

VANCOUVER, Jan. 4, 2017 /CNW/ - [Encanto Potash Corp.](#) ("Encanto" or the "Company") (TSXV: EPO) has successfully completed the foundation for an evolutionary offtake agreement with the National Federation of Farmers' Procurement, Processing and Retailing Cooperatives of India Ltd ("NACOF"). The terms of the offtake agreement are summarized in a memorandum of agreement (the "MOA") that provides for a minimum supply of 5 million tonnes per year for a minimum 20 year term, pending final negotiations related to the offtake agreement.

NACOF ([www.nacof-india.com](http://www.nacof-india.com)) is a national farming cooperative under the Indian Ministry of Agriculture, Government of India representing farmers in 25 states across India. One of their primary goals is to enter into contracts and collaborate for the purchase, production, manufacture and marketing of raw materials, finished products and by-products. NACOF also enters into joint marketing and exchange agreements with Cooperative Institutions and Public Sector Undertakings such as Metal Mineral Trading Company of India ("MMTC") (see Company news release dated April 13, 2016) or other Government agencies in India and abroad. Food security obtained via procurement of a secure alternative supply of muriate of potash and eliminating middlemen for Indian farmers is a fundamental objective. As such, NACOF represents fertilizer end users in India, being farmers with a membership comprised of 67 State Level Federations, District Level Federations and large, primary level societies from 25 Indian States.

The MOA with NACOF now positions Encanto for the transition of the previously announced memorandum of understanding between Encanto and MMTC (the "MMTC MOU") into a Commercial Marketing and Distribution Agreement to provide for the sale of an additional minimum of 2 million tonnes of potash annually, as MMTC was appointed Encanto's exclusive worldwide potash marketing agent. Under the MMTC MOU, MMTC has the ability to sell potash sourced by Encanto into India or beyond. Encanto is exploring third party sources as short term supply under the MMTC MOU until such time as its flagship Muskowekwan project is developed to supply potash under the NACOF MOA and the MMTC MOU.

MMTC is a Public Sector Undertaking of the Government of India and one of the largest institutional buyers of potash in the world, handling more than 2 million tonnes of potash annually. The MMTC MOU continues to be expected to provide access to markets and increased pricing well beyond the primary market in India and as such, it is envisioned that sales to MMTC will primarily be bound for the Indian export market.

Encanto CEO and President Stavros Daskos stated "I have so far travelled to India twelve times in the last 20 months and have developed a very deep understanding of India's regulatory systems in trading potash and other minerals. I now have a better vision of their true agricultural requirements and most importantly have cemented the trust, integrity and respect that is necessary to formulate an agreement of this magnitude. These agreements allow Encanto to participate in satisfying the Indian Government's need for food security instead of simply trading 5 million tonnes of a commodity for profit. It has taken significant time and effort, but India is a key to the world market. These relationships and the proposed offtake agreement form the basis of our overall strategy and business plan to develop the Muskowekwan project and secure project financing required to build Canada's next major potash mine.

There are many key policy individuals in the Government of India who have helped educate, guide and give life to this transaction. I would like to formally acknowledge Shri Vinay Maloo, a very distinct gentleman and skilled businessman, who among many projects of national importance, co-founded the first private industry company to enter into the telecom sector in India, connecting over 800,000 villages across India. He was and continues to be instrumental in this process.

I would also like to thank Chief Bellerose, the people of The Muskowekwan First Nations, as well as his team that worked tediously and tirelessly to help bring this project together and whom continue to support its future."

Muskowekwan First Nation Chief Reg Bellerose commented, "Final commercial terms are currently being completed by Encanto and NACOF principals and are expected to be available in the near term. We're extremely proud to be a partner in this important agreement. For the first time in history, First Nation potash will help to feed communities around the world, both in India and nations beyond and to the benefit of all stakeholders; First Nations, farmers, the consumers of agricultural products, the governments of Canada and India as well as Encanto shareholders for decades to come."

#### ABOUT NACOF:

Formed in 2009 under the ministry of Agriculture, Government of India, the membership of NACOF is comprised of 67 State Level Federations, District Level Federations and large size/primary level societies from 25 States i.e. the States of Delhi, Uttar Pradesh, Madhya Pradesh, Bihar, Maharashtra, West Bengal, Chhattisgarh, Uttarakhand, Odisha, Rajasthan, Jharkhand, Himachal Pradesh, Andhra Pradesh, Gujarat, Karnataka, Kerala, Punjab, Arunachal Pradesh, Jammu & Kashmir, Assam, Manipur and Chandigarh.

#### 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 KCI Reserves totaling 162 MMt grading 28% (average) which supports primary and secondary mining for over 50 years at an assumed annual rate extraction rate of 2.8 million tonnes. The Company 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](http://www.encantopotash.com) or review the Company's documents filed on [www.sedar.com](http://www.sedar.com).

#### ON BEHALF OF THE BOARD OF DIRECTORS

"Stavros Daskos"

Per:

Stavros Daskos  
CEO, President and Director

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SOURCE [Encanto Potash Corp.](#)

Contact

[Encanto Potash Corp.](#), 3123 - 595 Burrard Street, Vancouver, BC V7X 1J1, Tel: (604) 609-6110; Gary Deathe, Corporate Development, Tel: (647) 728-7987