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ASX Release: **15 March 2022**

Company Presentation

Danakali Limited (ASX: DNK, **Danakali** or the **Company**) advises that Dr Rod McEachern presents his Master Class lecture series at the University Mohamed VI, Polytechnic, Benguerir, Morocco, March 2022.

Dr McEachern outlines the unique geological features, test work findings, equipment testing, resultant process design and key outcomes of the Colluli Sulphate of Potash Project (as previously announced) detailing the specific features of the decomposition and floatation of the Colluli ore in the production of Sulphate of Potash whilst providing high level comparative insights of the Colluli process to existing Mannheim technologies and other brine based primary producers.

A copy of the presentation is attached to this announcement.

Announcement authorised for release by the Executive Chairman of Danakali.

For more information, please contact:

Danakali

Seamus Cornelius
Executive Chairman
+61 8 6266 8368

Mark Riseley
Head of Corporate Development
+61 8 6266 8368

Visit the Company's website: www.danakali.com
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The Colluli Potash Project (**Project, Colluli)** is 100% owned by Colluli Mining Share company (**CMSC,**) a 50:50 Joint Venture between Danakali Limited **(DNK)** and Eritrean National Mining Corporation **(ENAMCO)**

Codes:
ASX: DNK, SO3-FRA, SO3-BER.
US Level 1 ADR's OTC-DNKLY, CUSIP.23585T101

Highlights:
The world's largest JORC compliant solid salt, Sulphate of Potash (**SOP**) reserve, 1.1Bt

Aiming to be the world's first Zero Carbon SOP Producer

Development underway towards production

Financial facts:
Issued capital: 368.3m
Share price: A$0.325
Market cap: A$119.7m

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About Danakali

Danakali Limited (ASX: DNK) (**Danakali**, or the **Company**) is an ASX listed potash company focused on the development of the Colluli Sulphate of Potash Project (**Colluli** or the **Project**). The Project is 100% owned by the Colluli Mining Share Company (**CMSC**), a 50:50 joint venture between Danakali and the Eritrean National Mining Corporation (**ENAMCO**).

The Project is located in the Danakil Depression region of Eritrea, East Africa, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest known potash deposit. The resource is amenable to open cut mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining, and is highly advantageous for modular growth.

The Company has completed a Front-End Engineering Design (**FEED**) for the production of potassium sulphate, otherwise known as Sulphate of Potash or **SOP**. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride (or **MOP**). Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The resource is favourably positioned to supply the world's fastest growing markets. A binding take-or-pay offtake agreement has been confirmed with EuroChem Trading GmbH (**EuroChem**) for up to 100% (minimum 87%) of Colluli Module I SOP production.

Development Finance Institutions, Africa Finance Corporation (**AFC**) and African Export Import Bank (**Afreximbank**), have obtained formal credit approval to provide CMSC with US$200M in senior debt finance. The credit documentation was executed in December 2019, allowing drawdown of CMSC senior debt on satisfaction of customary conditions precedent. This represents the majority of funding required for the development and construction of the Colluli.

Project execution has commenced, and the Company's vision is to bring Colluli into production using the principles of risk management, resource utilisation and modularity, using the starting module (**Module I**) as a growth platform to develop the resource to its full potential.

Forward looking statements and disclaimer

The information in this document is published to inform you about Danakali and its activities. Danakali 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 document, 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 guarantees 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 Colluli will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. 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 document. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve, production target, forecast financial information and financial assumptions made in this announcement are consistent with assumptions detailed in the Company's ASX announcements dated 25 February 2015, 23 September 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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Danakali Limited
Level 1, 2A 300 Fitzgerald St, North Perth, WA 6006
Tel:+61 8 6266 8368/ ABN 56 097 904 302

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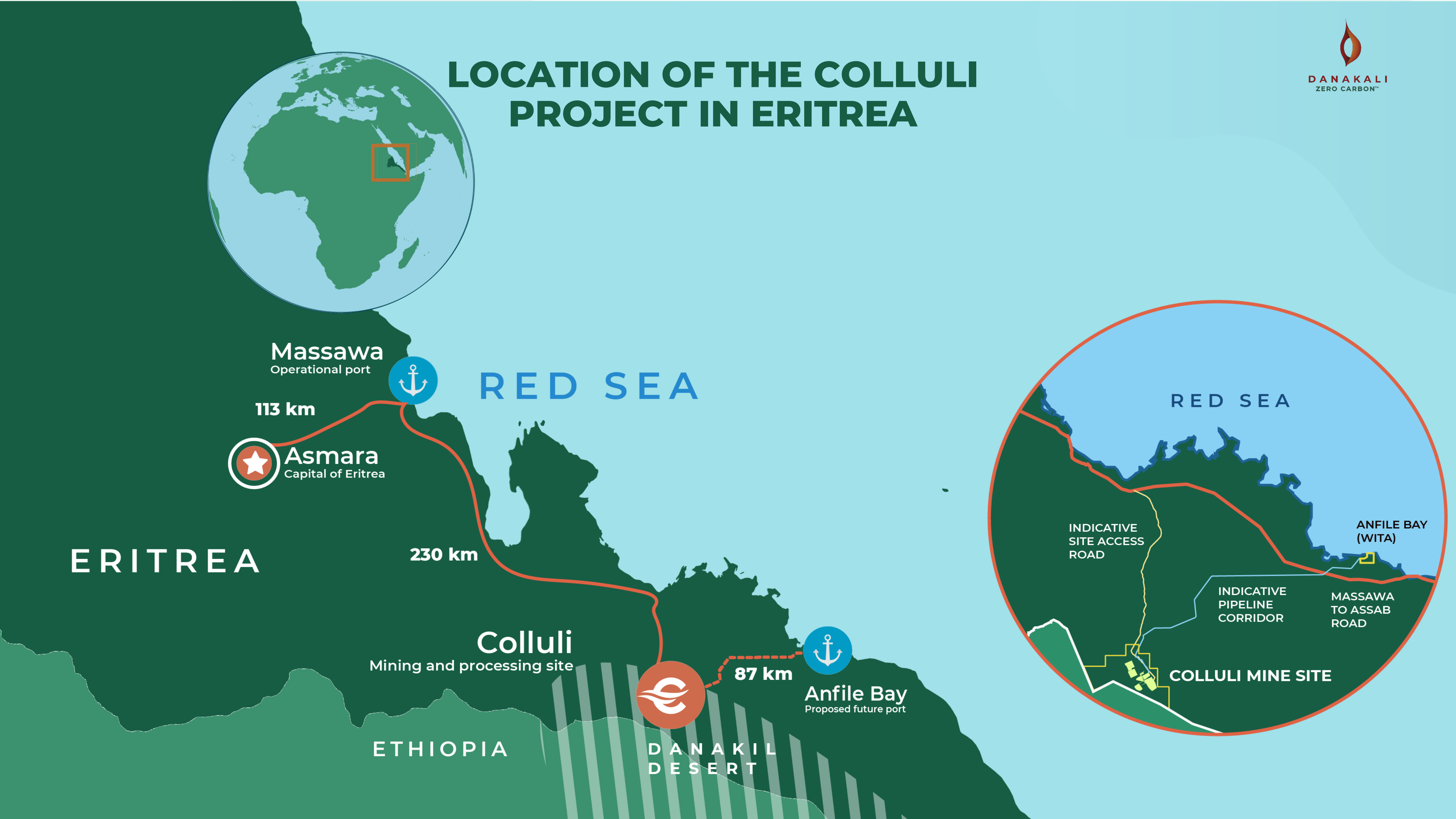
Danakali SOP Project in Eritrea

Dr Rod McEachern Chief Operating Officer

Presented University Mohammed VI Polytechnic, Benguerir, Morocco

March 2022

LOCATION OF THE COLLULI PROJECT IN ERITREA



Driving to the Colluli Project, October 2021

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Colluli Site, October 2021

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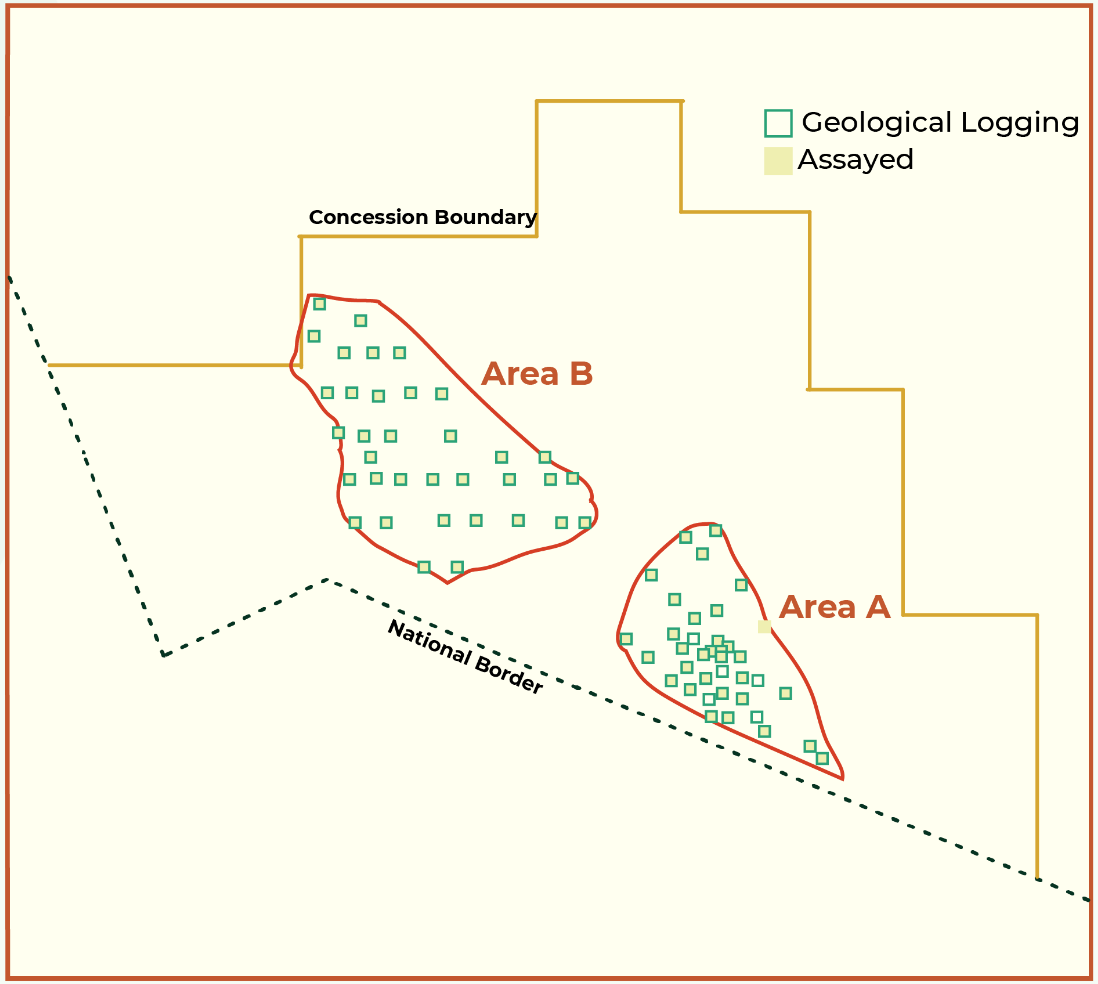
DEFINING THE ORE WITH DRILLHOLE DATA

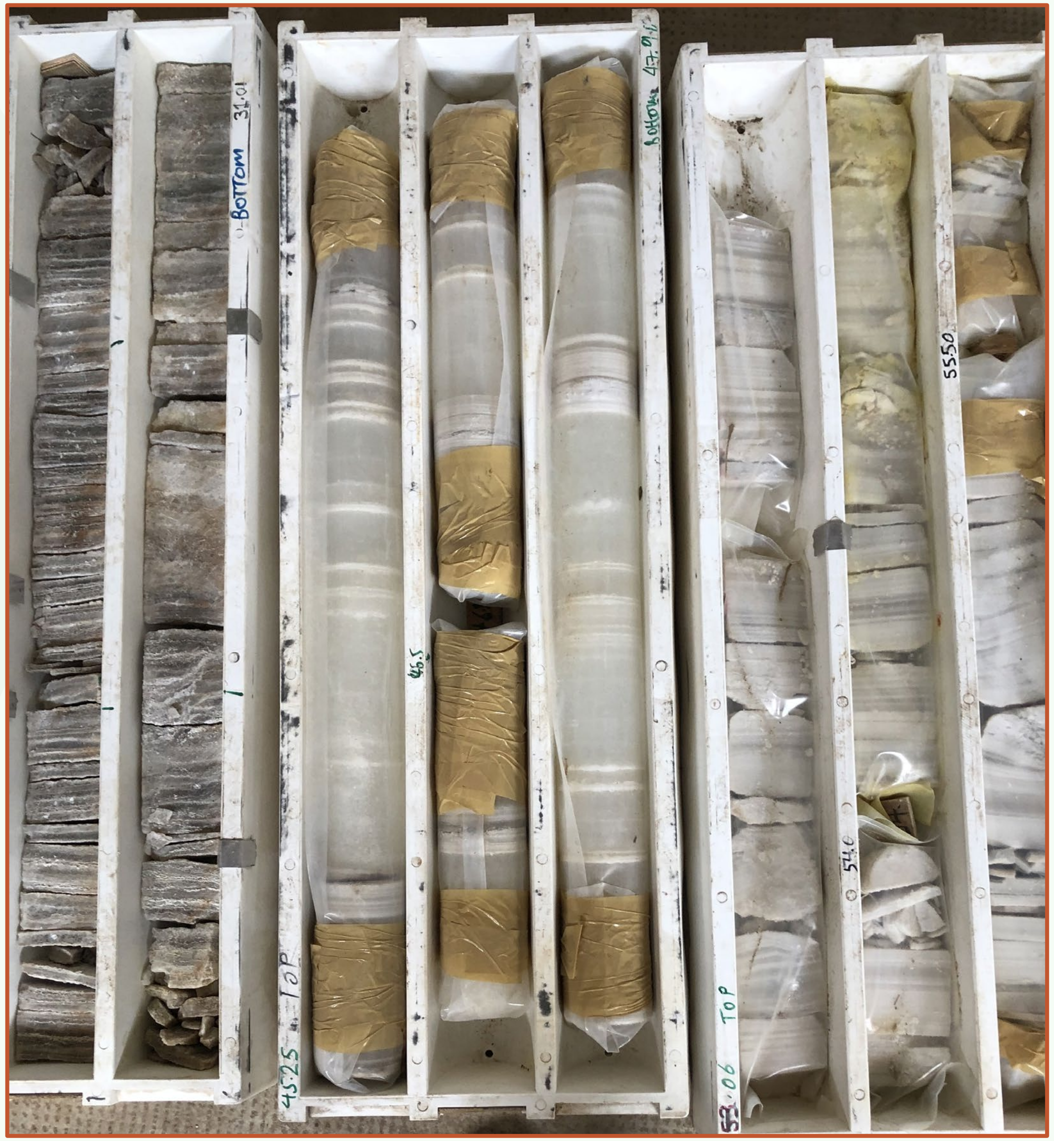
- Extensive drilling has been completed to define the ore body.
- JORC compliant Resources and Reserves give a mine life greater than 200 years at a 1.0m TPA of SOP

Colluli Drillhole Colar Positions - Plan view

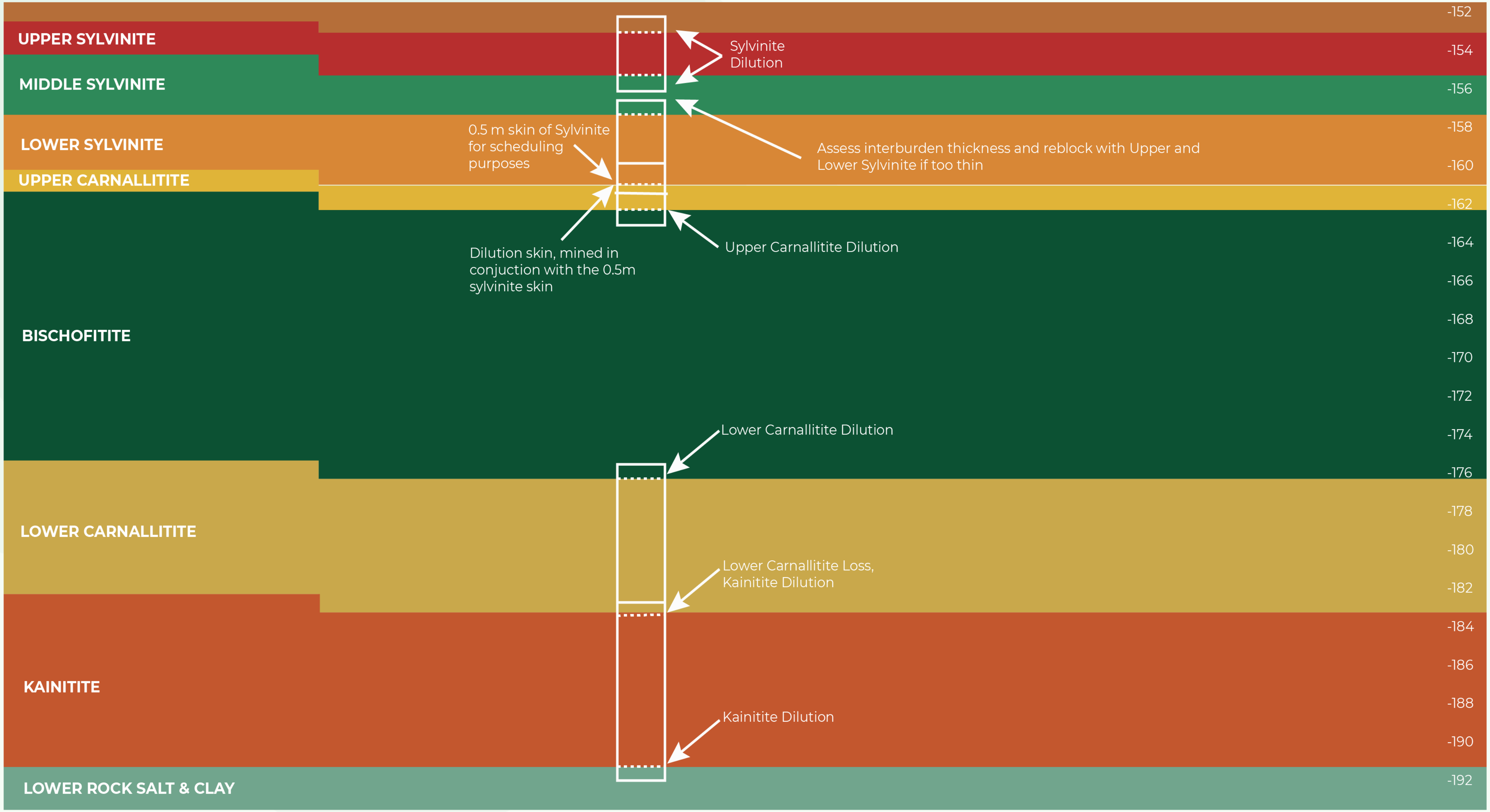


MINERAL CORES FROM THE COLLULI SITE

Left to right: cores of Sylvinite, Carnallitite, and Kainitite respectively.



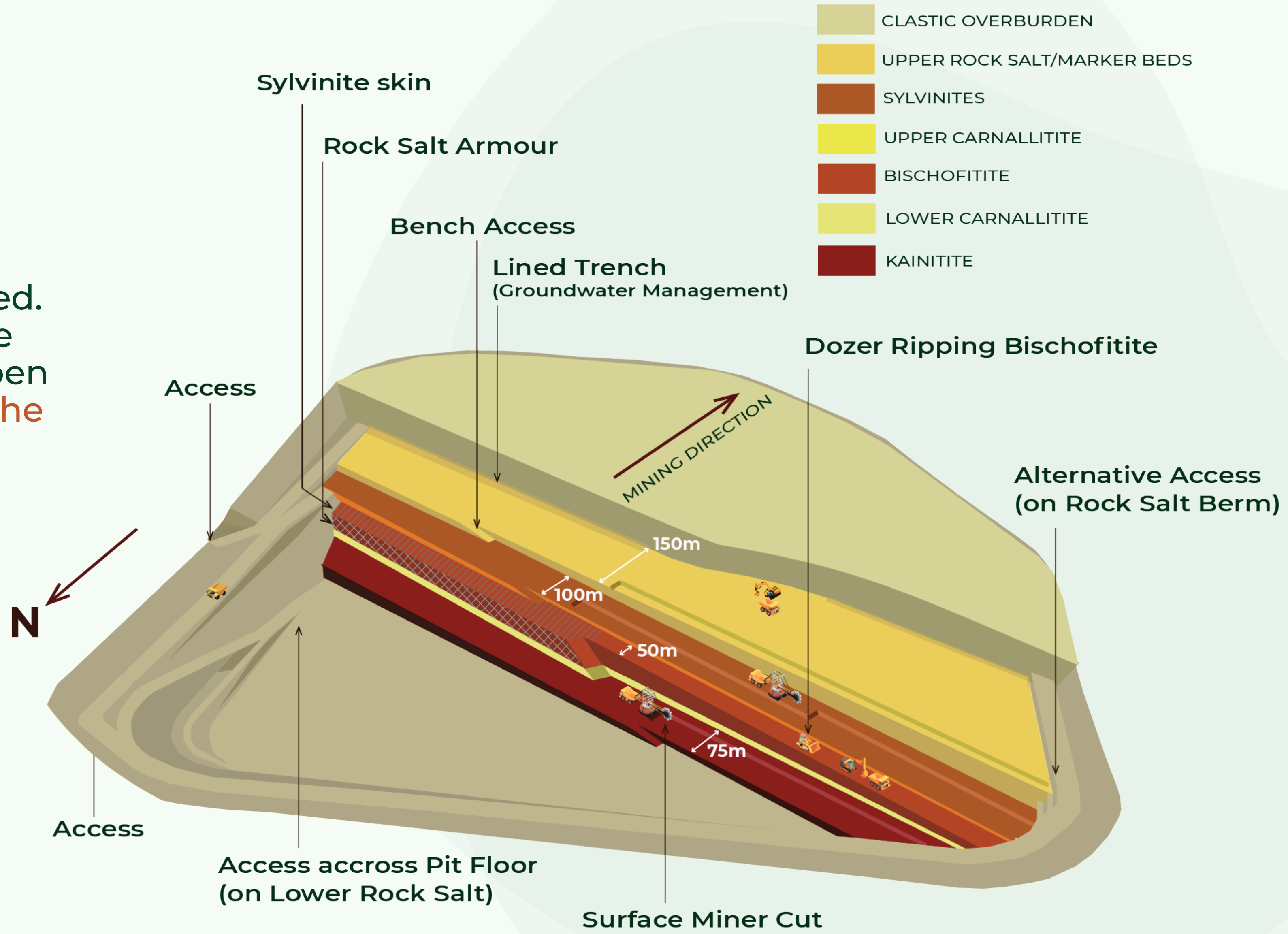
GEOLOGICAL STRATA FROM COLLULI



Source: DNK ASX Release 29-Jan-2018, https://bit.ly/3w2BKE4

MINE PLAN

The Mine Plan is well developed. Given the shallow depth of the deposit, it can be mined by open cast mining – the only one in the world!

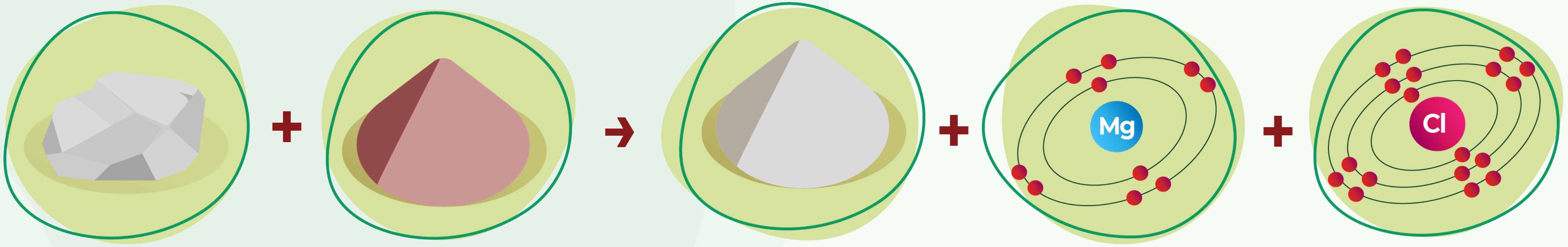


Source: DNK ASX Release 29-Jan-2018, https://bit.ly/3w2BKE4

OVERALL REACTION FOR COLLULI

The overall process for Colluli is reaction of Kainite and KCl to produce SOP:

$KCl{\cdot}MgSO_4{\cdot}3H_2O$ Kainite		KCl MOP		K_2SO_4 SOP		Mg^{2+}		$2\ Cl^-$

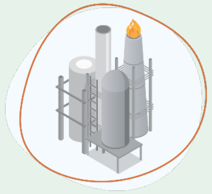


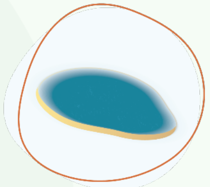
674,286 TPY	201,880 TPY	472,000 TPY

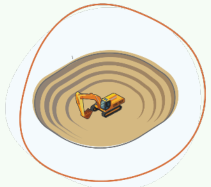
- Kainite ($KCl{\cdot}MgSO_4{\cdot}3H_2O$) is largely derived from the kainitite ore.
- The availability of “supplemental potassium” from KCl is unique to Colluli.
- Supplemental potassium is derived from carnallitite and sylvinite (C/S) ores.
- Halite (NaCl) is a common impurity in each ore and needs to be removed by flotation

Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

SOP PRODUCTION METHOD COMPARISON



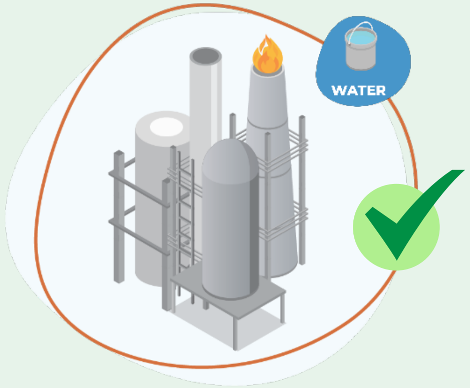




Production method	Mannheim	Australian Lake Brine	Colluli
Water	low	high	medium
Land Use	low	high	medium
Energy	high	medium	low
Operating costs	high	medium	low
Capital costs	medium	high	low
Carbon footprint	high	low	low

Source: Global Potash Solutions 2021

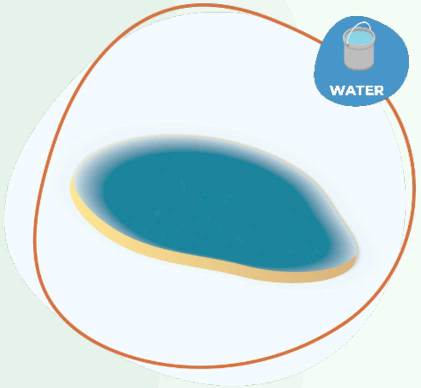
WATER USE ANALYSIS



Mannheim uses very little water

The reaction is carried out in the solid phase at high temperature (700°C);

No water is required for the process;



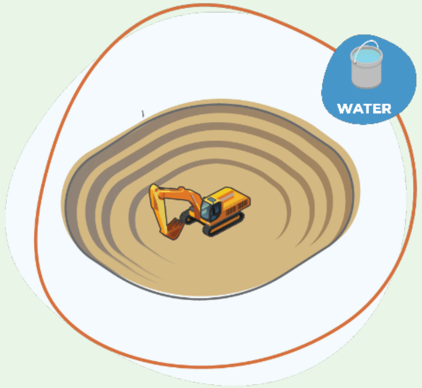
Australian brine projects use lots of water (groundwater)

Conversion of K bearing salts into SOP without significant supplemental KCl requires large amounts of water;

7.5 tonnes of water per tonne of SOP

The water consumption is driven by the solubilities of the various components;

The water lowers first pass recovery, but secondary ponds improve the overall recovery;



Colluli uses somewhat less water (from seawater)

Colluli has significant supplemental KCl which reduces water requirements by 25-30%;

5.3 tonnes of water per tonne of SOP

Colluli has access to seawater which is effective in the SOP production process;

Less water is needed, and the water will come from the Red Sea;

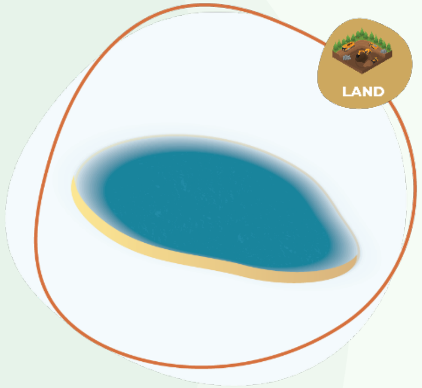
Source: Global Potash Solutions 2021

LAND USE ANALYSIS

Mannheim projects use minimal Land

The process is carried out within a process plant;

No evaporation ponds are needed;



Australian brine projects Require typically 5 times the pond area

The SOP process accesses lake brine with small quantities of SOP.

The process requires large primary evaporation ponds to concentrate the lake brine and precipitate K minerals;

The water added to make SOP removes significant K from the process. For recovery purposes, secondary evaporation of this process plant brine bleed is required;

The secondary recovery pond system for the lake brine process corresponds to the pond system for Colluli;

Colluli uses some land for ponds but less than for brine projects. Open pit area can be significant in the long term

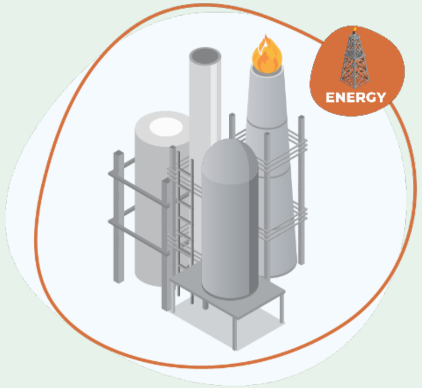
Colluli ponds are only needed for plant recovery purposes;

Open pit access to K bearing ore eliminates the need for primary evaporation ponds;

With time the pit area becomes significant;

Source: Global Potash Solutions 2021

ENERGY REQUIREMENT ANALYSIS

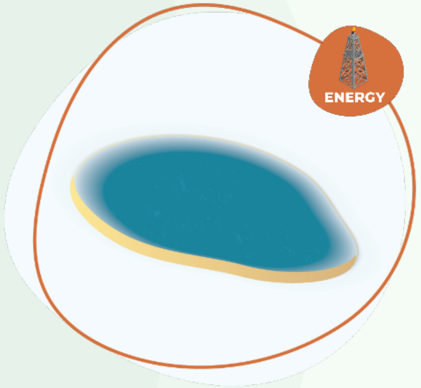


Mannheim uses large amounts of Energy

The reaction is carried out in the solid phase at high temperature (700ºC)

The temperature requirement drives energy cost very high.

No brine pumping is required, but the process has significant solids material handling;



Australian brine projects use median amounts of energy

Production of SOP without KCl addition happens most efficiently at 50ºC. Again, this is driven by the solubilities of the various components

Extra energy is required to cool this brine to lower than ambient. This is required to capture more K prior to the recovery pond, thereby improving process efficiency.

A product dryer is required. In addition, if Granular material is produced, then a quench dryer is also required for product quality reasons;

Colluli uses the lowest energy

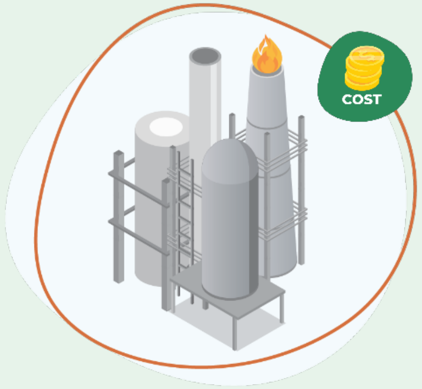
At Colluli the supplemental KCl allows for operation at ambient temperature.

No subsequent cooling is required.

A product dryer, and quench dryer (for Granular product) are required for product quality reasons.

Source: Global Potash Solutions 2021

OPERATING COSTS

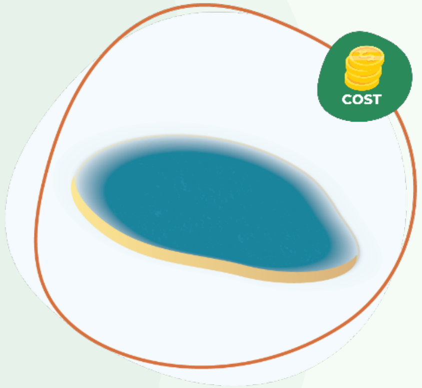


Mannheim has the highest cost of production

High energy inputs;

Cost of KCl feed is at full market value plus delivery;

Disposal of by-product dilute HCl is usually a cost factor as well;



Australian brine projects have median costs of production

Energy costs are significant but much lower than Mannheim.

No supplemental KCl is needed;

Cost for water is high;

Transportation costs to tidewater are significant (~800km)

Colluli has lowest costs

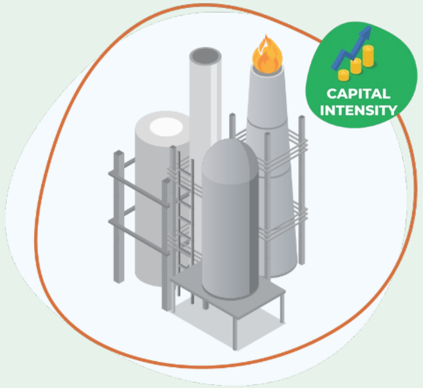
Colluli has access to cost effective supplemental KCl in the ore body.

The plant is close to tidewater.

Processing does not require high energy inputs;

Source: Global Potash Solutions 2021

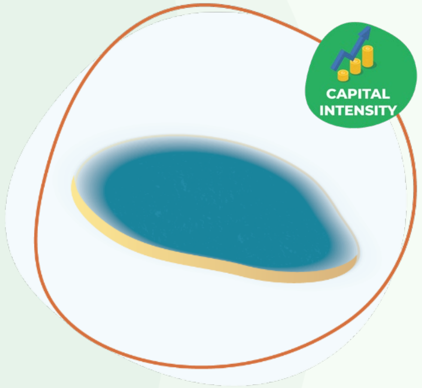
CAPITAL COSTS



Mannheim has the median capital cost per tonne

Recent project estimates are $900/t

Note: Mannheim processes can be located anywhere, which can impact the capital and operating cost depending on the location.



Australian brine projects have the highest capital intensity

Australian brine projects have the highest capital cost intensity at roughly $1100/t production.

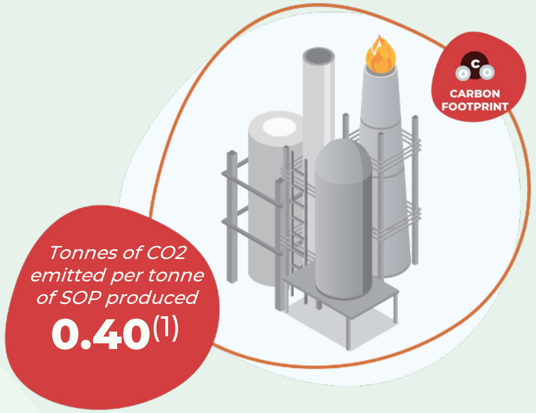
These numbers vary slightly from project to project depending on a few factors such as the brine location.

Colluli has lowest capital cost per tonne of production

Colluli has the lowest capital intensity at $640/t

Source: Global Potash Solutions 2021

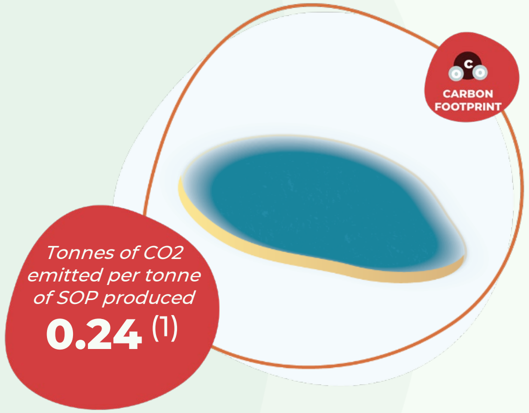
CARBON FOOTPRINT COMPARISON



Mannheim has the highest carbon footprint

High energy inputs and high temperatures are defining traits of the secondary production in Mannheim process;

On average higher footprint associated with SOP transport to ports of export



Australian brine projects have low carbon footprint

Energy costs are significant but much lower than Manheim.

Brine projects naturally sit at the lower end of the CO_2 emissions curve by virtue of the natural evaporative process;

High carbon footprint associated with transport to ports of export

Colluli has lowest carbon footprint

Aiming for zero-carbon production due to variety of available renewable energy inputs available;

Processing does not require high energy inputs;

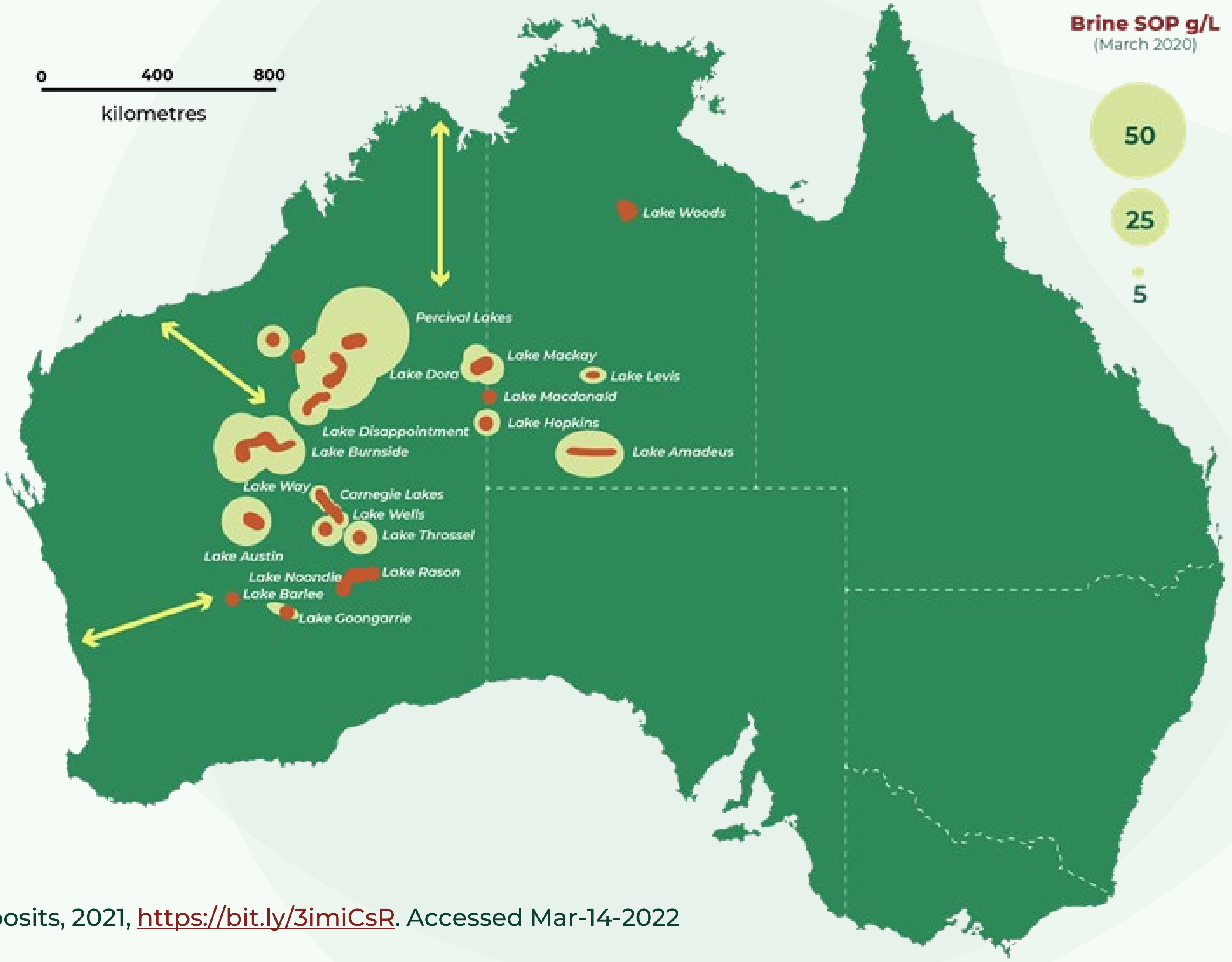
Lowest carbon footprint of SOP transport to the port of export

Source: (1) Wood and SO4, https://bit.ly/30oGZRg (2) Danakali internal company calculations based on the GHG emission data contained in the Colluli SEIA

LOGISTICS CHALLENGES FOR AUSTRALIAN POTASH PROJECTS

In contrast to Colluli, Australian projects do not have supplemental potassium at the site, so they need to either:

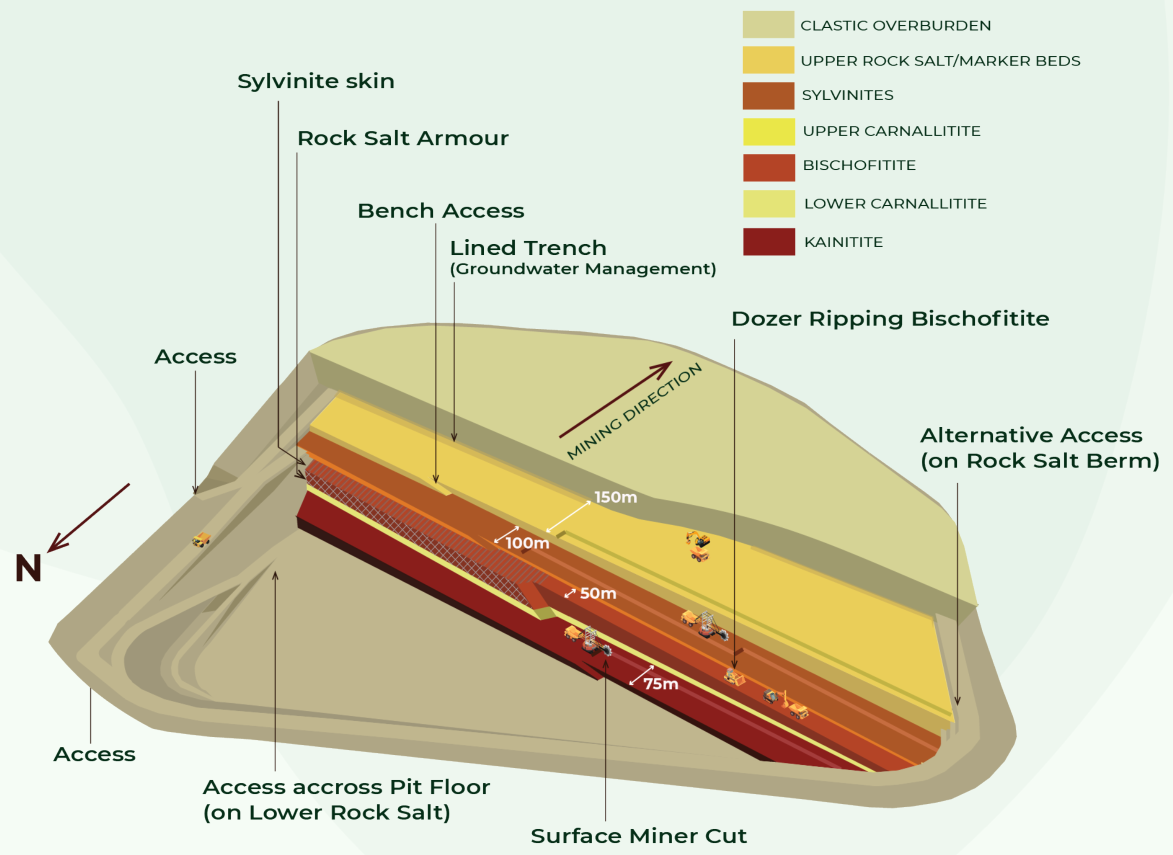
- Purchase MOP, deliver to port, unload, and transport 400 – 800 km inland, or
- Accept a loss of sulfate recovery (often to less than 50% recovery).



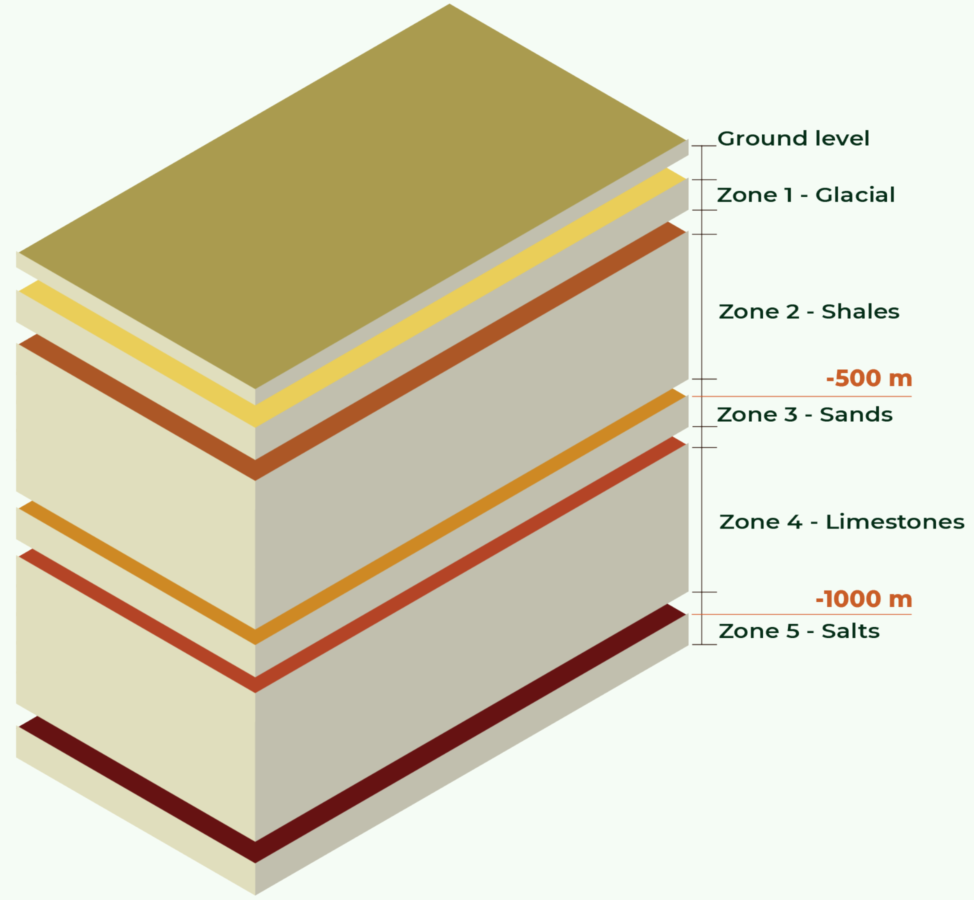
Source: Orogenic Exploration Pty Ltd, on Australian potash brine deposits, 2021, https://bit.ly/3imiCsR. Accessed Mar-14-2022

SHALLOW DEPOSIT

Colluli Deposit – 15 metres



Canadian Potash Deposits – 1,000 metres



COLLULI ORE COMPOSITION

Name	Compound*	Kainitite	Sylvinite	Carnallitite
Sylvite	KCl	0.00	23.46	0.12
Carnallite	$KCl.MgCl_2$	3.35	4.49	40.03
Kainite	$KCl.MgSO_4$	51.03	1.09	2.22
Polyhalite	Complex	0.16	0.19	0.00
Halite	$NaCl$	40.37	64.33	32.44
Bischofite	$MgCl_2$	0.09	0.06	2.88
Kieserite	$MgSO_4$	1.95	0.10	16.91
Anhydrite	$CaSO_4$	0.30	5.70	1.23
Unclassified	-	2.75	0.57	4.16

*Water of Hydration has been omitted

Source: Danakali internal calculations based on ore grades reported in the FEED study.

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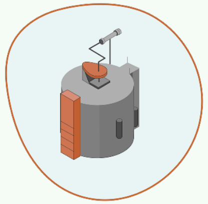
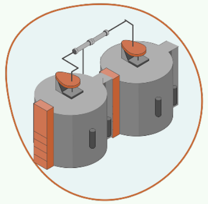
KEY QUESTIONS FOR PROCESS DEVELOPMENT

1. How fine does the ore need to be ground?
2. Does the ore need to be deslimed?
3. What are the optimal reagents for flotation?



STAGE 1 FLOTATION

4. Which ores can be processed together (co-processed)?
5. What is the best equipment for flotation?
6. What degree of separation can be achieved by flotation



STAGE 2 FLOTATION

7. What is the required reaction time for the decomposition:

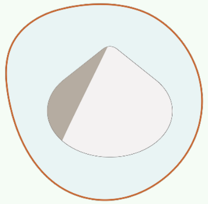
$KCl{\cdot}MgCl_2{\cdot}6H_2O + H_2O \rightarrow KCl + Mg_2^+ + 2\ Cl^-$

$KCl{\cdot}MgSO_4{\cdot}3H_2O + H_2O \rightarrow K_2SO_4{\cdot}MgSO_4{\cdot}4H_2O + Mg2^+ + 2\ Cl^-$

8. Are the particles sizes in the process useful for a practical solid:liquid separations?

EQUIPMENT TESTS

9. How can Leonite and KCl be reliably converted to SOP to generate high quality product?



SOP PRODUCTION

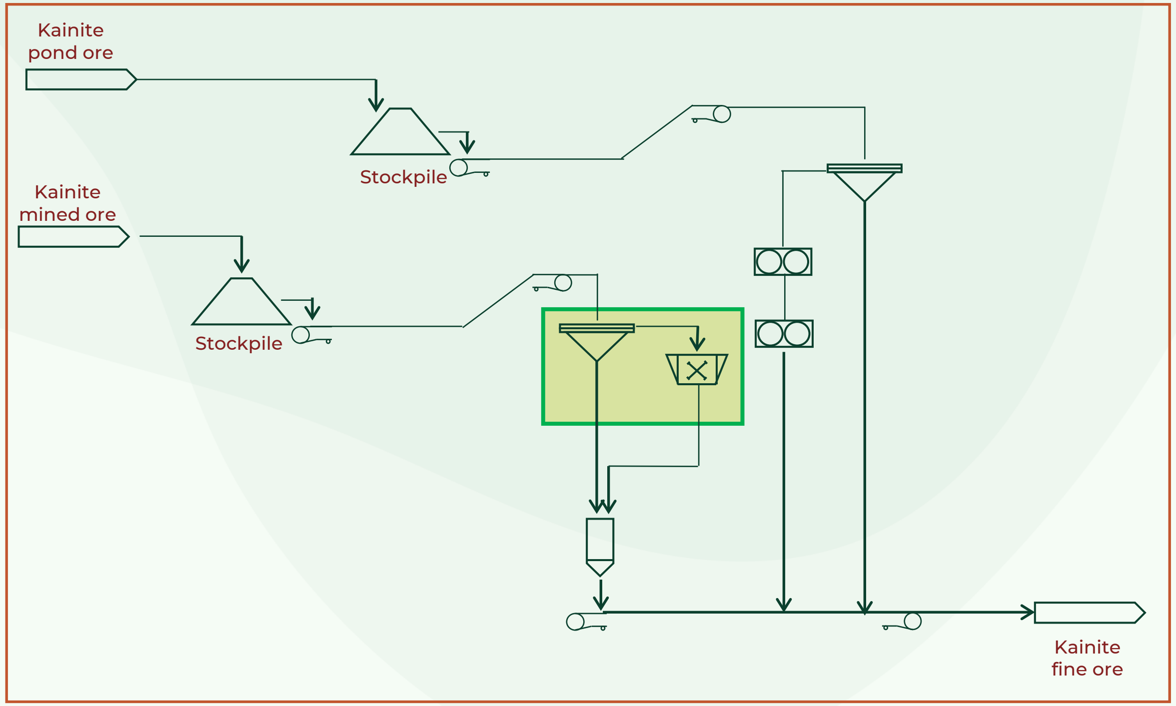
Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

STAGE 1: GRIND SIZE

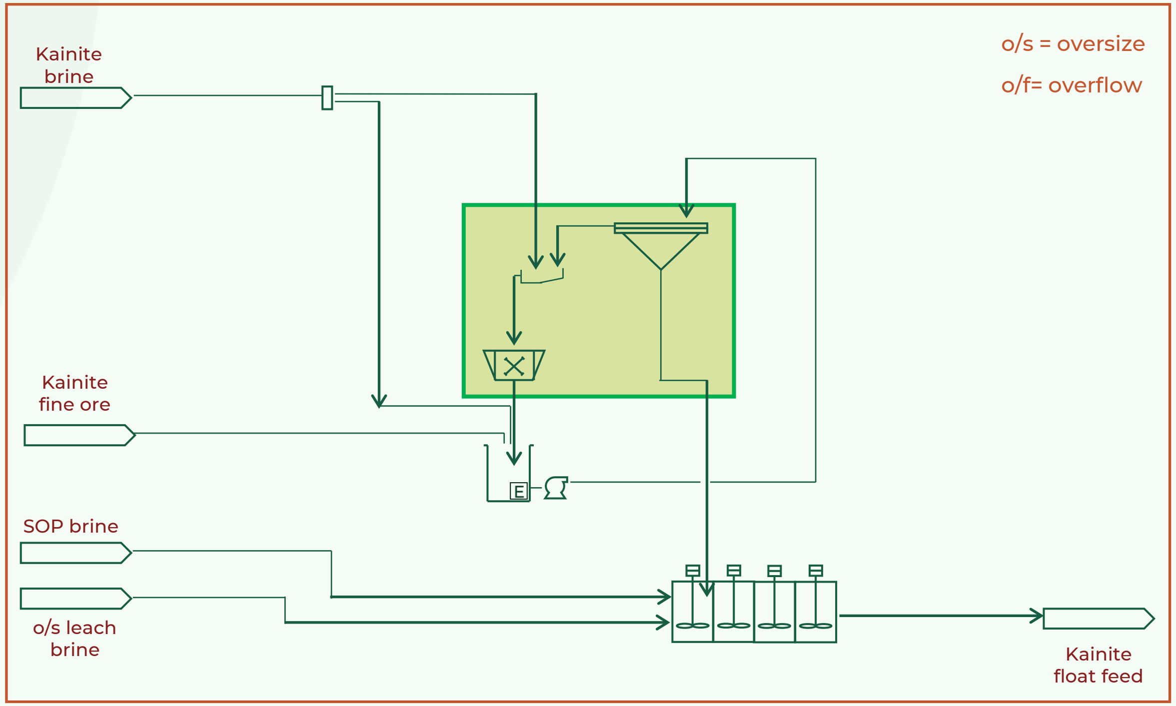
- Each of the three ore streams were evaluated separately to determine the best flotation process.
- QEMSCAN analysis was performed on ores, as required.
- Carnallite and Kainite gave good performance when ground to -2mm (9 mesh Tyler) then decomposed and floated.
- Kainite is ground slightly finer to improve recovery (switch to column cells).

CRUSHING CIRCUITS FOR THE COLLULI PLANT

SECONDARY OPEN CIRCUIT



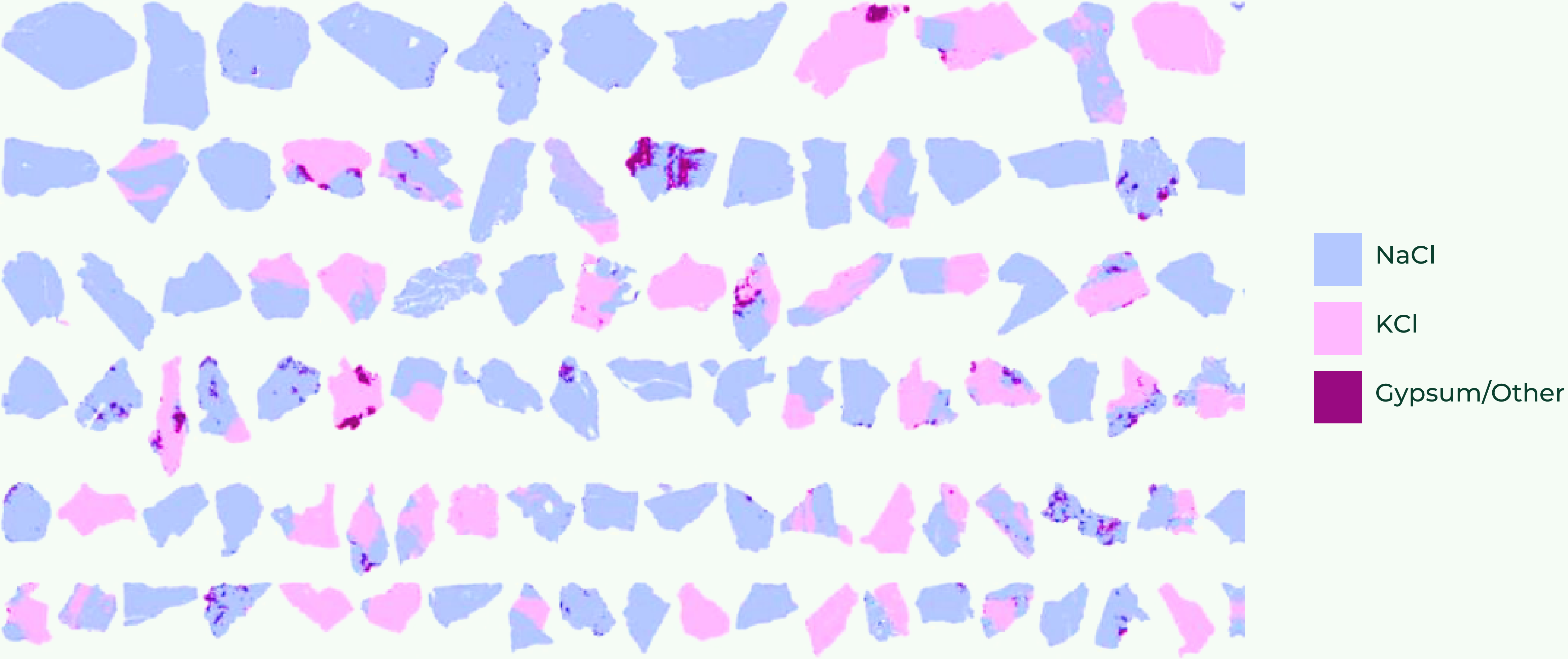
TERTIARY CLOSED CIRCUIT



Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

QEMSCAN ANALYSIS OF SYLVINITE

Scanning electron microscopy, which is able to identify the mineral components of each particle:

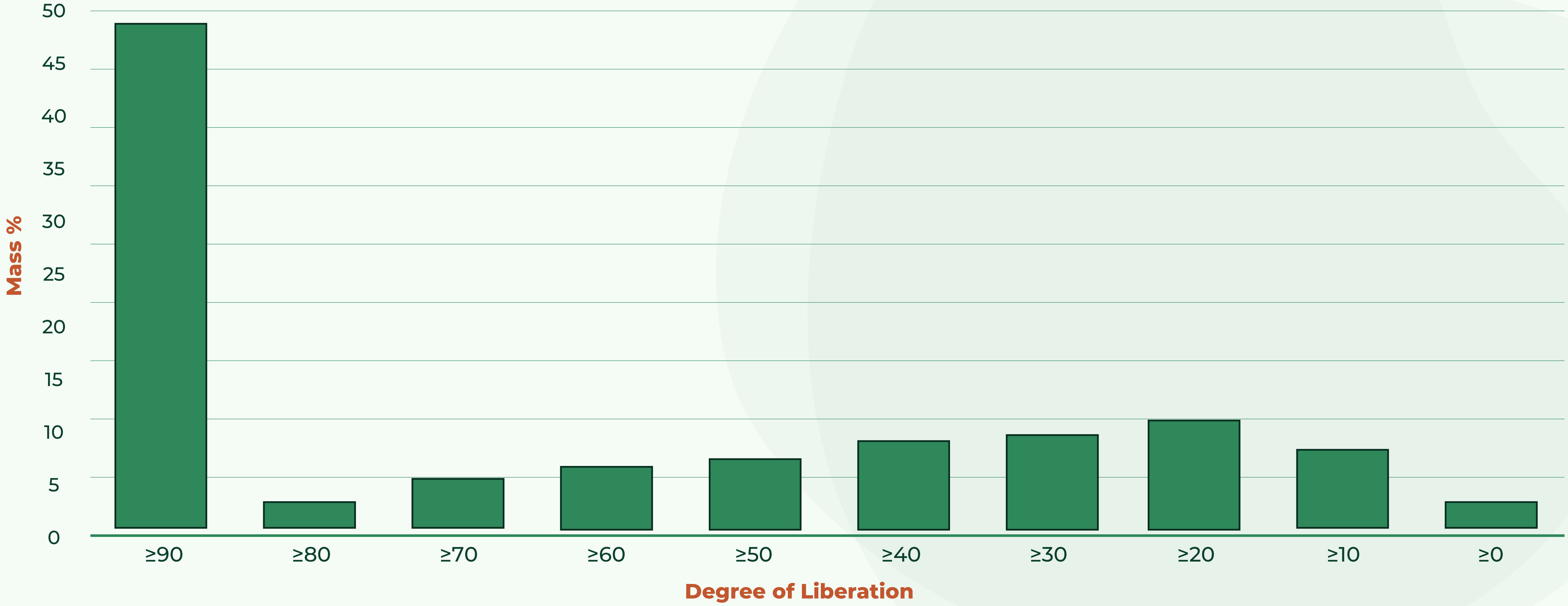


Source: QEMSCAN results 2021 as summarised diagrammatically in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

QEMSCAN ANALYSIS OF SYLVINITE

Results showed that 50% of the KCl particles had insufficient liberation.

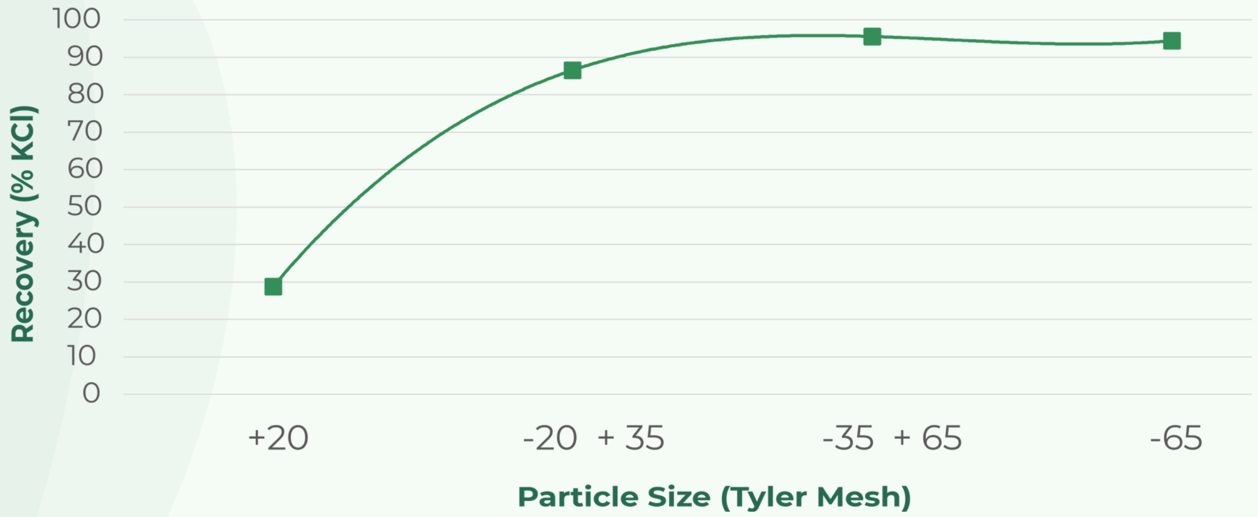
Below 20 mesh (0.85 mm) the liberation behavior is much better

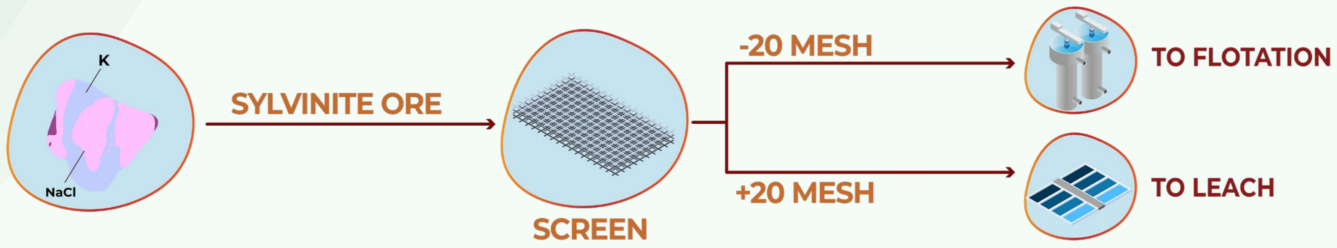


Source: QEMSCAN results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

STAGE 1: GRIND SIZE - SYLVINITE

- At a 2mm grind, Sylvinite was problematic due to poor liberation behavior.
- The process was modified to include a screen so the coarse material can be leached.





Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

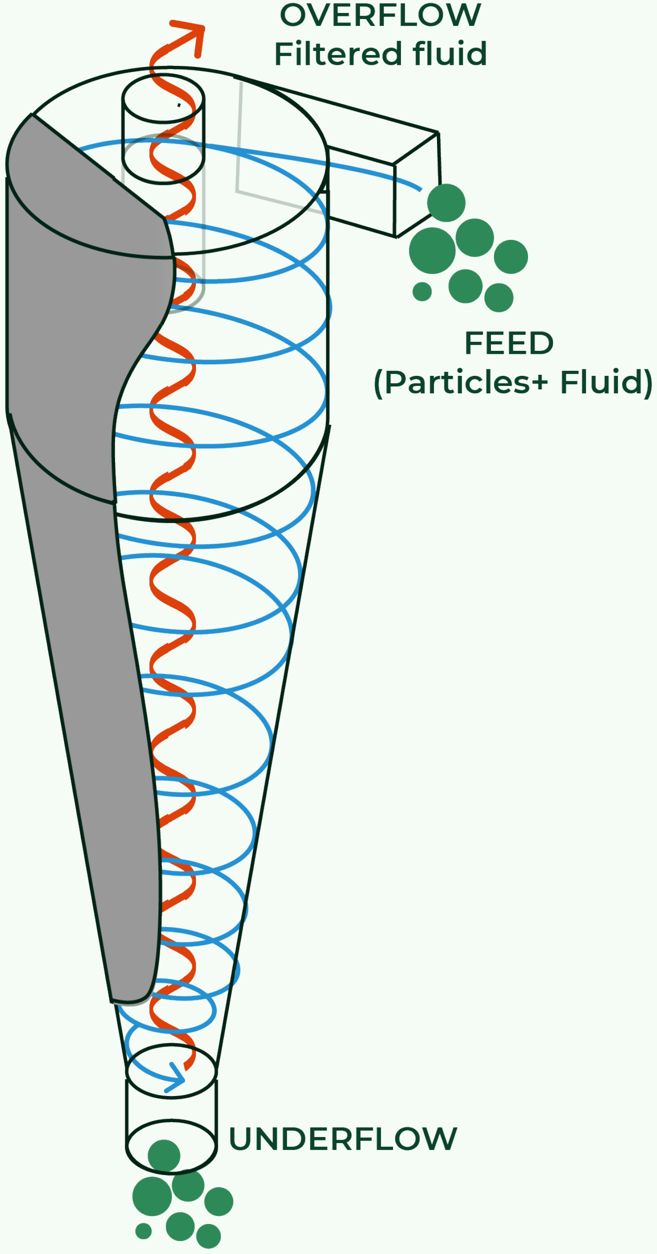
STAGE 1: DESLIMING REQUIREMENTS

- Ultrafine particles (especially clays) tend to interfere with flotation and are typically removed by desliming.
- By potash standards, Colluli ore is unusually clean.
- Tests showed a slight need for desliming Carnallite/Sylvinite ore.
- However, it was found that there was no need for depressant or desliming when processing the Kainite ore.
- The Kainite crushing and flotation circuits were therefore simplified by the removal of desliming cyclones.
- This change simplifies the process, reduces capital costs, and will improve plant recovery.

HYDROCYCLONES

Feed is introduced tangentially, under centrifugal force.

Coarser particles move downwards while finer particles and the majority of the fluid moves upwards.

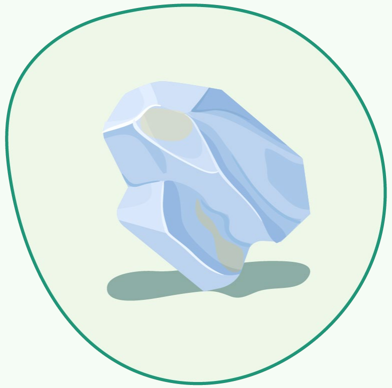


Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

DANAKALI ZERO CARBON™

STAGE 1: REAGENT SELECTION

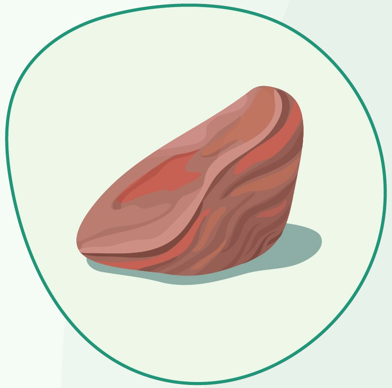
Optimal collectors were identified:



Kainite Ore
(after decomposition to Leonite)

Lilafloat 826D

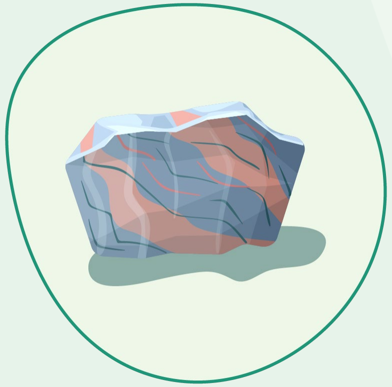
- Good recovery of Leonite
- Good rejection of NaCl



Sylvinite Ore

Armac HT

- Similar to collector used in the Canadian potash industry
- Good recovery of KCl
- Good rejection of NaCl and Anhydrite



Carnallite Ore
(after decomposition to KCl)

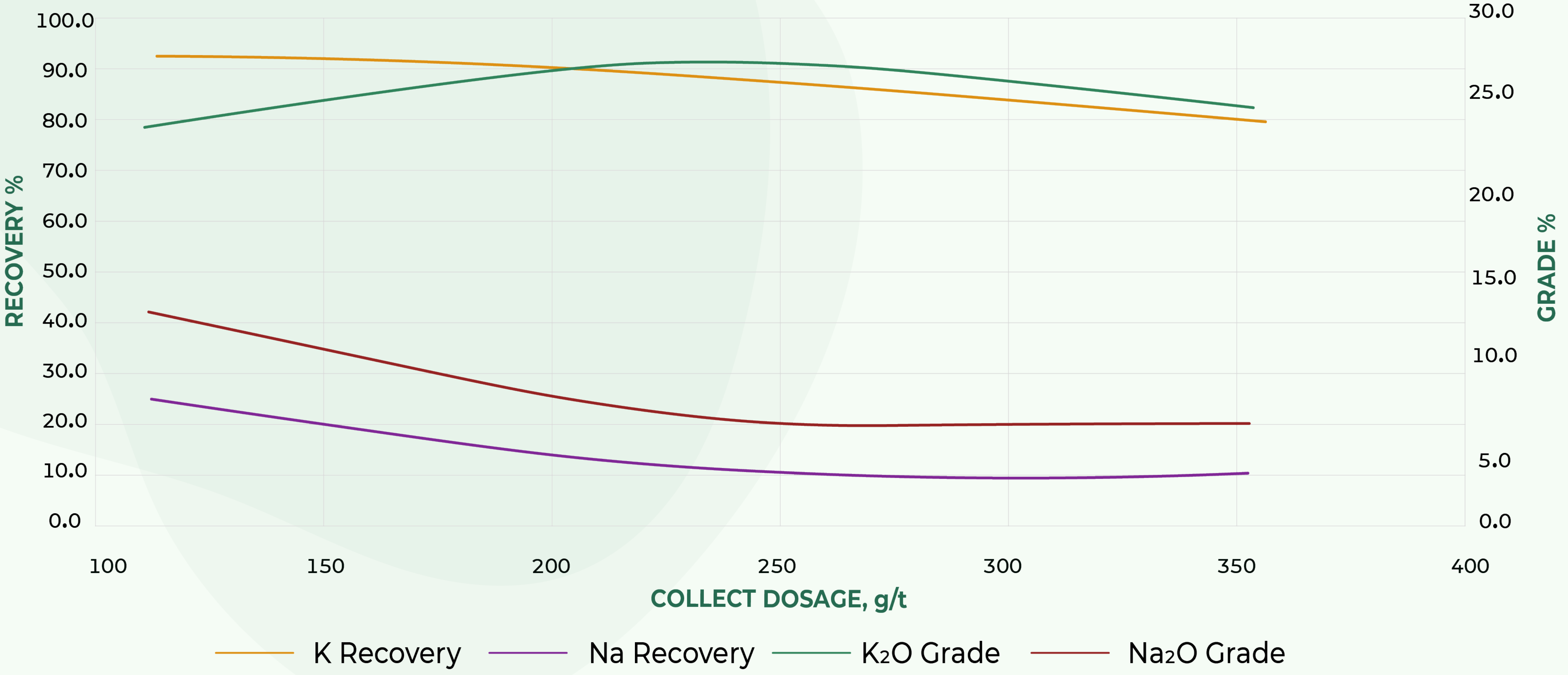
Armac HT

- Good recovery of KCl and fair recovery of Kainite
- Good rejection of NaCl and Kieserite

Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

STAGE 1: REAGENT SELECTION

Optimization of collector dosage for Kainite, showing good K recovery and good NaCl rejection:



Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

STAGE 2: COLUMN FLOTATION

- Stage 1 tests were done using conventional (Denver) lab flotation equipment.
- Column flotation is the preferred technology for Colluli ores, and gives the best combination of high recovery and low impurities.
- Testing in Stage 2 was performed using column flotation. The results were successful and the measured recoveries are being used in the mass balance.
- Column flotation will be used exclusively for processing Colluli ores.
- Column flotation of fine potash has a proven track record in the Canadian potash industry.

Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

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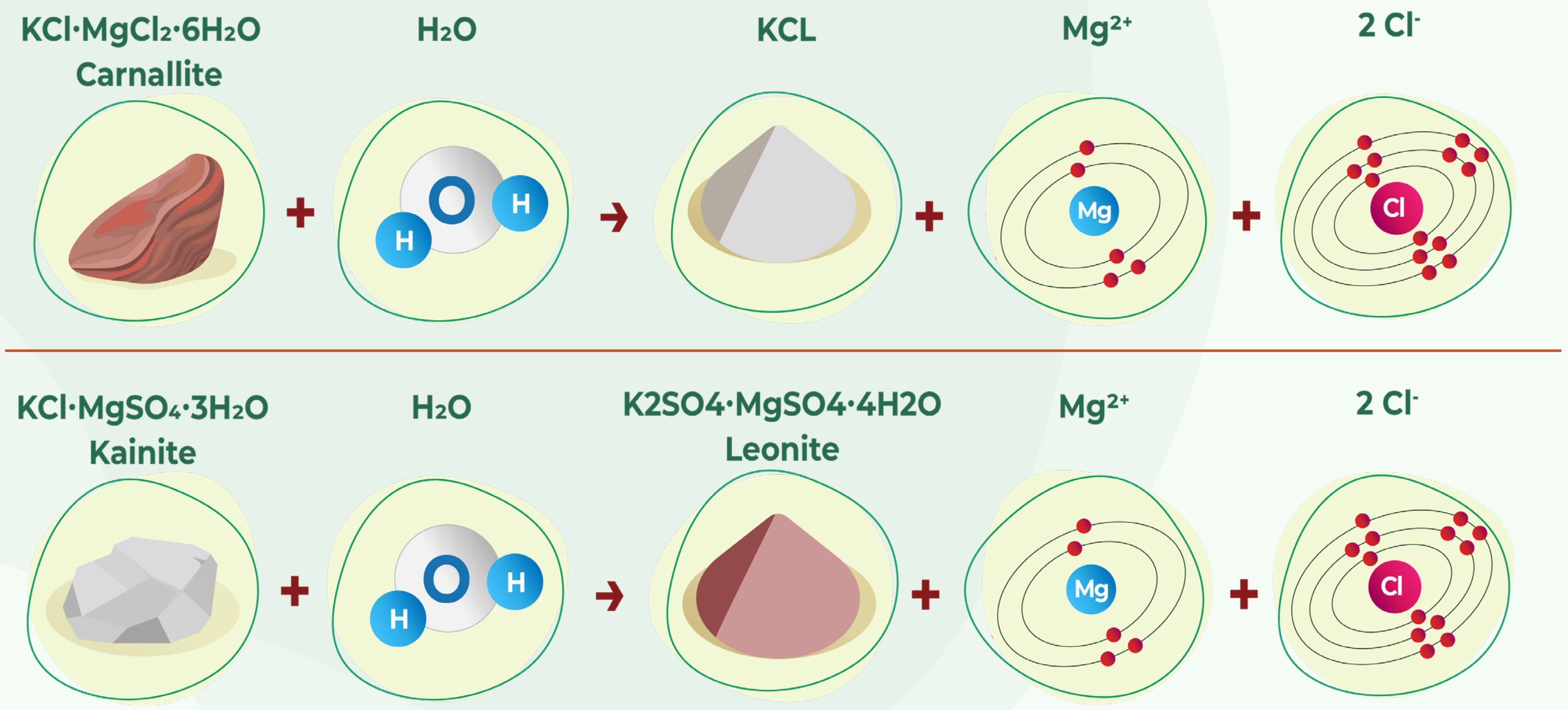
EQUIPMENT TESTING: DECOMPOSITION KINETICS

- Carnallite decomposes into KCl, while Kainite decomposes into Leonite, according to:

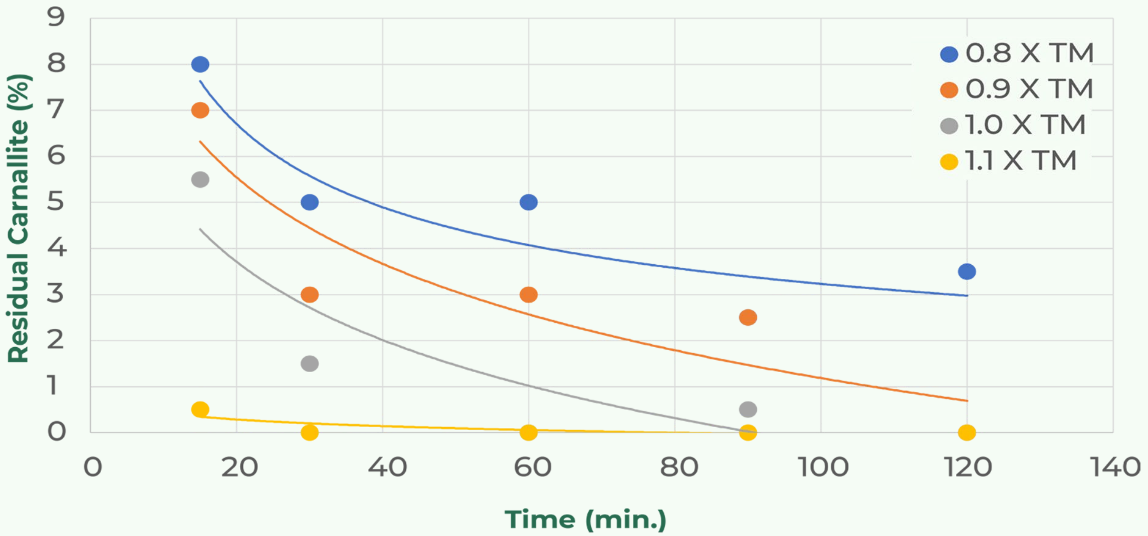


- Decomposition is a function of time and the amount of excess brine, relative to the theoretical minimum (TM).
- The kinetics must be understood for correct tank sizing, and for the mass balance.

Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

EQUIPMENT TESTING - CARNALLITE

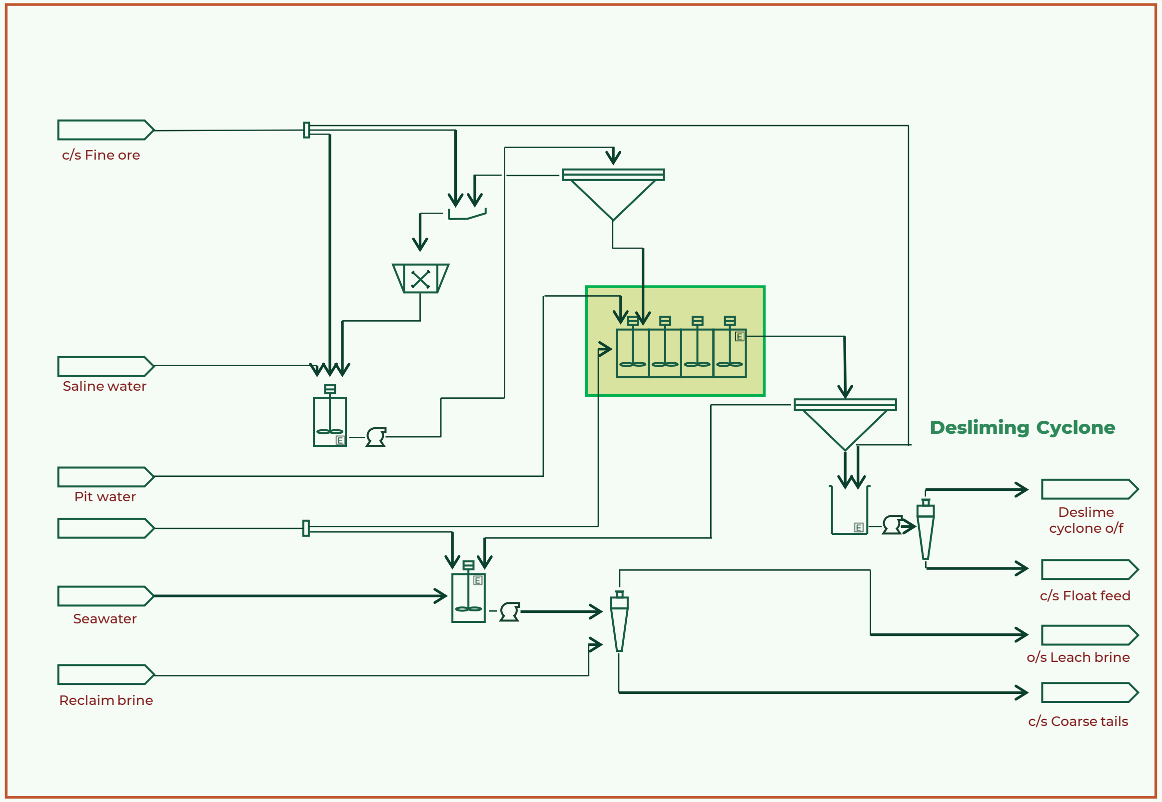
CARNALLITE DECOMPOSITION



Kinetic experiments for Carnallite decomposition

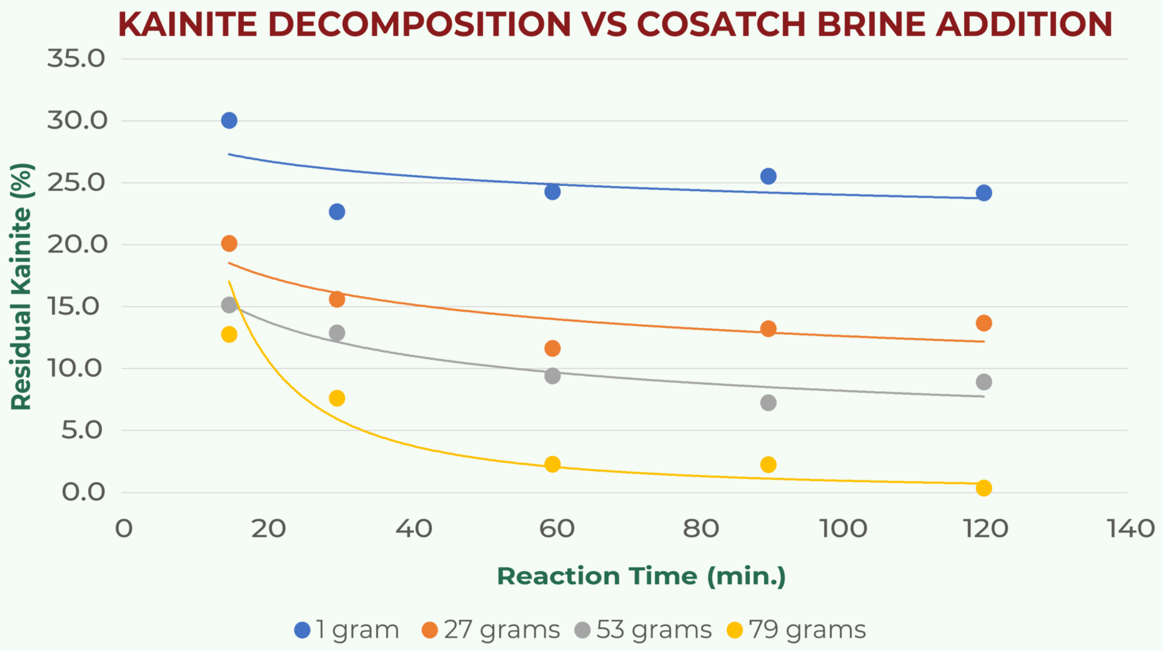
DECOMPOSITION CIRCUIT IN THE COLLULI PROCESS

TWO-HOUR RETENTION TIME INCLUDED IN DESIGN

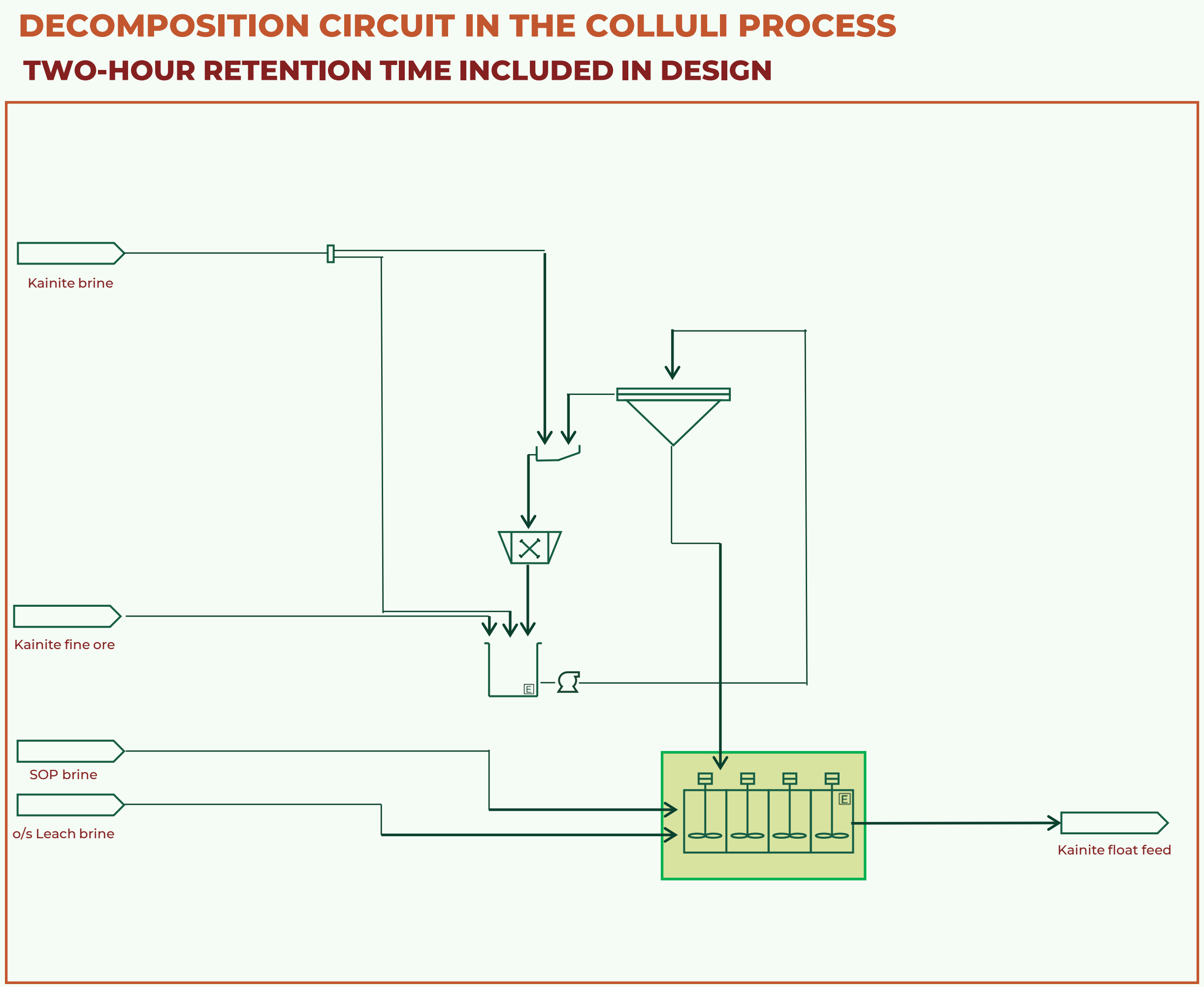


Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

EQUIPMENT TESTING - KAINITE



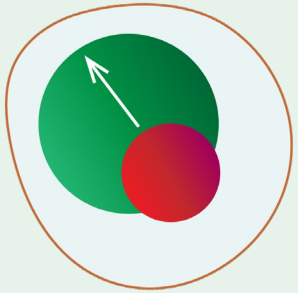
Kinetic experiments for Kainite decomposition.



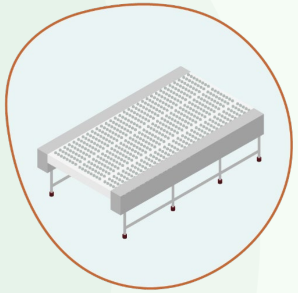
Decomposition Circuit in the Colluli Process

Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

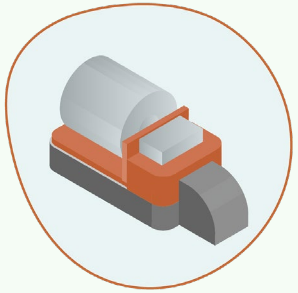
EQUIPMENT TESTING: PARTICLE SIZES



- The particle size of crystallized Leonite, KCl and SOP is critical to our success.
- The particle size can be influenced by the kinetics of nucleation and crystal growth via:
    - Seeding
    - Reducing the nucleation driving force by dilution
    - Addition of reactant over multiple stages



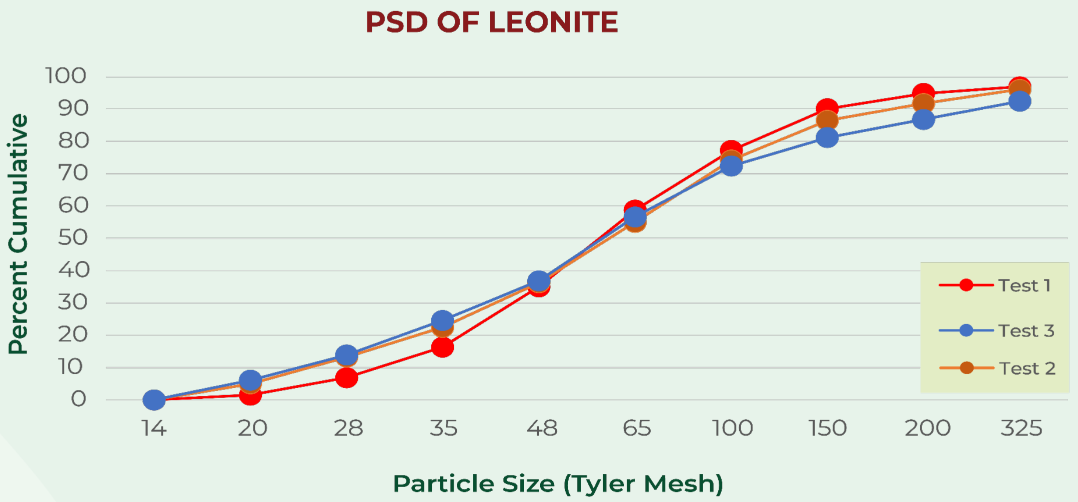
- Effective solid/liquid separation with a screen bowl centrifuge requires a D50 of about
- 65 mesh Tyler (0.2 mm)



- Experiments were designed to develop a process for crystal growth that would enable the use of screen-bowl centrifuges.

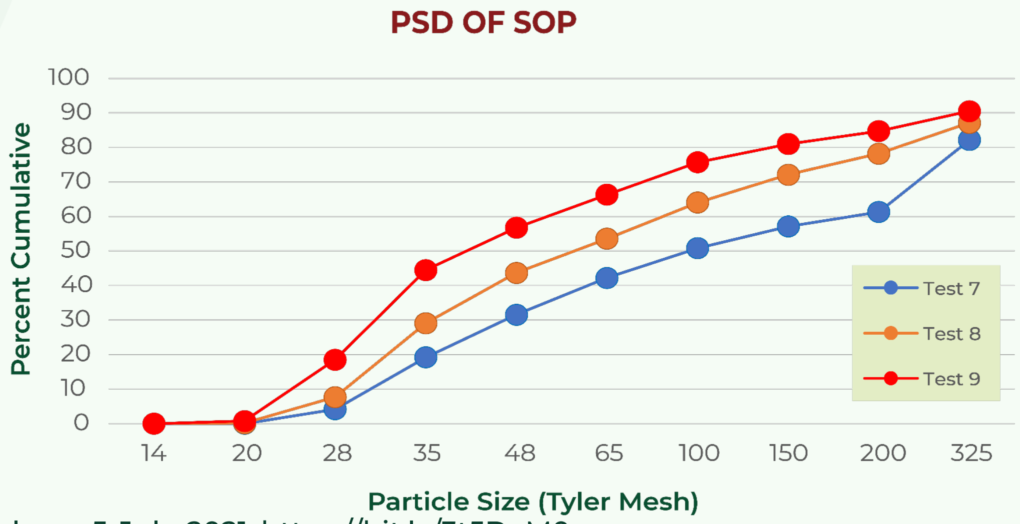
Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

EQUIPMENT TESTING: PARTICLE SIZES



Leonite – results achieved by distributing the decomposition brine over multiple stages.

SOP – results achieved by adding a dilution brine, in addition to distribution of decomposition brine over multiple stages.



Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

SOP PRODUCTION

- Preliminary specifications have been developed, in consultation with our offtake partner.

TYPICAL

K_2O (%) 51.0

Chloride (%) 0.5

GUARANTEE

K_2O (%) 50

Chloride (%) <1

- Testing in 2015 proved that SOP could be made from Colluli ore, but only at high water rates, and with RO water. The process developed in 2021 assures high quality product, and is made only using seawater.

Source: DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

COLLULI PRODUCT QUALITY WILL COMPARE FAVORABLY WITH COMPETITORS

PRODUCER		Chemical Composition	Unit	Typical	Guarantee
Tessenderlo Kerley	Tessenderlo Granular	K_2O	%	50.2	Min. 50
		Cl	%	2.3	Max. 2.5
		H_2O	%	0.2	
		SO_4	%	54.0	
K+S	K + S KaliSOP Granular	K_2O	%		50
		SO_4 *	%		54
		SOP	%	93	
		Other Sulfates	%	3	
		Chlorides (KCl, NaCl)	%	2	
		Other (incl. H2O)	%	2	
		Chloride	%	1.2	
Compass Minerals	Compass Ag Granular	K_2O	%	51	50
		Chloride	%	0.3	Max. 0.8
		Magnesium	%	0.6	
		SO_4	%	53	
		Sulfur (S) **	%	18	17.0
		H_2O	%	0.2	

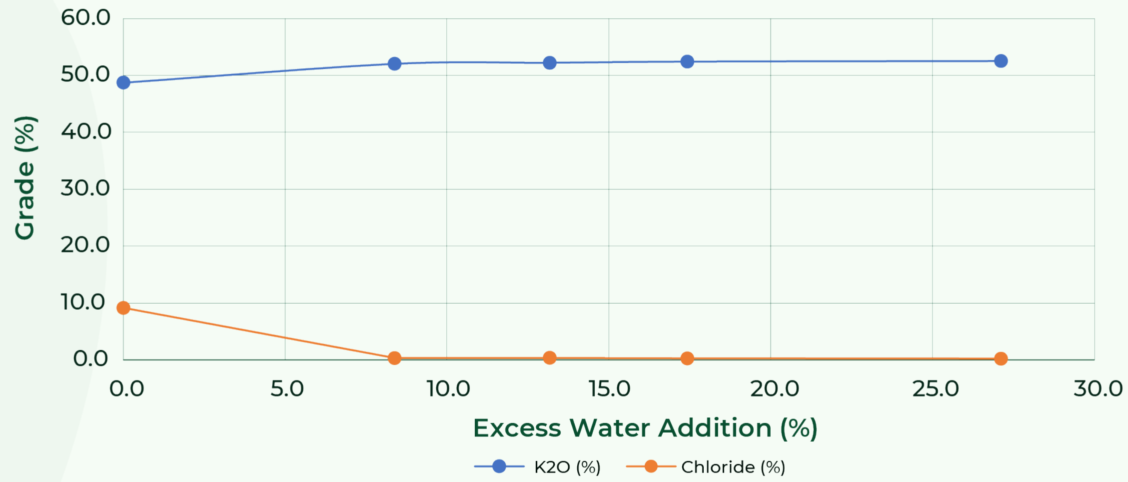
Source: Respective corporate website accessed December, 2020

SOP PRODUCTION

The new method for production of SOP includes:

- Pulping the Leonite:KCl mixture in a decomposition brine
- Recovery of the resulting solids
- Re-pulping in seawater
- Brine displacement and recovery of SOP solids

GRADE (K_2O AND CHLORIDE) AS A FUNCTION OF EXCESS WATER



Wash Total	XS Wash (%)	K_2O (%)	Chloride (%)
165.16	0.0	48.7	9.15
179	8.4	52.0	0.33
186.92	13.2	52.2	0.36
193.93	17.4	52.4	0.27
209.93	27.1	52.5	0.22

Source: Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

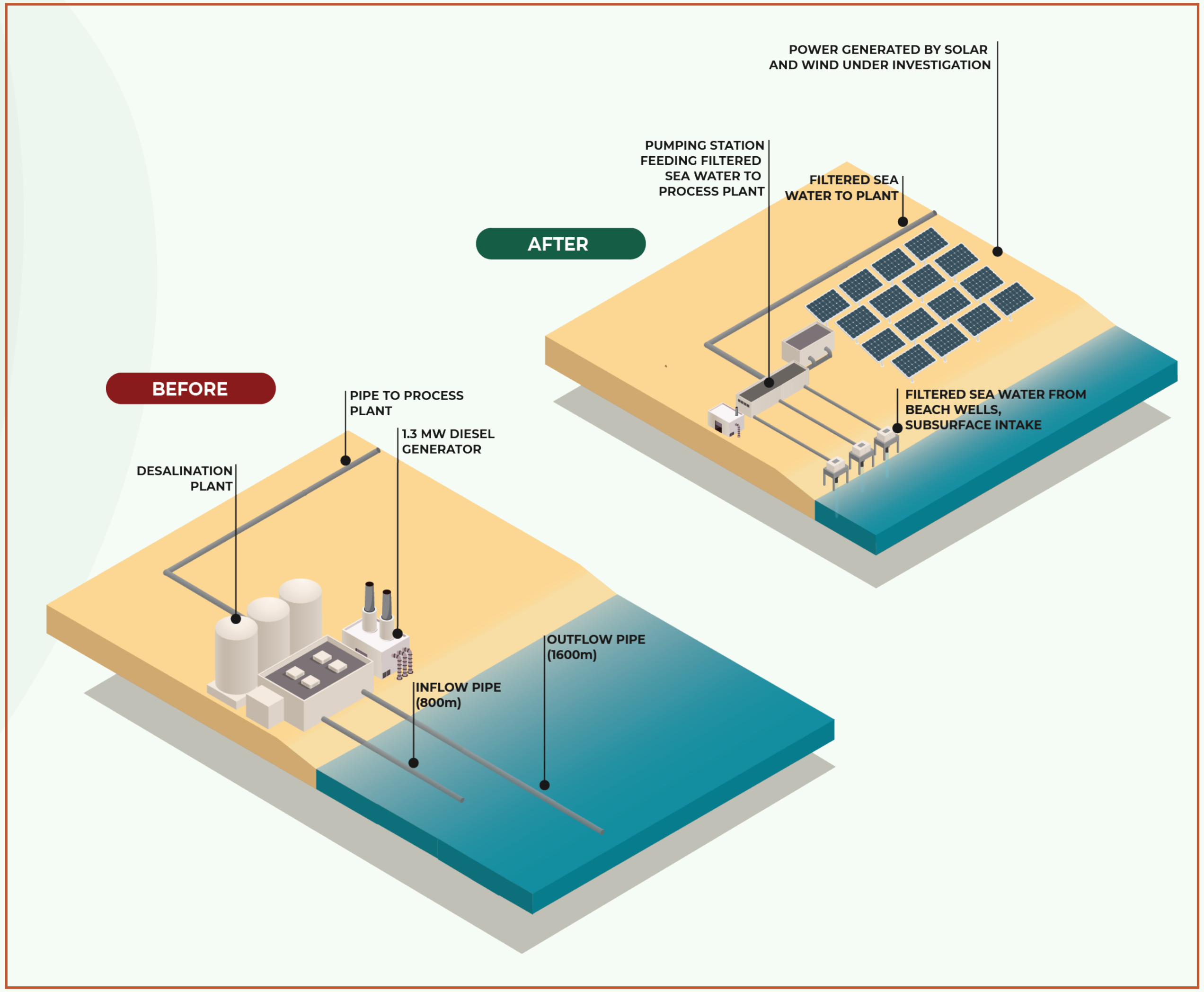
SOP PRODUCTION

Conversion of the SOP Production process to seawater only has a major impact on the environmental footprint of Colluli by:

- Reduced energy consumption for the production of RO water.
- Elimination of the discharge of saline water into the Red Sea
- Less equipment and smaller footprint at the WITA.

In addition to the environmental benefits, the change will have a positive impact on Colluli economics by:

- Reduced capital costs
- Decreased operating costs for energy.



Source: DNK ASX Release 27-May-2021, https://bit.ly/3MQRujI

KEY OUTCOMES OF PROCESS DEVELOPMENT

Development of a robust strategy for processing Colluli ores by froth flotation.

Co-processing of Carnallite and Sylvinite, which reduces front-end crushing costs.

Determination of specific conditions for successful flotation (crush size, collector type and dosage, type of equipment, etc.)

Insertion of an oversize leach step to effectively recover the poorly liberating Sylvinite ore.

Elimination of the need for desliming equipment for Kainitite ore.

Development of a strategy for managing NaCl in the flotation concentrate.

Development of a process for SOP production, which provides a high purity SOP final product.

Conversion to SOP by seawater only thereby:

- Providing a reduced environmental footprint at the WITA
- Eliminating the RO plant at the WITA
- Reducing capital costs.

All performance information has been included in the mass balance (Rev3) which will be used for detailed design.

Source: QEMSCAN & Saskatchewan Research Council test results 2021 as referred to in DNK ASX Release 5-July-2021, https://bit.ly/3t5DeM0

OTHER PRODUCTS FROM COLLULI

At the present time, our focus is on SOP production with the goal of quickly generating a return on investment through SOP sales. In addition, project economics are based on sale of SOP only.

However, in the long term, Colluli has the potential to make several other products including:

- Potash (MOP)[1]
- Potassium Magnesium Sulfate (SOPM)[1]
- Rock Salt
- Gypsum
- Kainite
- Bischofite (Magnesium production)

Long-term development of a port at Anfile Bay (87 km from site) will improve the economics of all products and byproducts from Colluli

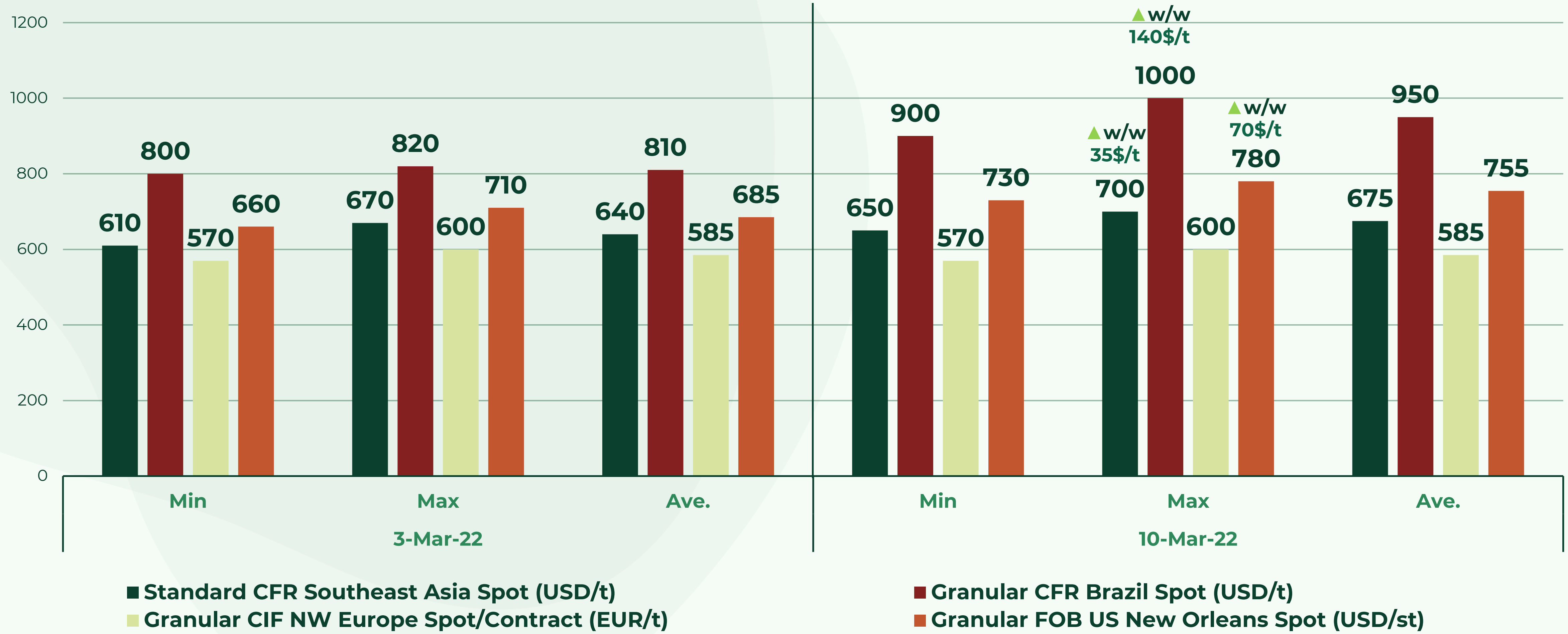
Source: DNK ASX Release 29-Jan-2018, https://bit.ly/3w2BKE4, DNK ASX Release 7-Dec-2021 https://bit.ly/3MPnQLn, DNK ASX Release 21-Dec-2021 https://bit.ly/35Q0XHj

INDICATIVE PLANT LAYOUT 2018

Source: Colluli FEED, 2018

KEY POTASH PRICE CHANGES (MARCH 2022)

Brazil's MOP prices soar $140/t on Russian supply shock



Source: CRU Potash Weekly Report, March 2022

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About Danakali

Danakali Limited (ASX: DNK) (Danakali, or the Company) is an ASX listed potash company focused on the development of the Colluli Sulphate of Potash Project (Colluli or the Project). The Project is 100% owned by the Colluli Mining Share Company (CMSC), a 50:50 joint venture between Danakali and the Eritrean National Mining Corporation (ENAMCO). The Project is located in the Danakil Depression region of Eritrea, East Africa, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest known potash deposit. The resource is amenable to open cut mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining, and is highly advantageous for modular growth.

The Company has completed a Front-End Engineering Design (FEED) for the production of potassium sulphate, otherwise known as Sulphate of Potash or SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride (or MOP). Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The resource is favourably positioned to supply the world's fastest growing markets. A binding take-or-pay offtake agreement has been confirmed with EuroChem Trading GmbH (EuroChem) for up to 100% (minimum 87%) of Colluli Module I SOP production.Development Finance Institutions, Africa Finance Corporation (AFC) and African Export Import Bank (Afreximbank), have obtained formal credit approval to provide CMSC with US$200M in senior debt finance. The credit documentation was executed in December 2019, allowing drawdown of CMSC senior debt on satisfaction of customary conditions precedent. This represents the majority of funding required for the development and construction of the Colluli.

Project execution has commenced, and the Company's vision is to bring Colluli into production using the principles of risk management, resource utilisation and modularity, using the starting module (Module I) as a growth platform to develop the resource to its full potential.

Forward looking statements and disclaimer

The information in this document is published to inform you about Danakali and its activities. Danakali 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 document, 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 guarantees 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 Colluli will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. 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 document. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve, production target, forecast financial information and financial assumptions made in this announcement are consistent with assumptions detailed in the Company's ASX announcements dated 25 February 2015, 23 September 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.

No representation or warranty, express or implied, is or will be made by or on behalf of the Company, and no responsibility or liability is or will be accepted by the Company or its affiliates, as to the accuracy, completeness or verification of the information set out in this announcement, and nothing contained in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Company and each of its affiliates accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement or any such statement.

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% K20 Equiv. and 7% Kieserite. The Mineral Resource contains 303Mt @ 11% K20 Equiv. and 6% Kieserite of Measured Resource, 951Mt @ 11% K20 Equiv. and 7% Kieserite of Indicated Resource and 35Mt @ 10% K20 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.

Competent Persons Statement (Magnesium Chloride)

Production performance, including the by-product Magnesium Chloride, was modeled with the Mass Balance by Global Potash Solutions (GPS) using the software SysCAD. GPS was on the management team responsible for overseeing the research program and ensured that the Mass Balance accurately reflects the results of the research. Development of the Mass Balance was supervised by Don Larmour, CEO and founder of Global Potash Solutions. Mr. Larmour is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan (SK, Canada) with over 41 years of experience in the potash industry.

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 by 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.

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For more information, please contact:

Danakali

Mark Riseley
Head Of Corporate Development
+61 8 6266 8368

Seamus Cornelius
Executive Chairman
+61 8 6266 8368

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Thank you

Questions