

Allana has the right strategy to benefit from Africa's agricultural revolution



Allana Potash ('Allana', TSX: AAA | OTCQX: ALLRF) and its partner ICL will be working directly with the Ethiopian Agricultural Transformation Agency (ATA – an Ethiopian Government agency) to support the use of mineral fertilizers to improve agricultural yields

and communities. Allana, ICL and ATA have signed a Memorandum of Understanding (MoU), contributing USD\$ 590,000 to perform 600 field trials and demonstrations in 30 Ethiopian 'woredas' (or districts) received to determine the ideal nutrient for Ethiopian agricultural land. The program will also help Ethiopia develop a more effective agricultural growth strategy for Ethiopia thanks to a better understanding of what determines soil fertility levels. Cooperation should also serve to reinforce the agricultural research capacity in Ethiopia in soil fertility and nutrient management and the use of state-approved fertilizers.

The program will also be used to sponsor the training of graduate students in how Ethiopia's soil can benefit from potash fertilizers in the cultivation of crops. The sustainability of agricultural systems depends to a large part on the improvement of soil fertility to secure sustainable food production. Potassium based fertilizers such as potash have an important role in improving the quality and scope of crop yields, which then contributes to the improvement of public welfare in farming communities

This is not the first time Allana has supported the ATA's efforts; since February 2013, it has contributed some USD\$ 200,000 in the form of funds or future potash supplies – once production commences at the Danakil project. From a business perspective, Allana's strategy is to help develop and expand the mineral fertilizer market in Ethiopia and Africa in general – even if the initial focus will be East Africa. The African continent presents tremendous market potential for mineral fertilizers and potash in particular. Agriculture is Ethiopia's largest and most important economic sector and has significant growth opportunities with its 16 million hectares of agricultural land.

Africa is surely one the most important markets for mineral fertilizers. Africa has the potential to increase the value of its annual agricultural output of \$ 280 billion in 2010 to \$ 500 billion by 2020 according to the African Development Bank (ADB). Moreover, Africa has the potential to attract 880 billion dollars of investment in agriculture by 2030, which will drive demand for products such as fertilizers, seeds, pesticides and machinery as Africa develops its own production of biofuel, grain refinement and food. Allana and ICL's strategy to cooperate with the ATA in Ethiopia fits squarely within ADB recommendations to start building new institutional arrangements between the private and public sectors that promote private sector development without leaving small holder farmers isolated. Moreover, such strategies create great opportunities investments still exist for sustainable agriculture and infrastructure development across the agricultural value chain. Africa still has considerable untapped value in its agricultural industry and it needs regulatory improvements to facilitate more investment, encouraging market-oriented rural employment, technology transfers (of which potash use is a part) and provide the sound basis for sustainability and long-term transformation.

The prospects for agricultural growth in Africa are excellent, especially if small farmers are helped to

specialize and add value.

The rise in food prices in 2008 and their continued volatility have created a unique opportunity for Africa to increase its investments in agriculture to ensure food security and stability price. Meanwhile, and not surprisingly, China plans to dramatically expand its already leading trading position in Africa in the coming years. Last Monday, Chinese Prime Minister Li Keqiang announced, in the Ethiopian capital Addis Ababa as it happens to double its trade volume with Africa, one of the fastest growing regions in the world.