

Allana Potash Corporation Plans a New Agricultural Paradigm for Africa

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TORONTO, April 7, 2014 (GLOBE NEWSWIRE) -- Ethiopia is fast becoming the focal point for a renaissance in African agricultural development. **Allana Potash** (TSX:AAA) is one company that wants to be in the forefront of this change and is working towards starting up the first potash mine in Africa by 2017. This is very different from what has happened in the past as Allana Potash (a Canadian junior mining company) becomes part of the solution in solving the African hunger crisis.

Across Africa today, from Mozambique where an estimated 300,000 face famine to the pastoral lands of Sahel and the Horn of Africa where severe food shortages have left millions without basic nutrition, the continent is facing hunger pains almost everywhere you look. Once endowed with the planet's most arable lands, a combination of conflict, outdated farming and irrigation techniques, erosion, degradation of soil quality resulting in low yields and trade barriers has many African nations facing significant food security challenges now and in the future.

To initiate change, The United Nations has declared 2014 as the International Year of Family Farming while the African Union affirmed this year for Agriculture and Food Security. The Director-General of the Food and Agriculture Organisation (FAO) of the United Nations, José Graziano da Silva said Africa has the economic, natural and human resources it needs to promote food security and sustainability in the continent.

"With political will, comprehensive programs bridging agricultural production and social protection, adequate funding, and by tapping into the potential of its youth, we can get there. We are in this together," he said as FAO's 28th Regional Conference for Africa opened in Tunis this month to boost increased investment and broad-based transformation in support of smallholder farmers.

One such project is unfolding in the most unlikely of places to help shift Africa's agricultural paradigm.

The focus of this project in the Danakil Depression around Ethiopia's Dallol area is simple – use the potassium salt of Africa to feed Africans first.

Here in the land of ancient salt miners where rivers dry up under a merciless sun never to reach the Indian Ocean, **Allana Potash Corp.** (TSX:AAA) has established a strategic alliance with Israel Chemicals Ltd. (ICL), the world's sixth largest potash producer, to develop a potash mine. Potash, also known as potassium chloride, is a key ingredient in fertilizer that can replenish soil nutrients to provide higher crop yields and increase plant development.

The Government of Ethiopia and a number of international organizations including Allana are also focusing on introducing progressive technologies and improving infrastructure to reverse the demise of agricultural productivity.

Among these improved technologies include, better crop management of the unique native *tef* crop, public/private partnerships to fund development, the establishment of agricultural cooperatives to affect orderly and competitive pricing of inputs and marketing of farm products, and creating a robust Soil Information System as a basis for improving soil health and fertility.

Allana Potash has also committed annual financial assistance to the Government of Ethiopia's **Agricultural Transformation Agency (ATA)** to support its country-wide program of on-farm balanced fertilizer demonstration trials. These trials show local farmers that proper nutrient supply applied in conjunction with other improved crop management techniques can increase economic opportunities.

The trials will also help create a soil fertility database and the information required for calibrating fertilizer nutrient requirements to achieve yield goals.

"Through combined, sustained initiatives such as this, the African paradigm can shift from a general lack of available food to becoming a large exporter of agricultural products, like Ethiopia is today," said Richard Kelertas, vice-president of Corporate Development at Allana.

"Allana and Ethiopia are strategically located to serve the rapidly growing African demand for potash, where typically potash consumption has been low," said Farhad Abasov, President and CEO of [Allana Potash Corp.](#)

"We believe that together with Ethiopia, one of the world's fastest growing economies, Allana Potash can foster growth in potash consumption in East Africa over the next several years and the Ethiopian government is fully supportive of our project. They are also fully behind of our strategic partnership with Israel Chemicals Ltd (ICL)."

"The Danakhil mine will provide potash for Ethiopia and Africa, and combined with ICL's agronomic fertilization know-how, our alliance will enable local farmers to increase agricultural output and food security for the region," continued Farhad Abasov.

A feasibility study (FS) has indicated that Allana's mine will have the potential to produce approximately one million tonnes of potash annually over 25 years commencing in a few years. The potash resource is large enough to significantly extend the life of the mine.

Allana plans a solution mining method and the use of the 45-degree Celsius sun-baked grounds of the Danakhil Depression for its solar evaporation process. This mining and processing method will be considerably less costly than the open pit or deep shaft mining done by its competitors. Allana's FS has pegged its capital expenditure for the Danakhil project at about USD\$642 million. Comparatively, capital expenditures necessary to build a solution mine in other parts of the world are estimated to cost billions of dollars.

The Allana-ICL alliance is very unique in the sector and includes a full off-take agreement. ICL will purchase and market the output of the Danakhil mine with a take-or-pay contract for 80% of the mine's output every year it is in production.

Currently, ICL operates mines in Israel, Spain and Britain. In 2013, ICL sold over 5 million tonnes of potash worldwide.

This month's gathering of African agricultural ministers in Tunis concluded that agriculture in the continent must literally return to its roots by rediscovering the importance of healthy soil, draw on natural sources of plant nutrition, and use mineral fertilizer wisely.

For Allana, that means getting potash from its Danakhil mine into the hands of African farmers quickly, effectively and efficiently. With ICL's backing, Allana's potash project in Ethiopia and its dream of producing critical potash fertilizer in Africa for the benefit of all Africans is one giant step closer to becoming a reality.

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