



Company Presentation

Danakali Limited (ASX: DNK / LSE: DNK) (**Danakali**, or the **Company**) is pleased to provide an updated Company Presentation. No new information is disclosed in this presentation.

Danakali's presentation will be available on the Company's [website](#) and is attached to this announcement.

Announcement authorised for release by the Chief Executive Officer of Danakali.

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February 2021

Danakali's Unique Colluli Development: A Global Game Changer

- Low cost
- Premium product
- Development underway



DANAKALI
create. nurture. grow

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Forward Looking Statements Disclaimer

Important Forward Looking Statement Disclaimer

This presentation is not subject to disclosure requirements affecting disclosure documents under Chapter 6D of the Corporations Act. This presentation may contain certain forward looking statements and projections regarding estimated, resources and reserves: planned production and operating cost profiles; planned capital requirements ; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of DNK. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. DNK does not make any representation and provides no warranties concerning the accuracy of the projections, and disclaims any obligations to update or revise any forward-looking statements/projection based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this presentation has been prepared in good faith, neither DNK nor any of its directors, officers, agents, employees, or advisors given any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation.

Danakali Investment Highlights

Colluli is massive	<ul style="list-style-type: none">• The worlds largest and only solid salt, near surface Sulphate of Potash (SOP) resource• Unrivalled reserves of 1.1Bt of high-grade solid salt Ore delivering approximately 200 years of production
Superior economics and advanced funding	<ul style="list-style-type: none">• Lowest quartile operating costs, industry leading capital intensity and production of premium product• First two modules of SOP (each 472ktpa) delivers robust returns for Danakali: NPV₁₀ of US\$439m, IRR of 31%• US\$221m of project financing has already been secured through senior debt and equity
First zero carbon SOP production potential	<ul style="list-style-type: none">• Colluli is planning to become the worlds first carbon neutral producer of SOP• Colluli has unrivalled access to one of the worlds greatest geothermal energy systems, the Great African rift• Natural climate conditions at Colluli are ideal for solar and wind energy
Humanitarian Impact	<ul style="list-style-type: none">• United Nations Development Program (UNDP) indicates Colluli has a significant long term positive Humanitarian impact• Key benefits include job creation, economic development and by increasing food security in the region
Proximal to established and growing SOP markets	<ul style="list-style-type: none">• Colluli is positioned near established and developing SOP markets of Europe, Middle East, SE Asia and Africa• 10 year take or pay offtake agreement seeks to leverage these markets, especially one of the fastest growing – Africa
Closest SOP Project to port with potential to improve	<ul style="list-style-type: none">• No other SOP project in the world is closer to available port infrastructure with port capacity• Anfile Bay port development will create an unrivalled global logistics advantage being only 87km from site
Multicommodity potential can diversify revenue	<ul style="list-style-type: none">• Colluli has the potential to readily expand to become a multicommodity fertilizer producer• Large volumes of SOP waste products can be commercialised once Anfile Bay is developed
Right team to deliver the Project	<ul style="list-style-type: none">• Strong Government relationships• Expertise in fertilizer market, project development and potash operational management

High quality Board and Executive team

Strong, energetic and accomplished Executive team supported by experienced, multi-disciplinary Board

Executive team



Niels Wage

Chief Executive Officer

Significant potash, shipping, logistics, trading and commodity experience including at BHP



Stuart Tarrant

Chief Financial Officer

Extensive mining industry exposure, with focus on debt finance and corporate governance. Previously a finance manager at BHP



Tony Harrington

Project Director

Over 30 years' experience across a range of mining projects in Africa and globally



Dr Rod McEachern

Chief Operating Officer

Significant most recent experience with Nutrien Ltd related to potash mining, production, process engineering, logistics, safety and environmental compliance.

Danakali Board



Seamus Cornelius

Non-Executive Chairman

Corporate lawyer with over 20 years' experience in the resource sector



Bob Connochie

Non-Executive Director

Highly experienced potash and mining specialist with over 40 years' industry experience



John Fitzgerald

Non-Executive Director

Chartered Accountant with over 30 years' finance and corporate advisory experience in the resource sector



Zhang Jing

Non-Executive Director

Over 15 years of international trading and business development experience in China



Samaila D. Zubairu

Non-Executive Director

President and Chief Executive Officer Africa Finance Corporation (AFC). Extensive project finance experience in green-field project finance, acquisitions and equity capital market transactions



Taiwo Adeniji

Non-Executive Director

Senior Director for Investment Operations & Execution, Africa Finance Corporation (AFC). Extensive in infrastructure investments and financial sector development



Neil Gregson

Non-Executive Director

Mining/finance industry professional with extensive investor market, finance, portfolio management and leadership experience. Senior roles within Credit Suisse and most recently at JPM Global Natural Resources Fund.

Key project metrics- DNK can expand quickly

Front End Engineering Design (FEED) economic estimates and outcomes^{1,2}

	Module I ³	Modules I & II ^{4,5}
100% of the Project (equity / pre-debt basis)		
Annualised SOP production	472ktpa	944ktpa
Module I development capital ⁶	US\$302M	
Incremental Module II development capital ^{5,6}		US\$202M
Capital intensity ⁶	US\$640/t	US\$534/t
Incremental Module II capital intensity ⁶		US\$427/t
Average mine gate cash costs ⁷	US\$165/t	US\$149/t
Average total cash costs ^{7,8}	US\$258/t	US\$242/t
Average annual undiscounted free cash flows ⁷	US\$88M	US\$173M
Post tax NPV (10% real)	US\$505M	US\$902M
Post tax IRR	28.1%	29.9%
Danakali's 50% share of the Project (post finance basis)		
Average annual undiscounted free cash flows ⁷	US\$43M	US\$85M
Post finance NPV (10% real) - POST TAX	US\$242M	US\$439M
Post finance IRR- POST TAX	29.7%	31.3%

1 DNK announcement 29 January 2018

5 Assumed 100% funded from project cash flows and third-party debt

2 Economic estimates and outcomes reported in US\$ real

6 Including contingency, excluding sustaining and working capital

3 Assumed that Module I is 60% debt / 40% equity funded

7 Average for first 60 years of production

4 Module II production expected to commence in year 6

8 Includes mine gate cash costs, product logistics, and royalties

Unrivalled value - Sulphate of Potash Comps

Company						
Project-Prefinancing	Colluli	Beyondie Potash ⁽¹⁾	Lake Disappointment ⁽²⁾	Lake Mackay ⁽³⁾	Lake Way ⁽⁴⁾	Lake Wells ⁽⁵⁾
NPV (Post Tax)	A\$1,905m⁽⁷⁾	A\$402m	A\$293m	A\$922m	A\$497m	A\$541m
IRR (Post Tax)	30%	23%	15%	21%	28%	N/A%
Capital Intensity	A\$973/t⁽⁶⁾	A\$1,714/t	A\$ 1,156/t	A\$922/t	A\$1,038/t	A\$1,387/t
Initial Capex \$m	A\$457m	A\$280m	A\$320m	A\$415m	A\$256m	A\$268m
Disc Rate (Post Tax)	8%	8%	8%	8%	8%	8%
SOP Price Estimate	A\$790/t (2017)	A\$714/t (2017)	A\$714/t (2019)	A\$714/t (2018)	A\$786/t (2019)	A\$733 (2019)
Payback (Post Tax)	3.25 Years	5.5 Years	6.0 Years	4.2 Years	3.5 Years	4.0 Years
Mine Life	200 years	30 + years	23 years	40 years	20 years	30 years

(1) Kalium Company Announcements. 21 May 2020. Note FEED SOP Price, 4 March 2019 US\$606/t or AU\$865 using FX AUD:USD \$0.70 as at 20 Oct 2020. Company Announcements: 18 Sept 2018, 4 October 2017 (2)Reward Company Announcements 2 October 2019. (3) Agrimin Company Announcements: 21 Jul 2020: Investor Presentation July 2020 (4)S04 Company Announcements: 11 October 2020: Outstanding Bankable Feasibility Study. FX rate AUD:USD as at 20 October 2020 AU\$0.70:US\$1.00.(5) Australian Potash Announcements: 17 December 2019 & 13 August 2020. (6) Module 1 only , Assumes a capex of US\$322 and 472 ktpa SOP production. (7) Module 1 & 2. DNK owns 50% of the Colluli Project that has a NPV (Post Tax) of A\$1,905m. DNK share of the NPV (Post Tax) is A\$952.5m, 8% discount rate and includes corporate tax and royalties, FX rate of 0.70, Standard Chartered Bank Financial DNK Model: Dated as at 20 October 2020. Note this excludes project expansion related to other export opportunities.

Note all previously announced NPV, IRR, Discount Rate have been at a post tax basis and all prices in US\$. These figures have been provided specifically to compare DNK against Australian project economics use AU\$

SOP Demand & Supply Fundamentals

Demand



Increasing global population



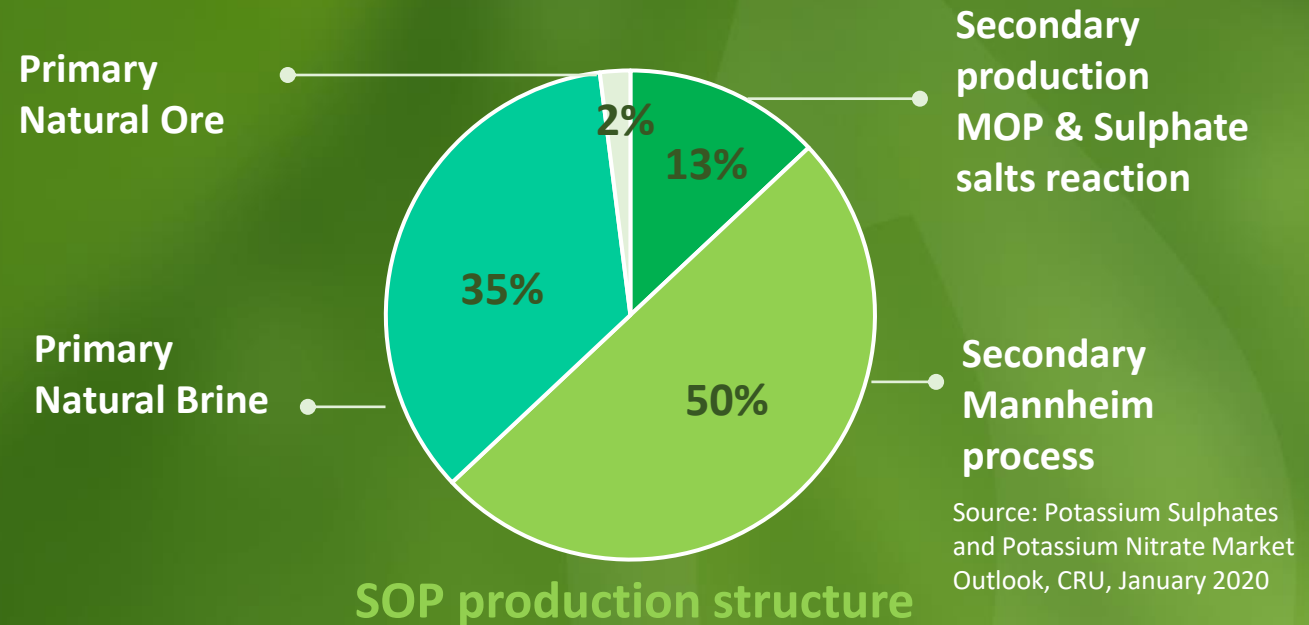
Changing dietary preferences



Limited arable land available

Average CAGR growth around 2.0 - 2.4% (excluding China)

Supply

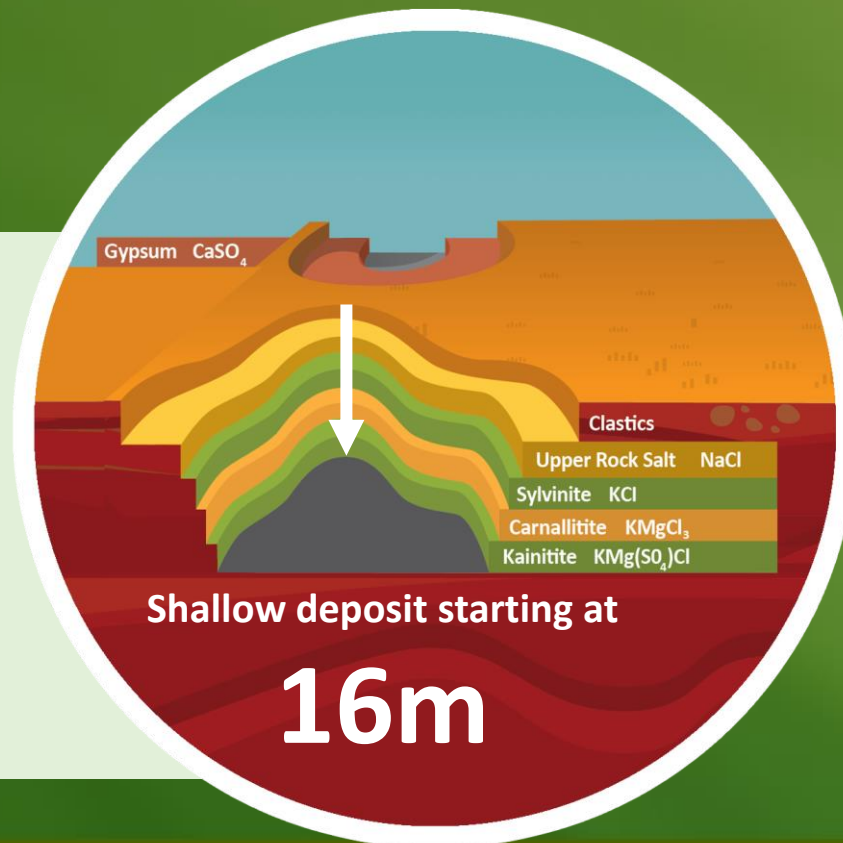


Mineralisation commences at just 16m

- Shallowest known evaporite deposit
- Open-cut mining allows modular approach
- Favourable combination of potassium salts for low energy SOP production
- Limited environmental footprint
- Opportunities for expansion
- Solid salts layered with distinctive features
- Simple, Safe, Low-cost Mining & Processing

Stratification of the Colluli Resource¹

- Solid Salts are layered with distinction; with
- homogenous, predictable grade; allows
- selective extraction; and
- reliable production rates



Drill core from Colluli Ore Reserve



Infrastructure

Proximity to a Coastline

Proximity to established port infrastructure provides unrivalled access to the global export markets and significant cost advantage

Port unlocks the multicommodity potential of Colluli

Massawa Existing port for export

230
km

Anfile Bay

87
km

Proposed future port



Colluli

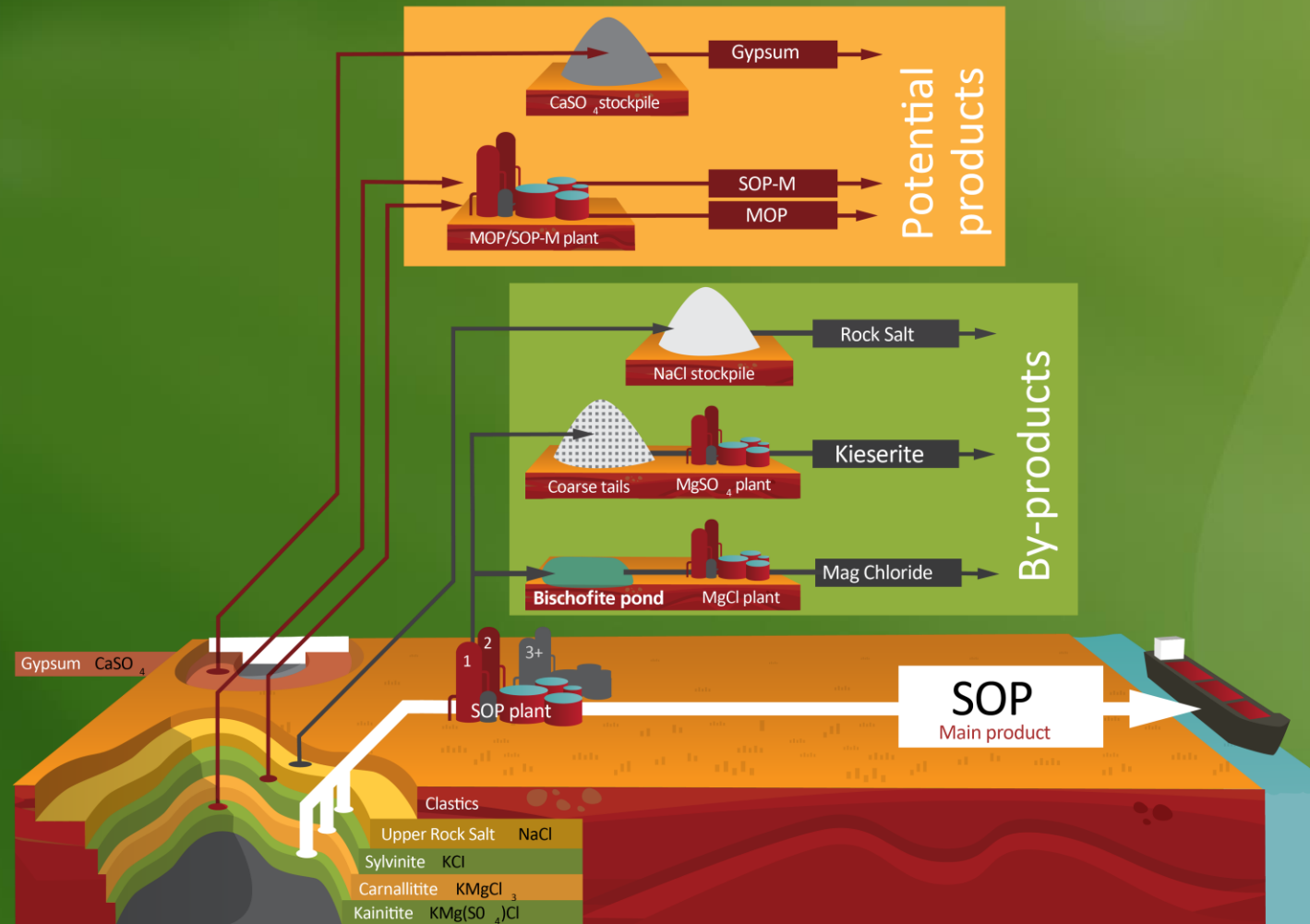
Mining and processing site

ERITREA

ETHIOPIA

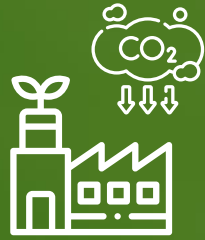
Product Expansion Potential

High degree of expandability and multi-commodity potential



High Potential for Neutral Carbon SOP Production

Colluli is working on plans to shifting to renewable energy sources as part of its Phase 2 expansion. Low to Neutral carbon mining and processing to be pursued by choosing between accessible renewable energy options on site



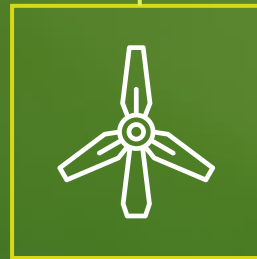
SOLAR

Danakil Desert with extreme temperatures and low precipitation



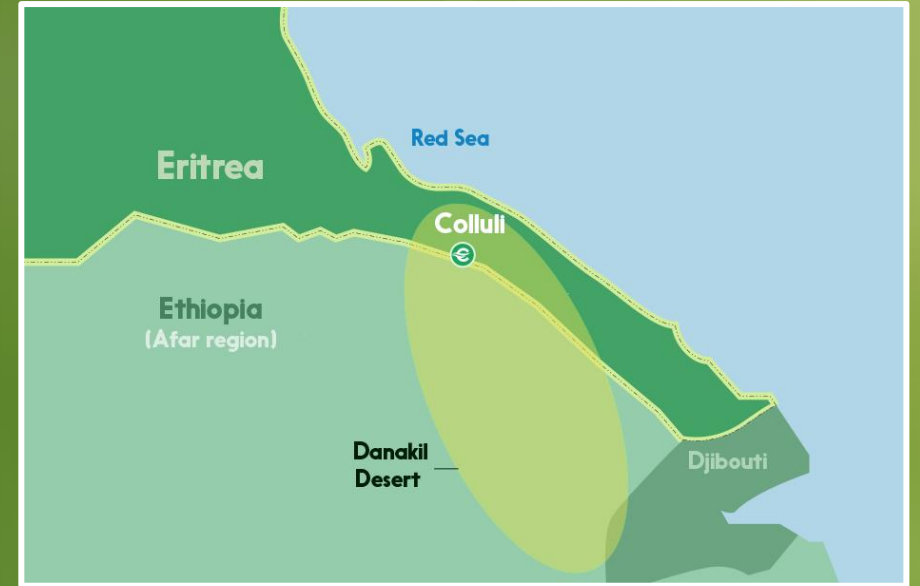
GEOTHERMAL

Well endowed with geothermal energy potential . Surface geothermal activity on Tenement (African rift system)



WIND

Large wind resource potential in the coastal region



Eritrea as a Mining Jurisdiction

Danakali has been operating in Eritrea since 2009 and has found the country to be safe, stable and development focused

Stable, supportive
Government



Simple, predictable tax
conditions



Pragmatic and business-
friendly mining policies



No evidence of
corruption



Improving geopolitical
dynamics



Significant community
support



Safe and secure
operational environment



Improving
infrastructure



Danakali ESG Framework

Contributing to 13 of 17 Sustainable Development Goals

- The United Nations Development Programme reported Colluli’s potential contributions to Eritrea’s Sustainable Development Goals
- Colluli highlighted as a blueprint for mining in developing countries
- Five areas of direct positive impact including environmental, people and society, and fiscal effects
- IFC & Equator Principles
- Global food security, organic product



“Colluli has the potential to boost the national economy [of Eritrea] and potentially transform agriculture in the region”

Christian Parra and Dr P Anand
UNDP report authors,

Analysis of the potential contributions of Colluli to sustainable development goals in Eritrea, January 2019

Thank you



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Competent Persons Statements

Competent Persons Statement (Sulphate of Potash and Kieserite Mineral Resource)

Colluli has a JORC-2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @11% K₂O Equiv. and 7% Kieserite. The Mineral Resource contains 303Mt @ 11% K₂O Equiv. and 6% Kieserite of Measured Resource, 951Mt @ 11% K₂O Equiv. and 7% Kieserite of Indicated Resource and 35Mt @ 10% K₂O Equiv. and 9% Kieserite of Inferred Resource.

The information relating to the Colluli Mineral Resource estimate is extracted from the report entitled “Colluli Review Delivers Mineral Resource Estimate of 1.289Bt” disclosed on 25 February 2015 and the report entitled “In excess of 85 million tonnes of Kieserite defined within Colluli Project Resource adds to multi agri-commodity potential” disclosed on 15 August 2016, which are available to view at www.danakali.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Competent Persons Statement (Sulphate of Potash Ore Reserve)

Colluli Proved and Probable Ore Reserve is reported according to the JORC Code and estimated at 1,100Mt @ 10.5% K₂O Equiv. The Ore Reserve is classified as 285Mt @ 11.3% K₂O Equiv. Proved and 815Mt @ 10.3% K₂O Equiv. Probable. The Colluli SOP Mineral Resource includes those Mineral Resources modified to produce the Colluli SOP Ore Reserves.

The information relating to the January 2018 Colluli Ore Reserve is extracted from the report entitled “Colluli Ore Reserve update” disclosed on 19 February 2018 and is available to view at www.danakali.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Competent Persons Statement (Rock Salt Mineral Resource)

Colluli has a JORC-2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 347Mt @ 96.9% NaCl. The Mineral Resource estimate contains 28Mt @ 97.2% NaCl of Measured Resource, 180Mt @ 96.6% NaCl of Indicated Resource and 139Mt @ 97.2% NaCl of Inferred Resource.

The information relating to the Colluli Rock Salt Mineral Resource estimate is extracted from the report entitled “+300M Tonne Rock Salt Mineral Resource Estimate Completed for Colluli” disclosed on 23 September 2015 and is available to view at www.danakali.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

AMC Consultants Pty Ltd (AMC) independence

In reporting the Mineral Resources and Ore Reserves referred to in this public release, AMC acted as an independent party, has no interest in the outcomes of Colluli and has no business relationship with Danakali other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC and the Competent Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.

Quality control and quality assurance

Danakali exploration programs follow standard operating and quality assurance procedures to ensure that all sampling techniques and sample results meet international reporting standards. Drill holes are located using GPS coordinates using WGS84 Datum, all mineralisation intervals are downhole and are true width intervals. The samples are derived from HQ diamond drill core, which in the case of carnallite ores, are sealed in heat-sealed plastic tubing immediately as it is drilled to preserve the sample. Significant sample intervals are dry quarter cut using a diamond saw and then resealed and double bagged for transport to the laboratory. Halite blanks and duplicate samples are submitted with each hole. Chemical analyses were conducted by Kali-Umwelttechnik GmbH, Sondershausen, Germany, utilising flame emission spectrometry, atomic absorption spectroscopy and ion chromatography. Kali-Umwelttechnik (KUTEC) has extensive experience in analysis of salt rock and brine samples and is certified according to DIN EN ISO/IEC 17025 by the Deutsche Akkreditierungsstelle GmbH (DAR). The laboratory follows standard procedures for the analysis of potash salt rocks chemical analysis (K⁺, Na⁺, Mg²⁺, Ca²⁺, Cl⁻, SO₄²⁻, H₂O) and X-ray diffraction (XRD) analysis of the same samples as for chemical analysis to determine a qualitative mineral composition, which combined with the chemical analysis gives a quantitative mineral composition.

Competent Persons Statements

The information in this presentation is published to inform you about Danakali Limited (the “Company” or “DNK”) and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company’s intentions. All statements in this presentation, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company’s filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. Mineral Resource, Ore Reserve and financial assumptions made in this presentation are consistent with assumptions detailed in the Company’s ASX announcements dated 25 February 2015, 4 March 2015, 19 May 2015, 23 September 2015, 30 November 2015, 15 August 2016, 1 February 2017, 29 January 2018 and 19 February 2018 which continue to apply and have not materially changed. The Company is not aware of any new information or data that materially affects assumptions made.

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