineral Reserves are based on production from the caverns in the life of mine plan, which represent an extraction ratio of 41.6%. Modifying Factors include tonnage reductions to account for unknown anomalies (5% for Proven and 9% for Probable) and plant recovery of 94.5% (including downstream losses). These Mineral Reserves are based on 100% KCl and do not account for the K<sub>2</sub>O or KCl grade of the product actually sold.
3. Proven Radius of Influence of 800 metres.
4. Probable Radius of Influence of 2000 metres.
5. The Mineral Reserves have an effective date of February 13, 2013. The NPV of the PFS remains positive using the potash price assumed in the PEA, therefore the Mineral Reserves remain current.
6. The Mineral Reserves in Table 4 are not additive to the Mineral Resources in Tables 2 and 5

The Mineral Reserve estimate for the 2013 PFS was provided by Agapito Associates, Inc. of Grand Junction, qualified person Dr. Michael P. Hardy, P.E.

The Mineral Reserves discussed above were obtained from a mine plan covering the areas of Measured and Indicated Mineral Resources surrounding seven of the wells advanced for this project. Mineral Resources outside the areas containing Mineral Reserves are presented in Table 5.

Table 5: Mineral Resource Statement from the 2013 PFS

Indicated			
Member	Tonnage (Mt)	Weighted Average KCI Grade (%)	KCI Tonnage (Mt)
Patience Lake	217.92	26.74	58.28
Belle Plaine	116.55	30.71	35.79
Total Excluding Interbed	334.47		94.07
Weighted Avg. Excluding Interbed		28.12	
Inferred			
Member	Tonnage (Mt)	Weighted Average KCI Grade (%)	KCI Tonnage (Mt)
Patience Lake	838.08	29.57	247.83
Belle Plaine	776.68	29.48	229.00
Total Excluding Interbed	1,614.76		476.83
Weighted Avg. Excluding Interbed		29.53	

Table 5 Notes:

1. Mt = Million tonnes
2. Density = 2.08 t/m<sup>3</sup>.
3. Tonnage is calculated based on Area x Thickness x Density (2,080 kg/m<sup>3</sup>) and is reported in-place.
4. KCI Tonnage refers to contained Tonnage times weighted average grade, and is reported in-place.
5. Should the any part of the Mineral Resource estimate be converted to Mineral Reserves, the tonnes will be reduced 41.6% extraction ratio and 20% plant and cavern loss.
6. Mineral Resources are reporting using a cut-off grade of 15% K<sub>2</sub>O.
7. Indicated Resource Radius of Influence of 2000 metres, Inferred Resource Radius of Influence of 5000 metres
8. Mineral Resources have an effective date of January 31, 2013.
9. The Mineral Resources in Table 5 are not additive to the Mineral Resources and Mineral Reserves in Tables 2 and 4. Resources in Table 5 are reported exclusive of the Mineral Resources converted to Mineral Reserves in Table 4.

The Mineral Resources were provided by Saskatchewan based North Rim Exploration Limited, qualified person Tabettha Stirrett, P. Geo. Differences between the Mineral Resource tabulation in Table 2 and the Mineral Resource tabulation in Table 5 include the following:

- The majority of the Indicated and Measured Mineral Resources for the project were converted to Mineral Reserves in the PFS and Mineral Resources that remain after conversion were reported separately, whereas the PEA is based on the total Measured and Indicated Mineral Resource estimate.
- An area under the proposed mine plant site that had an 800 m buffer was included in the resource estimates for both the Indicated and Inferred confidence categories in the PEA; however, for the purposes of the PFS this area was excluded for both the Indicated and Inferred confidence categories.

- A small area of additional land tenure that hosts Mineral Resources was included in the PEA; this area was not available to the PFS study at the time that study was completed.
- Slight changes to the weighted average grades may occur due to minor differences in the area/volumes reported between the two studies.

## Qualified Persons

The following Qualified Persons will contribute to the technical report on the PEA that will be filed on SEDAR within 45 days of this news release: David Myers, P.Eng. and Paul O'Hara, P.Eng. (Amec Foster Wheeler Americas Ltd.); Tabettha Stirrett, P.Geo. (North Rim Exploration Limited); Michael Hardy, P.E. (Agapito Associates, Inc.); and Jim Brebner, P.Eng (Novopro Projects Inc.).

The independent Qualified Person for the Mineral Resource estimates disclosed in this news release is Tabettha Stirrett, P.Geo. (North Rim Exploration Limited). The independent Qualified Person for the Mineral Reserve estimate disclosed in this news release is Michael Hardy, P.E. (Agapito Associates, Inc.). The independent Qualified Person for the information disclosed in this news release in relation to the 2013 PFS is Jim Brebner, P.Eng (Novopro Projects Inc.).

## Quality Assurance and Quality Control

From the retrieval of the core at the drill site to the shipment of the core to the North Rim Exploration Core Laboratory in Saskatoon, it was under the care and supervision of the Drilling Supervisor, Wellsite Geologist, or North Rim's Core Supervisor. Following the core retrieval, the core was wrapped in plastic, boxed and secured on site. Immediately following the completion of coring, a hotshot courier from the coring company delivered the locked core trailer to North Rim's secure core facility in Saskatoon, Saskatchewan.

All sampling activities were carried out at North Rim's core laboratory facilities located at 2834 Millar Avenue in Saskatoon, Saskatchewan. Upon arrival at the core laboratory, the core was cleaned thoroughly to identify the potash beds, clay seams, and mineralogical changes within the core. Selection of the correct assay intervals was conducted by North Rim geologists. Geochemical assay sampling was separated into two separate intervals: from the top of the Patience Lake Member to the base of the Belle Plaine Member, and the entire Esterhazy Member. Once the sample intervals were determined the core was slabbbed lengthwise into halves by laboratory assistants. The cutting process was supervised at all times by a North Rim geologist. As the samples were chosen they were labeled. Each sample and its corresponding sample tag were placed into a waterproof, plastic sample bag, put into bags and then into sealed plastic pails for transportation to the lab. Shipping sheets were completed and accompanied the samples to the Saskatchewan Research Council Geoanalytical Laboratories ("SRC") at 125 &ndash; 15 Innovation Boulevard in Saskatoon, Saskatchewan. SRC is independent of Encanto and is ISO17025 accredited for selected analytical techniques.

North Rim geologists delivered the samples to SRC for analysis. When SRC received the core samples at the laboratory, they signed, dated and returned the North Rim Packing Slip to the North Rim employee who delivered them. After confirming that the sample list matched the samples in the pails, a Sample Receipt Report was emailed to a pre-determined distribution list. There, the samples were crushed, split and analyzed according to the parameters stated in SRC's Basic Potash Analysis package (soluble inductively coupled plasma [ICP], % insolubles and % moisture).

Quality assurance and quality control (QA/QC) measures were strictly adhered to, including the use of standards, blanks and duplicates throughout the analysis period. With each set of 40 samples, two potash standards, one quartz blank, and one sample pulp replicate analysis was completed. After processing, the entire group of samples, a split sample replicate was completed. Assay results generated are reviewed and approved by SRC prior to release. Upon completion of the assaying and QA/QC procedures, the geochemical results were emailed to the Encanto contact list in a password-protected zip file. According to the SRC Customer Quality Control policy the sample preparation and analytical procedures are of the highest quality and are NI 43-101-compliant.

## 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 property, 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 and Probable KCl Reserves totaling 162 Mt grading 28% KCl (average) which supports primary and secondary mining for over 50 years at an assumed annual rate extraction rate of 2.8 Mt of MOP. The PEA Technical Report that will be filed summarizes an alternative development option that supports primary and secondary mining of the Mineral Resources for 48 years at an annual extraction rate of 3.4 Mt of MOP.

For additional information about Encanto Potash Corp., please visit the Company's website at [www.encantopotash.com](http://www.encantopotash.com) or review the Company's documents filed on [www.sedar.com](http://www.sedar.com).

[Encanto Potash Corp.](#)



## Forward-Looking Information

ALL MINERAL RESERVE AND MINERAL RESOURCES ESTIMATES REPORTED BY THE CORPORATION WERE ESTIMATED IN ACCORDANCE THE 2014 EDITION OF THE CANADIAN INSTITUTE OF MINING AND METALLURGY ("CIM") DEFINITION STANDARDS FOR MINERAL RESOURCES AND MINERAL RESERVES ("CIM DEFINITION STANDARDS") INCORPORATED BY REFERENCE INTO CANADIAN NATIONAL INSTRUMENT 43-101 ("NI 43-101"). THESE STANDARDS DIFFER SIGNIFICANTLY FROM THE REQUIREMENTS OF THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

MINERAL RESOURCES WHICH ARE NOT MINERAL RESERVES DO NOT HAVE DEMONSTRATED ECONOMIC VIABILITY.

THIS DOCUMENT CONTAINS "FORWARD-LOOKING INFORMATION" WITHIN THE MEANING OF CANADIAN SECURITIES LEGISLATION AND "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THIS INFORMATION AND THESE STATEMENTS, REFERRED TO HEREIN AS "FORWARD-LOOKING STATEMENTS" ARE MADE AS OF THE DATE OF THIS DOCUMENT. FORWARD-LOOKING STATEMENTS RELATE TO FUTURE EVENTS OR FUTURE PERFORMANCE AND REFLECT CURRENT ESTIMATES, PREDICTIONS, EXPECTATIONS OR BELIEFS REGARDING FUTURE EVENTS AND INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS WITH RESPECT TO:

(I) THE ESTIMATED AMOUNT AND GRADE OF MINERAL RESOURCES;

(II) THE PEA REPRESENTING A VIABLE DEVELOPMENT OPTION FOR THE PROJECT;

(III) ESTIMATES OF THE CAPITAL COSTS OF CONSTRUCTING MINE FACILITIES AND BRINGING A MINE INTO PRODUCTION, OF SUSTAINING CAPITAL AND THE DURATION OF FINANCING PAYBACK PERIODS;

(IV) THE ESTIMATED AMOUNT OF FUTURE PRODUCTION, BOTH PRODUCED AND METAL RECOVERED;

(V) ESTIMATES OF OPERATING COSTS AND TOTAL COSTS, NET CASH FLOW, NET PRESENT VALUE AND ECONOMIC RETURNS FROM AN OPERATING MINE; AND

(VI) ACTUAL PRICES ACHIEVED IN THE OFFTAKE AGREEMENT MAY BE DIFFERENT FROM THOSE USED IN THE PFS AND IN THE PEA.

ANY STATEMENTS THAT EXPRESS OR INVOLVE DISCUSSIONS WITH RESPECT TO PREDICTIONS, EXPECTATIONS, BELIEFS, PLANS, PROJECTIONS, OBJECTIVES OR FUTURE EVENTS OR PERFORMANCE (OFTEN, BUT NOT ALWAYS, USING WORDS OR PHRASES SUCH AS "EXPECTS", "ANTICIPATES", "PLANS", "PROJECTS", "ESTIMATES", "ENVISAGES", "ASSUMES", "INTENDS", "STRATEGY", "GOALS", "OBJECTIVES" OR VARIATIONS THEREOF OR STATING THAT CERTAIN ACTIONS, EVENTS OR RESULTS "MAY", "COULD", "WOULD", "MIGHT" OR "WILL" BE TAKEN, OCCUR OR BE ACHIEVED, OR THE NEGATIVE OF ANY OF THESE TERMS AND SIMILAR EXPRESSIONS) ARE NOT STATEMENTS OF HISTORICAL FACT AND MAY BE FORWARD-LOOKING STATEMENTS.

ALL FORWARD-LOOKING STATEMENTS ARE BASED ON ENCANTO'S OR ITS CONSULTANTS' CURRENT BELIEFS AS WELL AS VARIOUS ASSUMPTIONS MADE BY THEM AND INFORMATION CURRENTLY AVAILABLE TO THEM. THE MOST SIGNIFICANT ASSUMPTIONS ARE SET FORTH ABOVE, BUT GENERALLY THESE ASSUMPTIONS INCLUDE:

(I) THE PRESENCE OF AND CONTINUITY OF POTASH AT THE MUSKOWEKWAN POTASH PROJECT AT ESTIMATED GRADES;

(II) THE GEOTECHNICAL AND METALLURGICAL CHARACTERISTICS OF ROCK CONFORMING TO SAMPLED RESULTS; INCLUDING THE QUANTITIES OF WATER AND THE QUALITY OF THE WATER THAT MUST BE DIVERTED OR TREATED DURING MINING OPERATIONS;

(III) THE CAPACITIES AND DURABILITY OF VARIOUS MACHINERY AND EQUIPMENT;

(IV) THE AVAILABILITY OF PERSONNEL, MACHINERY AND EQUIPMENT AT ESTIMATED PRICES AND WITHIN THE

ESTIMATED DELIVERY TIMES;

(V) CURRENCY EXCHANGE RATES;

(VI) METALS SALES PRICES AND EXCHANGE RATE ASSUMED;

(VII) APPROPRIATE DISCOUNT RATES APPLIED TO THE CASH FLOWS IN THE ECONOMIC ANALYSIS;

(VIII) TAX RATES AND ROYALTY RATES APPLICABLE TO THE PROPOSED MINING OPERATION;

(IX) THE AVAILABILITY OF ACCEPTABLE FINANCING UNDER ASSUMED STRUCTURE AND COSTS; (X) ANTICIPATED MINING LOSSES AND DILUTION;

(XI) METALLURGICAL PERFORMANCE;

(XII) REASONABLE CONTINGENCY REQUIREMENTS;

(XIII) SUCCESS IN REALIZING PROPOSED OPERATIONS;

(XIV) RECEIPT OF PERMITS AND OTHER REGULATORY APPROVALS ON ACCEPTABLE TERMS; AND

(XV) THE FULFILLMENT OF ENVIRONMENTAL ASSESSMENT COMMITMENTS AND ARRANGEMENTS WITH LOCAL COMMUNITIES.

ALTHOUGH MANAGEMENT CONSIDERS THESE ASSUMPTIONS TO BE REASONABLE BASED ON INFORMATION CURRENTLY AVAILABLE TO IT, THEY MAY PROVE TO BE INCORRECT. MANY FORWARD-LOOKING STATEMENTS ARE MADE ASSUMING THE CORRECTNESS OF OTHER FORWARD LOOKING STATEMENTS, SUCH AS STATEMENTS OF NET PRESENT VALUE AND INTERNAL RATES OF RETURN, WHICH ARE BASED ON MOST OF THE OTHER FORWARD-LOOKING STATEMENTS AND ASSUMPTIONS HEREIN.

THE COST INFORMATION IS ALSO PREPARED USING CURRENT VALUES, BUT THE TIME FOR INCURRING THE COSTS WILL BE IN THE FUTURE AND IT IS ASSUMED COSTS WILL REMAIN STABLE OVER THE RELEVANT PERIOD.

BY THEIR VERY NATURE, FORWARD-LOOKING STATEMENTS INVOLVE INHERENT RISKS AND UNCERTAINTIES, BOTH GENERAL AND SPECIFIC, AND RISKS EXIST THAT ESTIMATES, FORECASTS, PROJECTIONS AND OTHER FORWARD-LOOKING STATEMENTS WILL NOT BE ACHIEVED OR THAT ASSUMPTIONS DO NOT REFLECT FUTURE EXPERIENCE. WE CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS AS A NUMBER OF IMPORTANT FACTORS COULD CAUSE THE ACTUAL OUTCOMES TO DIFFER MATERIALLY FROM THE BELIEFS, PLANS, OBJECTIVES, EXPECTATIONS, ANTICIPATIONS, ESTIMATES ASSUMPTIONS AND INTENTIONS EXPRESSED IN SUCH FORWARD-LOOKING STATEMENTS. THESE RISK FACTORS MAY BE GENERALLY STATED AS THE RISK THAT THE ASSUMPTIONS AND ESTIMATES EXPRESSED ABOVE DO NOT OCCUR AS FORECAST, BUT SPECIFICALLY INCLUDE, WITHOUT LIMITATION: RISKS RELATING TO VARIATIONS IN THE MINERAL CONTENT WITHIN THE MATERIAL IDENTIFIED AS MINERAL RESOURCES FROM THAT PREDICTED; VARIATIONS IN RATES OF RECOVERY AND EXTRACTION; THE GEOTECHNICAL CHARACTERISTICS OF THE ROCK MINED OR THROUGH WHICH INFRASTRUCTURE IS BUILT DIFFERING FROM THAT PREDICTED, THE QUANTITY OF WATER THAT WILL NEED TO BE DIVERTED OR TREATED DURING MINING OPERATIONS BEING DIFFERENT FROM WHAT IS EXPECTED TO BE ENCOUNTERED DURING MINING OPERATIONS OR POST CLOSURE, OR THE RATE OF FLOW OF THE WATER BEING DIFFERENT; DEVELOPMENTS IN WORLD METALS MARKETS; RISKS RELATING TO FLUCTUATIONS IN THE CANADIAN DOLLAR RELATIVE TO THE US DOLLAR; INCREASES IN THE ESTIMATED CAPITAL AND OPERATING COSTS OR UNANTICIPATED COSTS; DIFFICULTIES ATTRACTING THE NECESSARY WORK FORCE; INCREASES IN FINANCING COSTS OR ADVERSE CHANGES TO THE TERMS OF AVAILABLE FINANCING, IF ANY; TAX RATES OR ROYALTIES BEING GREATER THAN ASSUMED; CHANGES IN DEVELOPMENT OR MINING PLANS DUE TO CHANGES IN LOGISTICAL, TECHNICAL OR OTHER FACTORS; CHANGES IN PROJECT PARAMETERS AS PLANS CONTINUE TO BE REFINED; RISKS RELATING TO RECEIPT OF REGULATORY APPROVALS; DELAYS IN STAKEHOLDER NEGOTIATIONS; CHANGES IN REGULATIONS APPLYING TO THE DEVELOPMENT, OPERATION, AND CLOSURE OF MINING OPERATIONS FROM WHAT CURRENTLY EXISTS; THE EFFECTS OF COMPETITION IN THE MARKETS IN WHICH ENCANTO OPERATES; OPERATIONAL AND INFRASTRUCTURE RISKS AND THE ADDITIONAL RISKS DESCRIBED IN ENCANTO'S ANNUAL FINANCIAL STATEMENTS FILED WITH SEDAR IN CANADA (AVAILABLE AT [WWW.SEDAR.COM](http://WWW.SEDAR.COM)) FOR THE YEAR ENDED DECEMBER 31, 2016. ENCANTO CAUTIONS THAT THE FOREGOING LIST OF FACTORS THAT MAY AFFECT FUTURE RESULTS IS NOT EXHAUSTIVE.

WHEN RELYING ON OUR FORWARD-LOOKING STATEMENTS TO MAKE DECISIONS WITH RESPECT TO ENCANTO,

INVESTORS AND OTHERS SHOULD CAREFULLY CONSIDER THE FOREGOING FACTORS AND OTHER UNCERTAINTIES AND POTENTIAL EVENTS. ENCANTO DOES NOT UNDERTAKE TO UPDATE ANY FORWARD-LOOKING STATEMENT, WHETHER WRITTEN OR ORAL, THAT MAY BE MADE FROM TIME TO TIME BY ENCANTO OR ON OUR BEHALF, EXCEPT AS REQUIRED BY LAW.

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

SOURCE [Encanto Potash Corp.](#)

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