

Magna and POK closer to BLM decision while Allana applies for final Mining License

☒ **Potash and Phosphate Week in Review:** It has been a difficult climate for commodities lately and last week's headline dominating collapse in gold prices added an accent to the negative sentiment. The next few weeks could possibly see more nervous market activity. Nevertheless, while the overall commodities trend has tried to drag potash as well, the sector has plenty of resilience left. The first consideration is that the collapse of gold was a 'correction' rather than a reflection of the markets. The slowdown of economic growth in China and the continued European recession would have ordinarily prompted gold to rise. Unsustainable long term speculation is to blame. As for potash, while juniors continued to slide – the ProEdgeWire Potash and Phosphate index dropped 11.95%. Nevertheless, Magna Resources (CNSX: MNA) saw gains of 18.18% and Potash Minerals, 'POK', (ASX: POK) rose 1.96%. There is an important correlation between these two projects. Both are targeting exploration in properties in Utah and both are waiting for Bureau of Land Management (BLM) decisions.

Last week the BLM's Board on Land Appeals approved exploratory testing for EPM Mining Ventures Sevier Playa Potash project. Moreover, Magna Resources, operating the 51,000 acre Green River Potash Project in Paradox Basin, Utah said that it expects to obtain a decision from the BLM by next summer, concerning its request to drill eight holes, having already secured State approval. Potash Minerals ('Potmin', ASX: POK) is also awaiting BLM permits to drill and explore Federal land on its 100,000 acre property. Potmin is planning a solution mining project thanks to its enormous non-potable water supply, which is ideal for solution mining. The BLM's rumors

and decisions over the past week, suggests that Potmin itself is close to receiving a decision as well. In addition, Intrepid Potash, which is also based in Utah, and not far from Potmin's site, announced good first quarter results, marked by higher than expected sales over the winter season – typically the slowest season for fertilizer sales.

The past North American winter season has been one of the longest in recent memory and the persistent low temperatures have delayed the traditional spring planting season. The fact that farmers have been forced to defer planting even as they have purchased more potash, reducing inventory, will likely have a favorable impact on prices in the near term. Potash demand in Brazil, Indonesia and Malaysia has also remained strong. These factors should contribute to positive potash market sentiment and will likely be confirmed by Potash Corp first quarter announcement later this week. Major potash producers will also be shipping more potash this year in view of the delayed potash purchases from India and China in 2012. The Chinese contract price of USD\$ 400/ton with CANPOTEX was only reached toward the end of last December. While prices have not moved up significantly, India's contract price of USD 427/ton and prices continuing to remain above the USD\$ 400 mark bode well for the rest of the year and in the long term.

This year will also be very important for Allana Potash (TSX: AAA | ALLRF). The CEO, Farhad Abasov, said that last week, Allana filed the final mining application and feasibility with the Ministry of Mines for its Dallol potash project in the Danakhil. Allana is also expected to get its environmental assessment report approved meaning that all of the regulatory milestones will have been completed well before the end of the year. Allana's feasibility study suggests that its project has one of the lowest operational costs in the potash sector, with projected production costs over the mine's 25 year lifespan of USD 98.75/ton.

