

ALLANA POTASH

Meeting with ICL reaffirms our positive view on Allana and its strategic alliance

EVENT

Last night, we met with Yoram Cohen, General Manager of ICL Africa. Recall, Mr. Cohen was recently appointed to Allana's Board in conjunction with its announced strategic alliance with Israel Chemicals (ICL-TA, Not Rated) involving financial support, a take-or-pay offtake and technical cooperation.

BOTTOM LINE

We come away from our meeting with further conviction of the strength of Allana's strategic alliance and commitment from its partner. **We reiterate our BUY recommendation and C\$1.15 per share target price.**

FOCUS POINTS

Establishing market leadership in Africa is a key strategic focus for ICL. The potash opportunity in Africa is large and steps are being taken now to develop the market in Ethiopia, Kenya and Tanzania so as to earmark as much production from Allana's project as possible to this region.

ICL selected Allana after substantial due diligence of several projects in Africa concluding that this project offered the most attractive profile including low cost and political stability. ICL representatives have since revisited Ethiopia, meeting with officials and seeking ways to expedite project development.

ICL's contribution to the project should not be underestimated. The company is among the world leaders in potash production, with particular strength in the technical aspects of solar evaporation and crystallization, as well as logistics including trucking and distribution.

Company profile: Allana Potash is developing a very significant potash project located in Ethiopia.

Recommendation:

BUY

Symbol/Exchange:

AAA/TSX

Sector:

Fertilizer

All dollar values in US\$ unless otherwise noted.

Current price:

C\$0.43

One-year target:

C\$1.15

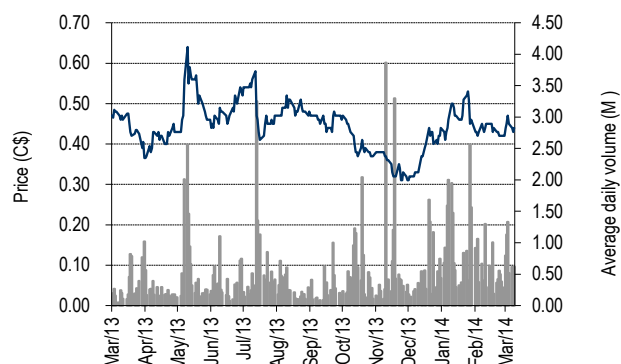
Target return:

167%

Financial summary

Shares O/S (M)	292.9	52-Week Range (C\$)	\$0.27 - \$0.66	
Market Cap (C\$M)	149.4	Avg. Daily Volume	372,995	
Enterprise Value (C\$M)	126.3	Net Cash (C\$M)	23.1	
<hr/>				
US\$M (Dec-31)	F2017E	F2018E	F2019E	F2020E
Revenue (US\$M)	\$ 200	\$ 300	\$ 400	\$ 400
EBITDA (US\$M)	\$ 140	\$ 210	\$ 280	\$ 280
CAPEX (US\$M)	\$ 12	\$ 18	\$ 24	\$ 24
Free cash flow (US\$M)	\$ 128	\$ 192	\$ 256	\$ 256
Production (Mtpa)	0.50	0.75	1.00	1.00
MOP Price (US\$/T)	\$ 400	\$ 400	\$ 400	\$ 400
OPEX (US\$/T)	\$ 100	\$ 100	\$ 100	\$ 100

Source: Company documents, Cantor Fitzgerald Canada



Peter Prattas, CFA, CPA, CA

pprat@cantor.com
(416) 350-8152

Sales/Trading — Toronto: (416) 363-5757, (866) 442-4485

See disclosure and a description of our recommendation structure at the end of this report.

DISCLAIMERS AND DISCLOSURES

Disclaimers

The opinions, estimates and projections contained in this report are those of Cantor Fitzgerald Canada Corporation ("CFCC") as of the date hereof and are subject to change without notice. CFCC makes every effort to ensure that the contents have been compiled or derived from sources believed to be reliable and that contain information and opinions that are accurate and complete; however, CFCC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability whatsoever for any loss arising from any use of or reliance on this report or its contents. Information may be available to CFCC that is not herein.

This report is provided, for informational purposes only, to institutional investor clients of CFCC, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. This report is issued and approved for distribution in Canada, CFCC, a member of the Investment Industry Regulatory Organization of Canada ("IIROC"), the Toronto Stock Exchange and the CIPF. This report has not been reviewed or approved by Cantor Fitzgerald & Co. (CF & Co.), a member of FINRA. This report is intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a major institutional investor. Major Institutional Investors receiving this report should effect transactions in securities discussed in the report through CF & Co.

Non US Broker Dealer 15a-6 disclosure: This report is being distributed by (CF Canada/CFEurope/CF Hong Kong) in the United States and is intended for distribution in the United States solely to "major U.S. institutional investors" (as such term is defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934 and applicable interpretations relating thereto) and is not intended for the use of any person or entity that is not a major institutional investor. This material is intended solely for institutional investors and investors who Cantor reasonably believes are institutional investors. It is prohibited for distribution to non-institutional clients including retail clients, private clients and individual investors. Major Institutional Investors receiving this report should effect transactions in securities discussed in this report through Cantor Fitzgerald & Co. This report has been prepared in whole or in part by research analysts employed by non-US affiliates of Cantor Fitzgerald & Co that are not registered as broker-dealers in the United States. These non-US research analysts are not registered as associated persons of Cantor Fitzgerald & Co. and are not licensed or qualified as research analysts with FINRA or any other US regulatory authority and, accordingly, may not be subject (among other things) to FINRA's restrictions regarding communications by a research analyst with a subject company, public appearances by research analysts, and trading securities held by a research analyst account.

Potential conflicts of interest

The author of this report is compensated based in part on the overall revenues of CFC, a portion of which are generated by investment banking activities. CFCC may have had, or seek to have, an investment banking relationship with companies mentioned in this report. CFCC and/or its officers, directors and employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. Although CFCC makes every effort possible to avoid conflicts of interest, readers should assume that a conflict might exist, and therefore not rely solely on this report when evaluating whether or not to buy or sell the securities of subject companies.

Disclosures as of March 28, 2014

CFCC *has not* provided investment banking services or received investment banking related compensation from Allana Potash within the past 12 months.

The analyst responsible for this research report *does not have*, either directly or indirectly, a long or short position in the shares or options of Allana Potash.

The analyst responsible for this report *has* visited the material operations of Allana Potash. No payment or reimbursement was received for the related travel costs.

Analyst certification

The research analyst whose name appears on this report hereby certifies that the opinions and recommendations expressed herein accurately reflect his personal views about the securities, issuers or industries discussed herein.

Definitions of recommendations

BUY: The stock is attractively priced relative to the company's fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company's fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company's fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

Member-Canadian Investor Protection Fund.

Customers' accounts are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request.