

Allana and IC Potash Regains Ground While Potash Market Improves

Posted on May 27, 2013 by **Alessandro Bruno**



The ProEdgeWire Potash and Phosphate Sponsor index gained 5.75% for the week ending May 24. There were two clear winners, Allana Potash ('Allana', TSX: AAA | OTCQX: ALLRF) and IC Potash ('ICP', TSX: ICP | OTCQX: ICPTF). Allana and ICP gained 28.74% and 11.54% respectively in Toronto trading as the market has finally started to recognize both companies' potential. Allana Potash has chosen the more unusual route of mining in Ethiopia, not very commonplace at first glance; however, Allana has obtained a regular flow of success there, maintaining good relations with the government and the local community at its Dallol project in the Danakil Basin, which has been successfully completing all the exploration stages in anticipation of an expected production start in early 2015.

Last week, Allana announced that it has received approval for its Environmental, Social, and Health Impact Assessment (ESHIA) from the Ethiopian Environmental Protection Authority (EPA) and Ministry of Mines and Energy. The approval of the ESHIA brings Allana another step closer to being granted the Mining License for the Dallol Potash Project. Allana has Measured and Indicated Resource of 1.298 billion tons at an average grade of 19.2% potassium chloride (KCl), which in tonnage terms amounts to approximately 250 million tons of potassium chloride. In addition, the project also has 588.2 million tons of KCl in the inferred category with an average grade of 18.6% potassium chloride, which constitutes another 109 million tons of KCl. The measured and indicated resources include sylvinitite at 171.4 million tons with an average grade of 31% potassium chloride. In announcing receipt of the ESHIA, the Company announced that Ethiopia's Ministry of Mines and Energy has made significant progress in the analysis of the project's parameters and given that the feasibility study already submitted, Allana believes that the mining license could be issued within the next few months.

Allana's financial situation is also very good in comparison to other juniors, having about USD \$ 30 million in cash, enough to push the project ahead, regardless of the current market situation. Allana's results and potential have been noted by mainstream analysts and Salman Partners Equity Research has issued a 'buy' recommendation for the stock. Allana's feasibility study also suggests some of the lowest CAPEX costs for a potash mine, the construction of which is estimated at less than USD\$ 650 million with a mine life of 21 years and a 3.1 year credit payback period. The other big gainer for the week, ICP, issued an update last week related to progress at the Ochoa Sulphate of Potash ("SOP") Project in Lea County, New Mexico. CEO and President Sidney Himmel said that the feasibility study will be completed on schedule within the next four months, reiterating that ICP remains on track to become "one of the lowest cost SOP producers in the world". The favorable outlook for potash, meanwhile, was confirmed by Potash Corporation (NYSE: POT) whose CEO, Bill Doyle, expects rising prices for potash fertilizers in the coming months, hitting a spot price target of about USD\$ 470/ton in Southeast Asia for the third quarter of 2013.

In Brazil, another of the most prolific markets in the near and mid-terms, the price hit USD\$ 450/ton. In the second half of 2012, China and India's reluctance put strong pressure on world markets; however, since the start of the new year, spot prices have increased by anywhere from USD\$ 50/ton to USD\$ 70/ton. Meanwhile, farmers have noted generally good harvest revenues, which should continue to boost demand for potash fertilizers, even if the cost of building new mines would remain very high. In the longer term, there is little to doubt about the growing importance of potash. It is not feasible to expect the emerging powers to avoid a change, or an evolution, in their populations' eating habits. It is far more advisable, in meeting the new challenge of changing diets and growing population, to increase agricultural yield or boosting soil productivity. This begins with the use of advanced agricultural technology and soil-fertilization techniques. The industry has been experiencing a market 'valley' of sorts, up and down; the perception of weaker-than-expected demand lingering from Chinese and Indian price pressures, are unlikely to persist in the medium or longer term and spare capacity will inevitably be needed in the not too distant future.

ProEdgeWire: Potash & Phosphate Sponsor	Ticker Symbol	Currency	Share price market open May 20, 2013*	Share price market close May 24, 2013*	% Change in share price May 20-24, 2013
Agua Resources Limited	ASX: AGR	AUD	\$0.0600	\$0.0600	0.00%
Allana Potash Corp.	TSX: AAA	CAD	\$0.4350	\$0.5600	28.74%
Allana Potash Corp.	OTCQX: ALLRF	USD	\$0.4400	\$0.5354	21.68%
IC Potash Corp.	TSX: ICP	CAD	\$0.5200	\$0.5800	11.54%
IC Potash Corp.	OTCQX: ICPTF	USD	\$0.5000	\$0.5762	15.24%
Magna Resources	CNSX: MNA	CAD	\$0.1300	\$0.1200	-7.69%
Potash Minerals Limited	ASX: POK	AUD	\$0.4200	\$0.2850	-32.14%
U3O8 Corp.	TSX: UWE	CAD	\$0.1550	\$0.1650	6.45%
U3O8 Corp.	OTCQX: UWEFF	USD	\$0.1504	\$0.1624	7.98%
(*) Stock price were compiled from the following sources: TMX.com, OTCQX.com, BigCharts.com, Google Finance & YahooFinance.com. ProEdge Media Corp. assumes no liability for misprints. Companies listed above are ProEdgeWire members.				Average % change	5.75%

The higher prices would encourage companies to resume or complete work at deferred projects. The long-term outlook for potash is thus marked by growth, based in particular on the global megatrends such as population growth, increasing urbanization and the consequent change of eating habits and an increasingly scarce arable land availability.

Source: <http://www.proedgewire.com/potash-phosphate-intel/allana-and-ic-potash-regains-ground-while-potash-market-improves/>