

Allana Potash Corp.

(AAA: C\$1.26)

November 7, 2011

BUY, High Risk*
12-month target price: C\$3.05

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Technical & Economic Parameters of Open Pit & Solution Mining Operations to be Decisive for AAA - Both Provide Sizeable Returns

Vitals	
Exchanges	TSX
Fiscal Year End	31-Jul
52-Week Range	\$0.435 - \$2.43
Shares Outstanding (f.d.) (mln)	209
Market Capitalization (\$mln)	\$263
Current Dividend	\$0.00
Current Yield	0.00%
BVPS	\$0.05
Price to Book	23.3x
Net debt/total capital	n/a
Valuation	
NAV (\$mln)	C\$1,212
NAVPS	C\$3.76
Target Price (12 months out)	C\$3.05
Tgt Price Discount (premium)	-19%

Source: See Note 1

Economic Assessment of Mining Methods Expected Beginning of December

- Allana Potash's next milestone and catalyst will be the reporting of the technical and economic viability of constructing/operating both a solution and open pit mine. This is being conducted by ERCOSPLAN as part of Allana's feasibility process and we believe should be ready in approx. four weeks. The full bankable Feasibility Study is expected to be completed by Q3/12.
- Our model and NAVPS is currently based on our open pit mine (Exhibit 2) assumptions, but we have maintained a financial model based on solution mining assumptions (Exhibit 3) in the event an open pit scenario is not technically viable. If it is decided that there is too much overburden and that the stripping ratio would be too high, ERCOSPLAN will focus the feasibility process on a solution mining operation.
- Assumptions based on both scenarios are presented in Exhibits 2 & 3. The key differences with the largest impact on project NPV are outlined in Exhibit 1.

Exhibit 1: Allana Potash - Mining Method Key Assumption Comparison

Allana Potash Mine Method Key Assumption Comparison		
Assumption	Open Pit	Solution Mine
Recoverable KCl tonnes (million metric tonnes)	82	33
Design capacity (million mtpa)	2.0	2.5
Mine operations costs	\$60/mt	\$85/mt
Total project capex (C\$ million)	\$900	\$1,575
Discount rate (%)	16%	14%
NPV (C\$ millions)	\$1,212	\$925
NPV - per fully diluted share outstanding	\$5.80	\$2.64
NPV - per pro-forma share (fully financed)	\$3.76	\$4.43

Source: Dundee Securities Ltd, Allana Potash Corp

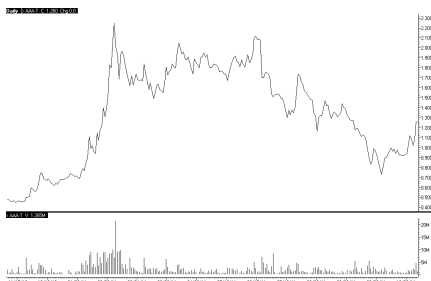
Updated NI 43-101 Resource Estimate

- The company is also expected to issue an updated resource estimate to include the company's recent infill drilling efforts. Given the positive results from the most recent drill holes, we believe ERCOSPLAN will assign additional tonnage to the Measured & Indicated categories from Inferred, as well as increase the total resource.

Rating & Recommendation

We continue to rate Allana Potash a **BUY (sector Top Pick - small cap)** with a **12-month target price of \$3.05**. Our target price represents a 20% discount to our NAV of \$3.76/share (based on an open pit mine operation - Exhibit 4) using a 16% discount rate, US\$485/tonne blended (MOP & SOP) potash price, a ramp-up to 2 million mtpa by 2020E, and US\$90/mt opex based on transportation to the port by rail after 2017E. We also provide our assumptions and NPV assuming a solution mining operation is chosen (Exhibit 3). There is a strong possibility that Allana will need to pursue the solution mining option, and while the NPV of the project would fall ~24%, the economics remain attractive and with an expected return of 110% from the current price, would still be a buying opportunity in our opinion.

AAA: Price/Volume Chart



Source: Thomson ONE

Company Description

Allana Potash is a Canadian potash company focusing on the exploration and development of the Danakil Depression in Ethiopia.

Exhibit 2: Allana Potash - Key Financial Model Assumptions (Open Pit)

Allana Potash Open Pit Assumptions		
<small>(in millions unless otherwise noted)</small>		
Resource Assumptions		
M+I Resource in Place (KCI tonnes)		673
KCI grade ²	19%	
Deduction for unknown anomalies ³	10%	
Extaction ratio ¹	85%	
Deduction for cavern & plant losses ³	15%	
Recoverable KCI tonnes ¹		82
Production Assumptions¹		
Mine Start-Up		2014
Initial Design Capacity (million tonnes per year)		1.0
Phase II		1.5
Phase II - Start Up Year		2017
Phase III		2.0
Phase III - Start Up Year		2020
Muriate of Potash (MOP) Production	50%	
Potassium Sulphate (SOP) Production	50%	
Product Pricing Assumptions¹		
Muriate of Potash (MOP) Selling Price (FOB nearest port)		US\$450/tonne
Potassium Sulphate (SOP) Selling Price (FOB nearest port) - 15% Premium to MOP		US\$520/tonne
Production Weighted Potash Price (FOB nearest port)		US\$485/tonne
Price Inflation Factor	2.0%	
Cost Inflation Factor	1.5%	
Operating Assumptions¹		
Cash Operating Costs (ex freight)		US\$60/tonne
Transportation/Storage/Distribution Costs (Truck)		US\$35/tonne
Transportation/Storage/Distribution Costs (Rail)		US\$20/tonne
SG&A		US\$10/tonne
All-In Cash Operating Costs (Truck)		US\$105/tonne
All-In Cash Operating Costs (Rail)		US\$90/tonne
Tax & Royalty Assumptions		
Net Smelter Return	5%	
Income Tax Holiday		10 years
Income Tax Rate	30%	
Financing, Capex & Capital Structure Assumptions¹		
Initial Mine Project Capex (\$ millions)	600	(US\$600/tonne)
Incremental Project Capex (additional capacity over 1.0mln mtpy)	300	(US\$300/tonne)
Total Project Capex (\$ millions)	900	(US\$450/tonne)
Drilling & Exploration capex (\$ millions)		30
Funding Complete		40
Total external funding needed (remaining)		600
Allana Share of Initial Capex	65%	420
Partner Share of Initial Capex	35%	210
Financing share price		\$1.50
Capex Schedule		
2011	6%	26
2012	23%	98
2013	51%	215
2014	28%	117
Maintenance Capex & Stripping Costs		US\$10/tonne
Debt	60%	
Equity	40%	
Debt Maturity		15 years
Interest Rate on Debt	5%	
Off-Take Agreement Assumptions⁴		
Partner Share of Capex (US\$)	35%	210
Production to Partner	20%	
Margin on Sale to JV Partner		US\$175/tonne
Partner Discount to Market Price	20%	
DCF & Other Assumptions¹		
Discount Rate	16%	
Depreciation (% of fixed assets)	6%	
Stock Based Compensation (% of sales)	3%	
Exchange Rate (USDCAD)		1.0
Current Shares Outstanding (Basic)		186
Options & Warrants Outstanding		11
Current Fully Diluted Shares Outstanding		197
Fully Financed Normalized Shares		310
NAV		
NAV (C\$)		1212
NAVPS - fully financed		\$3.91
NAVPS - current fully diluted shares outstanding		\$6.16
Discount Rate		16%
IRR		40%

¹ Dundee estimate

² Weighted average of the four potash bearing beds (Sylvinitic, Upper Carnallitic, Lower Carnallitic, Kainitic)

³ Dundee estimate - Based on peer NI 43-101 technical reports prepared by ERCOSPLAN

⁴ The off-take agreement assumptions are based on a MOU signed with China Mineral United Management (CMU). As per the MOU, CMU would receive up to 20% of potash production from a 1 million mtpy operation in exchange for assuming 35% of all the capital costs for mine and plant construction.

Source: Dundee Securities Ltd., Allana Potash Corp.

Exhibit 3: Allana Potash - Key Financial Model Assumptions (Solution Mine)

Allana Potash Solution Mine Assumptions		
<small>(in millions unless otherwise noted)</small>		
Resource Assumptions		
M+I Resource in Place (KCI tonnes)		673
KCI grade ²	19%	
Deduction for unknown anomalies ³	10%	
Extaction ratio ³	34%	
Deduction for cavern & plant losses ³	15%	
Recoverable KCI tonnes ¹		33
Production Assumptions¹		
Mine Start-Up		2H 2014
Initial Design Capacity (million tonnes per year)		1.0
Phase II		1.5
Phase II - Start Up Year		2017
Phase III		2.0
Phase III - Start Up Year		2020
Muriate of Potash (MOP) Production ¹	50%	
Potassium Sulphate (SOP) Production ¹	50%	
Product Pricing Assumptions¹		
Muriate of Potash (MOP) Selling Price (FOB nearest port)		US\$450/tonne
Potassium Sulphate (SOP) Selling Price (FOB nearest port)		US\$520/tonne
Production Weighted Potash Price (FOB nearest port)		US\$485/tonne
Price Inflation Factor	2.0%	
Cost Inflation Factor	1.5%	
Operating Assumptions¹		
Cash Operating Costs (ex freight)		US\$85/tonne
Transportation/Storage/Distribution Costs (Truck)		US\$35/tonne
Transportation/Storage/Distribution Costs (Rail)		US\$20/tonne
SG&A		US\$10/tonne
All-In Cash Operating Costs (Truck)		US\$130/tonne
All-In Cash Operating Costs (Rail)		US\$115/tonne
Tax & Royalty Assumptions		
Net Smelter Return	5%	
Income Tax Holiday		10 years
Income Tax Rate	30%	
Financing, Capex & Capital Structure Assumptions¹		
Initial Mine Project Capex (\$ millions)	750	(US\$750/tonne)
Incremental Project Capex (additional capacity over 1.0m mtpy)	550	(US\$550/tonne)
Total Project Capex (\$ millions)	1300	(US\$650/tonne)
Drilling & Exploration capex (\$ millions)		30
Funding Complete		40
Total funding needed		740
Allana Share of Capex	65%	518
Partner Share of Capex	35%	263
Financing share price		\$1.50
Capex Schedule		
2011	5%	26
2012	24%	122
2013	52%	268
2014	28%	146
Maintenance Capex		US\$10/tonne
Debt	60%	
Equity	40%	
Debt Maturity		15 years
Interest Rate on Debt	5%	
Off-Take Agreement Assumptions⁴		
Partner Share of Capex (US\$)	35%	263
Production to Partner	20%	
Margin on Sale to JV Partner		US\$175/tonne
Partner Discount to Market Price	20%	
DCF & Other Assumptions¹		
Discount Rate	15%	
Depreciation (% of fixed assets)	6%	
Stock Based Compensation (% of sales)	3%	
Exchange Rate (USDCAD)		1.0
Current Shares Outstanding (Basic)		186
Options & Warrants Outstanding		11
Current Fully Diluted Shares Outstanding		197
Fully Financed Normalized Shares		338
NAV		
NAV (C\$)		780
NAVPS - fully financed		\$2.31
NAVPS - current fully diluted shares outstanding		\$3.96
Discount Rate	15%	
IRR	29%	

¹ Dundee estimate

² Weighted average of the four potash bearing beds (Sylvinitite, Upper Carnallitite, Lower Carnallitite, Kainitite)

³ Dundee estimate - Based on peer NI 43-101 technical reports prepared by ERCOSPLAN

⁴ The off-take agreement assumptions are based on a MOU signed with China Mineral United Management (CMU). As per the MOU, CMU would receive up to 20% of potash production from a 1 million mtpy operation in exchange for assuming 35% of all the capital costs for mine and plant construction.

Source: Dundee Securities Ltd., Allana Potash Corp.

Exhibit 4: Allana Potash - NAV - Open Pit

Production & Model Summary - Open Pit Assumptions																
	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2060E
(US\$ millions)																
Design Capacity (mt)	na	na	na	1.0	1.0	1.0	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Utilization Rate	na	na	na	30%	50%	65%	65%	75%	80%	75%	85%	95%	95%	95%	95%	95%
Production (KCl tonnes)	na	na	na	0.30	0.50	0.65	0.98	1.13	1.20	1.50	1.70	1.90	1.90	1.90	1.90	1.68
Sales to Partner (off-take)	na	na	na	22	35	41	56	65	70	85	152	173	176	180	183	325
Sales to Market	na	na	na	116	198	262	401	472	514	655	758	864	881	899	917	1,625
Total Sales	na	na	na	138	232	303	458	538	584	740	909	1,036	1,057	1,078	1,100	1,950
Total cash operating costs				-57	-85	-91	-110	-129	-140	-162	-187	-212	-196	-198	-201	-301
Stock Based Compensation				-4	-7	-9	-14	-16	-18	-22	-27	-31	-32	-32	-33	-59
Royalties (NSR)				-4	-7	-10	-17	-19	-21	-27	-34	-39	-41	-42	-43	-78
EBITDA	-5	-10	-4	74	133	193	317	373	406	528	661	754	789	806	823	1,513
EBIT	-5	-10	-10	42	96	155	278	333	367	491	625	720	756	541	554	1,032
(US\$/tonne)																
Production Weighted Potash Price	na	na	na	485	495	505	515	525	535	546	557	568	580	591	603	1,206
Sales	na	na	na	461	465	467	469	478	487	494	535	546	556	568	579	1,158
Less:																
Total cash operating costs				189	171	139	113	115	116	108	110	112	103	104	106	179
Stock Based Compensation	na	na	na	14	14	14	14	14	15	15	16	16	17	17	17	35
Royalties (NSR)	na	na	na	13	14	16	17	17	18	18	20	21	22	22	22	47
EBITDA	na	na	na	245	266	298	325	332	338	352	389	397	415	424	433	898

Discounted Cashflow - Open Pit Assumptions																
	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2060E
Net Income	-5	-10	-10	42	96	155	278	333	367	491	625	720	756	541	554	1,032
Depreciation	0	0	6	19	24	26	28	30	29	28	28	27	27	27	27	39
Stock Based Compensation	0	0	1	4	7	9	14	16	18	22	27	31	32	32	33	59
Operating Cashflow	-5	-10	-3	65	128	191	320	379	414	542	680	778	814	601	614	1,129
- Capex	-20	-98	-215	-117	-55	-57	-61	-63	-64	-68	-21	-24	-24	-25	-25	-43
- Change in Working Capital	--	--	--	-3	-5	-6	-9	-11	-12	-15	-18	-21	-21	-22	-22	-39
Free Cash Flow	-25	-107	-218	-55	68	127	250	305	338	459	641	734	769	554	567	1,047
Discounted Free Cash Flows	-23	-86	-150	-33	35	56	95	100	96	112	135	133	120	75	66	1

Valuation	
NPV	\$1,212
NAV	\$1,212
# Shares Outstanding, f.d.	209
NAVPS (Unfinanced)	\$5.80
Discount Rate	16%
IRR	40%
NAV	\$1,212
# Shares, Fully Financed*	322
NAVPS (Fully Financed)	\$3.76

Source: Dundee Securities Ltd., Allana Potash Corp.

Exhibit 5: Allana Potash - Comparable Junior Potash Explorer/Developer Greenfield Projects (Africa)

Company	Project	Ownership Interest	Location	Development Stage	Mine Type Planned	Potash Minerals/Ores	Estimated Start-up	Annual Capacity (Mt)	Est. Opex (\$/tonne) ¹	Est. Required Capex	Est. Capex (\$/tonne)	P+P Reserves	Resource (Recoverable KCl) ²				
													M+I KCl (Mt)	Composite KCl Grade ³	Inferred KCl (Mt)	Composite KCl Grade ⁴	
ETHIOPIA / ERITREA / CONGO																	
Allana Potash	Dalol	100%	Danakil Depression, Ethiopia	Feasibility Study	Solution + Solar Evaporation	MOP, SOP	Sylvinite Kainite Carnallite	2014	1.0	85	600	600	--	33	19%	31	20%
Allana Potash	Dalol	100%	Danakil Depression, Ethiopia	Drilling Updated NI 43-101 Q2/11	Open Pit + Solar Evaporation	MOP, SOP	Sylvinite Kainite Carnallite	2014	1.0	105	750	750	--	82	19%	78	20%
Elemental Minerals Ltd.	Sintoukola	93%	Kola, Republic of Congo	Feasibility Study 2011	Solution	MOP	Sylvinite Carnallite	2015	--	--	--	--	--	39	31%	48	30%
Ethiopian Potash Corp.	G&B Property	100%	Danakil Depression, Ethiopia	Drilling Updated NI 43-101 Q3/11	--	MOP, SOP	Sylvinite Kainite Carnallite	--	--	115	--	--	--	--	--	8	22%
MagIndustries	Kouilou	100%			Solution	MOP	Carnallite	--	--	--	--	--	--	--	--	626	19%
MagIndustries ⁵	Mengo	100%	Pointe-Noire, Republic of Congo	Mine Construction (pending financing)	Solution	MOP	Carnallite Sylvinite	2012 - 2013	1.2	125	1,258	1,048	33	--	--	73	17%
NGEx Resources	Bada Potash	--	Bada, Eritrea	Drilling Q2/11	--	MOP	--	--	--	--	--	--	--	--	--	--	--
South Boulder Mines	Colluli	100%	Danakhil Depression, Eritrea	Resource Delineation (Drilling)	Open Pit + Solar Evaporation	MOP, SOP	Sylvinite Kainite Carnallite	2015	1.5	105	--	--	--	13	19%	22	19%

¹ Estimated opex (Dundee estimate) includes mine level costs, SG&A, and transport to nearest port

² Recoverable KCl = Volume of rock * Density of potash mineralization * KCl Grade * Extraction Ratio * Deductions (where no extraction ratio was given, 35% was used)

³ Unless otherwise noted in technical report, K2O grades converted to KCl @ 1.613

⁴ ICP grade represents equivalent K2SO4 (SOP) grade; tonnes are in tonnes of SOP product equivalent with a 5 ft. cut off

⁵ MAA plans two-stage, 0.6 mln tonne potash plants

⁶ Acquired from Potash One. Announced 22-Nov-2010 and closed 7-Feb-2011

⁷ Acquired AngloPotash, Athabasca Potash; 8 million tonnes ramped up over 10 years; resource includes Indicated & Inferred

1 short ton = 0.9072 metric tonnes

Sylvinite: Potash bearing member containing mostly sylvite with some halite and trace carnallite mineralization.

Kainite: Potash bearing member containing mostly kainite with some kieserite and carnallite mineralization.

¹ Measured Resource (M): is that part of a Mineral Resource for which quantity and grade have been estimated from sampling at intervals that are spaced closely enough together so that the deposit's continuity is essentially confirmed.

² Indicated Resource (I): is that part of a Mineral Resource for which quantity, grade, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.

³ Inferred Resource: is that part of a Mineral Resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered from drill holes.

Source: Dundee Securities Ltd., Company Reports

Exhibit 6: Allana Potash - Comparable Junior Potash Explorer/Developer Greenfield Projects (Rest of World ex Africa)

Company	Project	Ownership Interest	Location	Development Stage	Mine Type Planned	Product Focus	Potash Minerals/Ores	Estimated Start-up	Annual Capacity (Mt)	Est. Opex (\$/tonne) ¹	Est. Required Capex	Est. Capex (\$/tonne)	P+P Reserves	Resource (Recoverable KCl) ²			
														M+I KCl (Mt)	Composite KCl Grade ³	Inferred KCl (Mt)	Composite KCl Grade ³
SASKATCHEWAN, CANADA																	
BHP Billiton ⁷	Jansen	100%	Prairie Evaporite Basin, Saskatchewan	Feasibility Study	Conventional	MOP	Sylvinite	2015	8.0	--	12,000	1,500	--	--	--	415	--
Encanto Potash	Muskowekwan	100%	Prairie Evaporite Basin, Saskatchewan	Feasibility Study	Scenario 1: Solution Mine	MOP	Sylvinite	--	2.5	115	2,418	967	--	79	29%	61	30%
Encanto Potash	Muskowekwan	100%	Prairie Evaporite Basin, Saskatchewan	Feasibility Study	Scenario 2: Conventional Mine	MOP	Sylvinite	--	2.0	100	2,716	1,358	--	46	35%	33	36%
Grizzly Discoveries	Alberta Potash	100%	Prairie Evaporite Basin, Saskatchewan	Resource Delineation (Drilling)	Solution	MOP	Sylvinite	--	--	--	--	--	--	--	--	--	--
K+S Potash Canada ⁸	Legacy	100%	Prairie Evaporite Basin, Saskatchewan	Feasibility Study	Solution	MOP	Sylvinite	2015	2.9	115	2,596	911	136	251	26%	853	24%
Kamalyte Resources	Wynyard	100%	Prairie Evaporite Basin, Saskatchewan	Feasibility Study 2011	Solution	High Grade MOP	Sylvinite Carnallite	2014	2.1	180	2,000	941	--	201	14%	255	15%
North Atlantic Potash Inc (JSC Acron)	Provost		Prairie Evaporite Basin, Saskatchewan	Scoping Study	Solution	MOP	Sylvinite	2014	0.4	139	60	150	--	--	--	--	--
Western Potash	Milestone	100%	Prairie Evaporite Basin, Saskatchewan	Pre-Feasibility Study Q4/11	Solution	MOP	Sylvinite	H2/2015	2.5	110	2,510	1,004	--	180	30%	518	30%
Saskatchewan Average (exc. BHP)	--	--	--	--	--	--	--	--	2.1	127	2,050	889	136	152	27%	344	27%
BRAZIL																	
Agua Resources	Atlantic Potash	100%	Sergipe, Brazil	Resource Delineation (Drilling)	Solution	MOP	Carnallite	2017	1.0	130	900	900	--	--	--	--	--
Rio Verde Minerals Development Corp.	Sergipe Potash	100%	Sergipe, Brazil	Resource Delineation (Drilling)	--	--	Sylvinite Carnallite	--	--	--	--	--	--	--	--	--	--
Verde Potash (formerly Amazon Mining)	Cerrado Verde	100%	Cerrado, Brazil	Feasibility Study	Open Pit		Verdete	2014	2.2	45	218	99	--	74	14.6%	1071	14.9%
USA																	
IC Potash	Ochoa	100%	New Mexico	Pre-Feasibility Study Q4/11	Solution + Solar Evaporation	SOP	Polyhalite	2015	0.9	180	877	975	--	153	23.4% ⁴	45	23.3% ⁴
Transit Holdings	Paradox	75%	Utah	NI 43-101	Solution	MOP	Sylvinite	--	2.0	187	2,400	1,200	--	--	--	--	--
EPM Mining Ventures	Sevier Lake		Millard County, Utah	Infill Drilling	Solution + Solar Evaporation	SOP	--	2016	--	--	--	--	--	--	--	--	--
Passport Potash	Twin Buttes Ranch	100%	Holbrook Basin, Arizona (USA)	Resource Delineation (Drilling)	--	MOP	Sylvinite Carnallite	--	--	--	--	--	--	--	--	--	--
Ringbolt Ventures	--	70%	Holbrook Basin, Arizona (USA)	Resource Delineation (Drilling)	--	MOP	Sylvinite Carnallite	--	--	--	--	--	--	--	--	--	--
Prospect Global Resources	--	50%	Holbrook Basin, Arizona (USA)	NI 43-101 Q2/11	--	MOP	--	--	--	--	--	--	--	--	--	--	--
American Potash (Confederation Minerals)	--		Holbrook Basin, Arizona (USA)	Resource Delineation (Drilling)	--	MOP	--	--	--	--	--	--	--	--	--	--	--

¹ Estimated opex (Dundee estimate) includes mine level costs, SG&A, and transport to nearest port² Recoverable KCl = Volume of rock * Density of potash mineralization * KCl Grade * Extraction Ratio * Deductions (where no extraction ratio was given, 35% was used)³ Unless otherwise noted in technical report, K2O grades converted to KCl @ 1.613⁴ ICIP grade represents equivalent K2SO4 (SOP) grade; tonnes are in tonnes of SOP product equivalent with a 5 ft. cut off⁵ MAA plans two-stage, 0.6 min tonne potash plants⁶ Acquired from Potash One, Announced 22-Nov-2010 and closed 7-Feb-2011⁷ Acquired AngloPotash, Athabasca Potash; 8 million tonnes ramped up over 10 years; resource includes Indicated & Inferred

1 short ton = 0.9072 metric tonnes

Sylvinite: Potash bearing member containing mostly sylvite with some halite and trace carnallite mineralization.

Kainite: Potash bearing member containing mostly kainite with some kieserite and carnallite mineralization.

¹ Measured Resource (M): is that part of a Mineral Resource for which quantity and grade have been estimated from sampling at intervals that are spaced closely enough together so that the deposit's continuity is essentially confirmed.² Indicated Resource (I): is that part of a Mineral Resource for which quantity, grade, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.³ Inferred Resource: is that part of a Mineral Resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered from drill holes.

Source: Dundee Securities Ltd., Company Reports

Exhibit 7: Allana Potash - Comparable Junior Potash Explorer/Developer Trading Stats & Valuations

	Ticker	3-Nov-11 Last Close	52-week		Rating	Dundee	Consensus Target Price	FD Shares Outstanding (mln)	Market Cap (\$mln)	Net Debt (\$mln)	Enterprise Value (\$mln)
			High	Low		Target Price					
Allana Potash (open pit)	AAA CN	\$1.26	\$2.43	\$0.44	BUY	\$3.05	\$1.97	197	243	-58	190
Elemental Minerals Ltd.	ELM AU	\$1.14	\$3.00	\$0.74	NR	NR	\$2.80	179	253	-11	243
Encanto Potash (solution mine)	EPO CN	\$0.26	\$0.66	\$0.14	BUY	NR	NR	300	65	-7	69
EPM Mining Venutres	EPK CN	\$1.34	\$2.00	\$0.67	Neutral	NR	\$3.50	105	141	-22	119
Ethiopian Potash Corp.	FED CN	\$0.51	\$1.27	\$0.37	NR	NR	\$1.20	108	53	-7	48
IC Potash	ICP CN	\$1.10	\$1.89	\$0.64	BUY	NR	\$1.67	148	131	-32	131
Karnalyte Resources	KRN CN	\$17.04	\$17.50	\$7.06	BUY	\$20.00	\$22.83	24	350	-44	358
MagIndustries (Mengo+Kouilou projects)	MAA CN	\$0.15	\$0.37	\$0.11	NR	NR	n/a	417	69	30	93
NGEx Resources	NGQ CN	\$3.00	\$4.00	\$0.80	NR	NR	NR	151	447	-15	437
Passport Potash	PPI CN	\$0.41	\$1.86	\$0.10	RESTRICTED	NR	NR	124	50	-8	42
Rio Verde Minerals	RVD CN	\$0.40	\$0.59	\$0.27	Neutral	NR	NR	113	36	-3	42
South Boulder Mines	STB AU	\$2.04	\$6.25	\$0.96	NR	NR	NR	106	178	-11	205
Transit Holdings	TRH AU	\$0.95	\$1.44	\$0.18	NR	NR	NR	69	63	-4	62
Verde Potash	NPK CN	\$7.40	\$10.95	\$3.31	Neutral	NR	\$10.56	33	236	-10	234
Western Potash	WPX CN	\$1.34	\$1.80	\$0.70	Neutral	NR	\$2.02	162	217	-28	189
K+S Group (Potash One) ¹	(KCL CN)	N/A	N/A	N/A	NR	NR	NR	97	434	na	417

	Ticker	Price per M+I KCL	EV per M+I KCL	Price per total KCI	EV per total KCI	Price / NAV*	EV / NAV*	Discount to NAV*	BVPS	Cash per share	Net Debt per share
		tonne	tonne	tonnes	tonnes						
Allana Potash (open pit)	AAA CN	\$3.0/mt	\$2.3/mt	\$1.5/mt	\$1.2/mt	0.2x	0.2x	-80%	\$0.40	\$0.29	-\$0.29
Elemental Minerals Ltd.	ELM AU	\$6.5/mt	\$6.2/mt	\$2.9/mt	\$2.8/mt	n/a	n/a	n/a	\$0.20	\$0.06	-\$0.06
Encanto Potash (solution mine)	EPO CN	\$0.8/mt	\$0.9/mt	\$0.5/mt	\$0.5/mt	0.1x	0.1x	-94%	\$0.11	\$0.02	-\$0.02
EPM Mining Venutres	EPK CN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.35	\$0.21	-\$0.21
Ethiopian Potash Corp.	FED CN	n/a	n/a	\$6.6/mt	\$6.0/mt	n/a	n/a	n/a	\$0.37	\$0.07	-\$0.07
IC Potash	ICP CN	\$0.9/mt	\$0.9/mt	\$0.7/mt	\$0.7/mt	0.5x	0.4x	-48%	\$0.28	\$0.21	-\$0.21
Karnalyte Resources	KRN CN	\$1.7/mt	\$1.8/mt	\$0.8/mt	\$0.8/mt	0.2x	0.2x	-79%	\$3.46	\$1.87	-\$1.87
MagIndustries (Mengo+Kouilou projects)	MAA CN	\$2.1/mt	\$2.8/mt	\$0.1/mt	\$0.1/mt	n/a	n/a	n/a	\$0.25	\$0.00	\$0.07
NGEx Resources	NGQ CN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.27	\$0.10	-\$0.10
Passport Potash	PPI CN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.11	\$0.07	-\$0.07
Rio Verde Minerals	RVD CN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.02	\$0.03	-\$0.03
South Boulder Mines	STB AU	\$13.2/mt	\$15.2/mt	\$5.0/mt	\$5.8/mt	n/a	n/a	n/a	\$0.17	\$0.10	-\$0.10
Transit Holdings	TRH AU	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.21	\$0.05	-\$0.05
Verde Potash	NPK CN	\$3.2/mt	\$3.2/mt	\$0.2/mt	\$0.2/mt	0.5x	0.5x	-50%	0.60	0.29	-\$0.29
Western Potash	WPX CN	\$1.2/mt	\$1.0/mt	\$0.3/mt	\$0.3/mt	0.2x	0.2x	-77%	\$0.51	\$0.17	-\$0.17
K+S Group (Potash One) ¹	KCL CN	\$1.1/mt	\$1.1/mt	\$0.4/mt	\$0.3/mt	na	1.1x	na	n/a	\$0.12	n/a
Average		\$3.4/mt	\$3.5/mt	\$1.7/mt	\$1.7/mt	0.3x	0.4x	-71%			
Median		\$1.9/mt	\$2.0/mt	\$0.7/mt	\$0.7/mt	0.2x	0.3x	-78%			
Allana Discount to Peer Average		-12%	-34%	-12%	-30%	-41%	-61%				
Allana Discount to Peer Median		55%	13%	130%	80%	-12%	-49%				

¹ K+S AG announced the acquisition of Potash One 11-Nov-10 for \$434mln; price, data represents take out values

*NAVPS Dundee estimate: AAA, KRN, EPO; Consensus for others

n/a: not applicable / undetermined

nmf: non meaningful

NR: Not Rated

¹ **Measured Resource (M):** is that part of a Mineral Resource for which quantity and grade have been estimated from sampling at intervals that are spaced closely enough together so that the deposit's continuity is essentially confirmed. Grade, quality, density

² **Indicated Resource (I):** is that part of a Mineral Resource for which quantity, grade, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic par

³ **Inferred Resource:** is that part of a Mineral Resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. It cannot be assumed t

Source: Dundee Securities Ltd., Bloomberg, Company Reports

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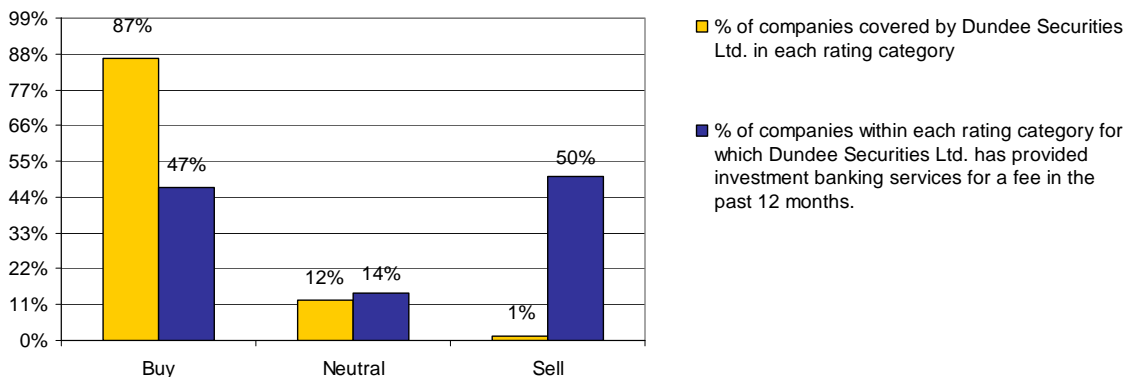
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