Allana Formalizes Mandate Letters With Prospective Lenders & Proceeds With Formal Due Diligence for Project Financing

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TORONTO, ONTARIO--(Marketwired - Aug 26, 2013) - **Allana Potash Corp.** **(TSX:AAA)(OTCQX:ALLRF)** ("Allana" or the "Company") announces progress in its project financing strategy with the signing of formal mandate letters with prospective lenders within a lender group representing loans in excess of the target amount of 60-65% debt contemplated to finance the initial construction of Allana's Danakhil potash project (the "Project"). Following receipt of renewed letters of interest from large Development Finance Institutions ("DFIs") and Export Credit Agencies ("ECAs"), formal mandate letters have been signed between Allana and members of the group of DFIs and ECAs. In parallel with the mandates, lenders have begun formal loan assessment preparations and a due diligence review of the Project. The group of lenders includes large multilateral and regional DFIs and ECAs from North America, Europe and Africa.

Management is pleased that the capital structure for the Project has been well-received and supported by the lenders' analysis of the Project Feasibility Study. Allana continues to work with its project finance advisor, BNP Paribas and representatives of the lenders, as well as with the specialized technical advisors engaged on behalf of the lenders, with a view to de-risking the Project as we move towards finalizing financing commitments. Allana expects the technical and commercial evaluation of the Project to be completed by late 2013, thereby allowing for the closing of the project debt financing and start of construction in early 2014.

Farhad Abasov, President and CEO, commented: "Allana is very encouraged by this major project financing milestone achieved. The company is very appreciative of positive and strong support from the group of large, prestigious multilateral DFIs and ECAs that we have engaged and are consulting. We will maintain our efforts to ensure that the solid projected credit metrics of the Project support our targeted amount of project debt financing, thereby increasing the potential returns to Allana shareholders. The formal mandating of the lenders is a significant development in our project financing activities which, along with our current cash on hand and continued support from our existing strategic investors in the face of challenging sector conditions, gives us confidence that the Project will continue to be financed and developed according to schedule."

About Allana Potash Corp.

Allana is a publicly traded corporation with a focus on the acquisition and development of potash assets internationally with its major focus on a previously explored potash property in Ethiopia. Allana has secured financial support from two significant strategic investors: IFC, a member of World Bank Group, and Liberty Metals and Mining, a member of Liberty Mutual Group. Allana has estimated measured and indicated Sylvinitemineral resources of 327.4 million tonnes of 28.3% KCl; and an estimated inferred Sylvinite mineral resource of 90.8 million tonnes grading 27.8% KCl, In addition, the Danakhil Project hosts estimated measured and indicated Kainitite mineral resources of 1,150.5 million tonnes at 19.4% KCl, an estimated inferred Kainitite mineral resource of 481.8 million tonnes of 19.8% KCl; estimated measured and indicated Upper Carnallitite mineral resources of 411.3 million tonnes grading 17.3% KCl, estimated inferred Upper Carnallitite mineral resources of 175.5 million tonnes of 16.5% KCl; estimated measured and indicated Lower Carnallitite mineral resources of 557.2 million tonnes of 9.2%KCl, and estimated inferred Lower Carnallitite mineral resources of 369.3 million tonnes grading 7.7% KCl. The foregoing mineral resource estimates are as at April 17, 2013. For more information with respect to the data verification procedures undertaken and the key assumptions, parameters and risks associated with the foregoing estimates, refer to Allana's Technical Report entitled "Resource Update for the Danakhil Potash Deposit, Danakhil Depression, Afar State, Ethiopia" dated effective April 17, 2013 filed under the Company's SEDAR profile at www.sedar.com on August 7, 2013. Allana has approximately 276.9 million shares outstanding. Allana trades on the Toronto Stock Exchange under the symbol "AAA".

Dr. Peter J. MacLean, Ph.D., P. Geo., Allana's Senior VP Exploration, is the Company's designated Qualified Person and has reviewed and approved the technical information presented in this release.

Forward-Looking Statement

Except for statements of historical fact relating to the Company, certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company does not undertake to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except in accordance with applicable securities laws.

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