



DANAKALI

ASX announcement

Friday, 20 July 2018

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LSE listing investor presentation

Danakali Limited (ASX: DNK / LSE: DNK) (**Danakali**, or the **Company**) is pleased to release an investor presentation for the purpose of supporting investor relations activities around the Company's upcoming London Stock Exchange listing.

The presentation materials are attached to this announcement.

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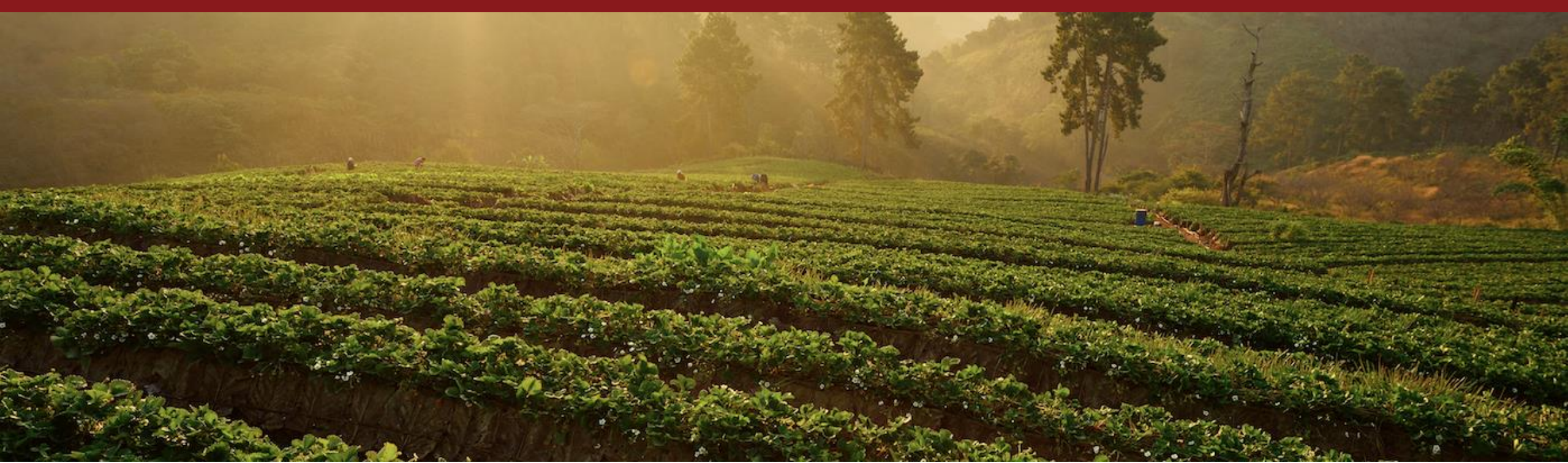
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DANAKALI

create. nurture. grow.

LSE listing Investor presentation

July 2018

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Danakali corporate snapshot

Danakali is developing the Colluli Potash Project, a world class greenfield SOP development project

- Strong share price performance during the progression of the Colluli study phase
- Supportive major shareholders
- Member of the ASX All Ordinaries Index
- Expected to commence trading on the LSE on 24 July 2018

Share price and liquidity since January 2015



Capital structure (ASX: DNK / LSE: DNK)

As at 18 July 2018	A\$ (actual)	£ (equiv.)
Share price	A\$0.84	£0.47
Shares on issue ¹	263.8M	
Market capitalisation	A\$221.6M	£124.1M
Cash (31-May-18)	A\$14.8M	£8.3M
Debt (31-May-18)	-	-
Enterprise value	A\$206.8M	£115.8M

Key shareholders

Well Efficient Chinese private equity	13.2%
JPMorgan AM UK Global fund manager	7.6%
Capital Group Global fund manager	6.3%
Seamus Cornelius Chairman	3.8%
Paul Donaldson Non-Executive Director	1.1%

Source: BellDirect

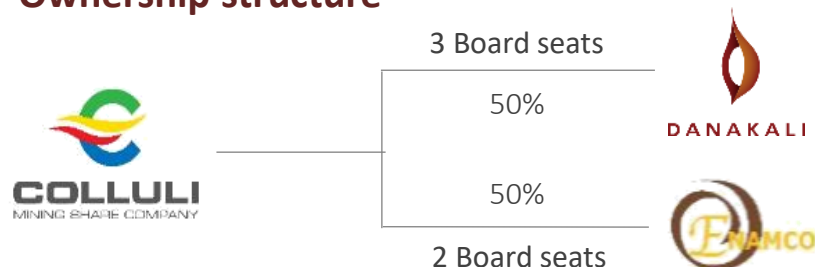
¹ "Shares on issue" does not include 3.84M unlisted options with exercise prices ranging from A\$0.543 to A\$0.96 and expiry dates ranging from 4-Nov-18 to 19-May-20, or 1.373M performance rights

Colluli overview

Strategically located SOP development project with all material permits in place

- Located in the Danakil Depression on the Eritrean side of the Eritrea-Ethiopia border
- Colluli is 50% owned by Danakali and 50% owned by ENAMCO¹
- Colluli will be developed utilising a modular development approach
 - Module I to produce 472ktpa of premium SOP¹
 - Module II to commence production in year 6 of the Project and increase total SOP production to 944ktpa¹

Ownership structure²



¹ ASX announcement 29-Jan-18

² Danakali's disclosed economics reflect the dynamics of the Shareholder's Agreement

Location

Closest known SOP deposit to a coastline



Danakali investment case

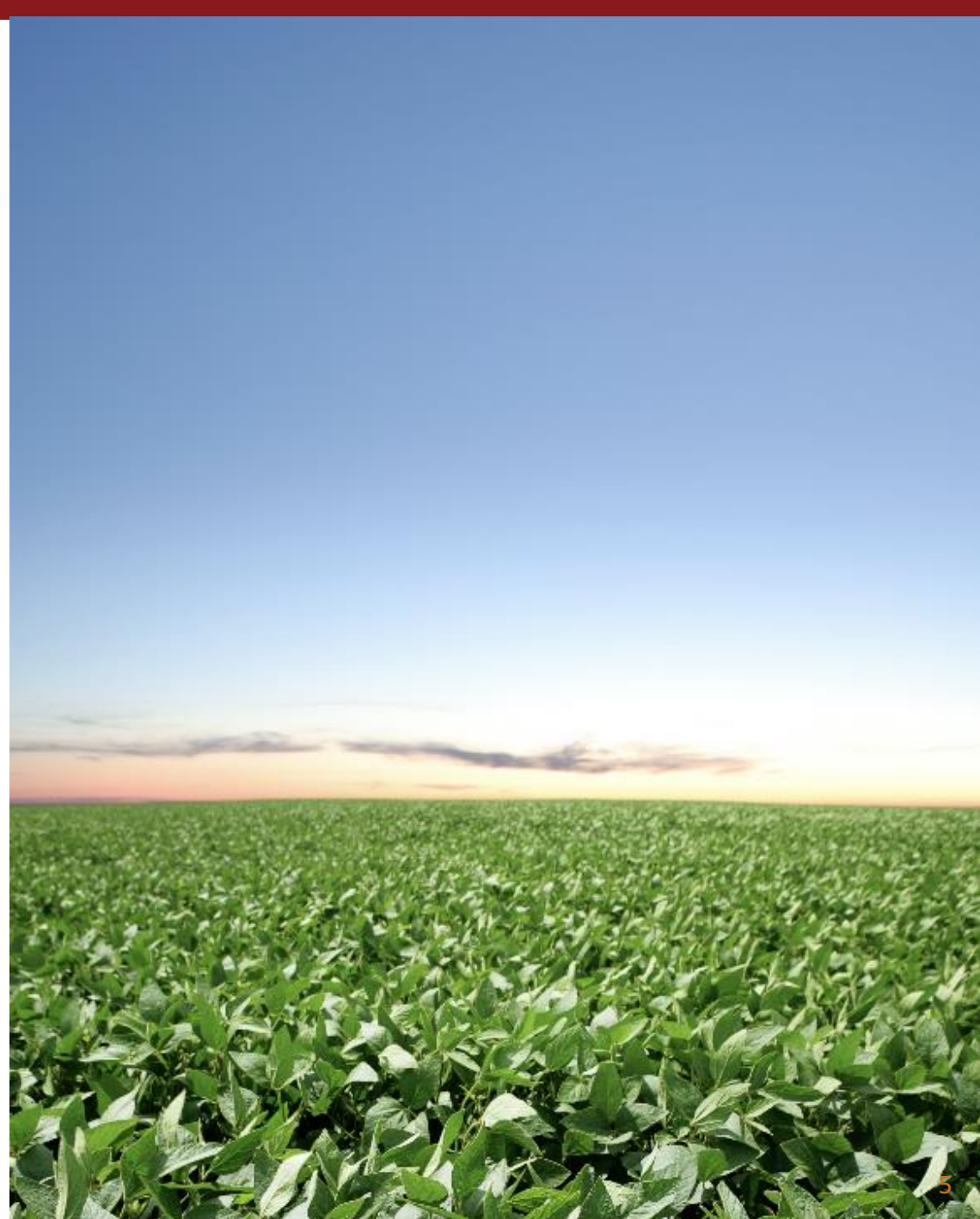
- Binding offtake agreement for up to 100% (minimum 87%) of Module I SOP production with EuroChem¹
- FEED confirmed an advanced stage and economically attractive SOP greenfield development²
- All material permits in place³
- 1.1Bt Ore Reserve and almost 200 year mine life⁴
- Shallow mineralisation allowing low cost open-cut mining
- Simple, proven, low cost processing
- Favourable logistics
- Expansion, diversification and multi-commodity potential
- Significant economic, social, community and environmental benefits

¹ ASX announcement 12-Jun-18

² ASX announcement 29-Jan-18

³ ASX announcement 1-Feb-17

⁴ ASX announcements 29-Jan-18 and 19-Feb-18



Colluli's attributes

Suite of attributes that allows for simple, proven, low risk and low-cost mining, processing and logistics, and outstanding project economics



Mining



Processing

Crushing → Flotation → Mixing → Drying

Logistics

- Massive 1.1Bt Ore Reserve¹
- Shallowest evaporite deposit in the world
- Simple, low cost, open-cut mining
- Conventional truck and shovel methods utilised, complemented by continuous surface miners

- Simple, energy efficient, commercially-proven processing
- Unique and favourable combination of potassium bearing salts
- Colluli salt composition ideal for low energy, high yield conversion to SOP at ambient temperatures
- No pre-evaporation ponds necessary, reducing capex requirements and time to revenue

- Closest SOP project to a coastline
- Favourable logistics unlock product diversification potential
- 230km by road to the well-established Massawa port
- 75km to Anfile Bay, potential site for future port development

Other SOP greenfield development projects typically face challenges such as depth of ore body, brine complexities, lack of scale, inconsistent grade, high energy processing, extensive evaporation pond requirements, and/or great distances to export facilities

FEED overview

FEED completion confirms Colluli as an advanced stage and economically attractive project relative to other SOP greenfield development projects

- Considerably higher level of accuracy than DFS with enhanced project economics⁹
- Industry leading capital intensity
- Forecast first quartile operating costs
- Project level NPV of US\$902M with IRR of 29.9% for Modules I & II
- Critical milestone for finalisation of offtake (complete) and debt processes (in progress)
- Expansion, potash diversification and multi-commodity potential could provide major additional upside

Key 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)	US\$242M	US\$439M
Post finance IRR	29.7%	31.3%

1 ASX announcement 29 January 2018

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

9 ASX announcement 30 November 2015

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

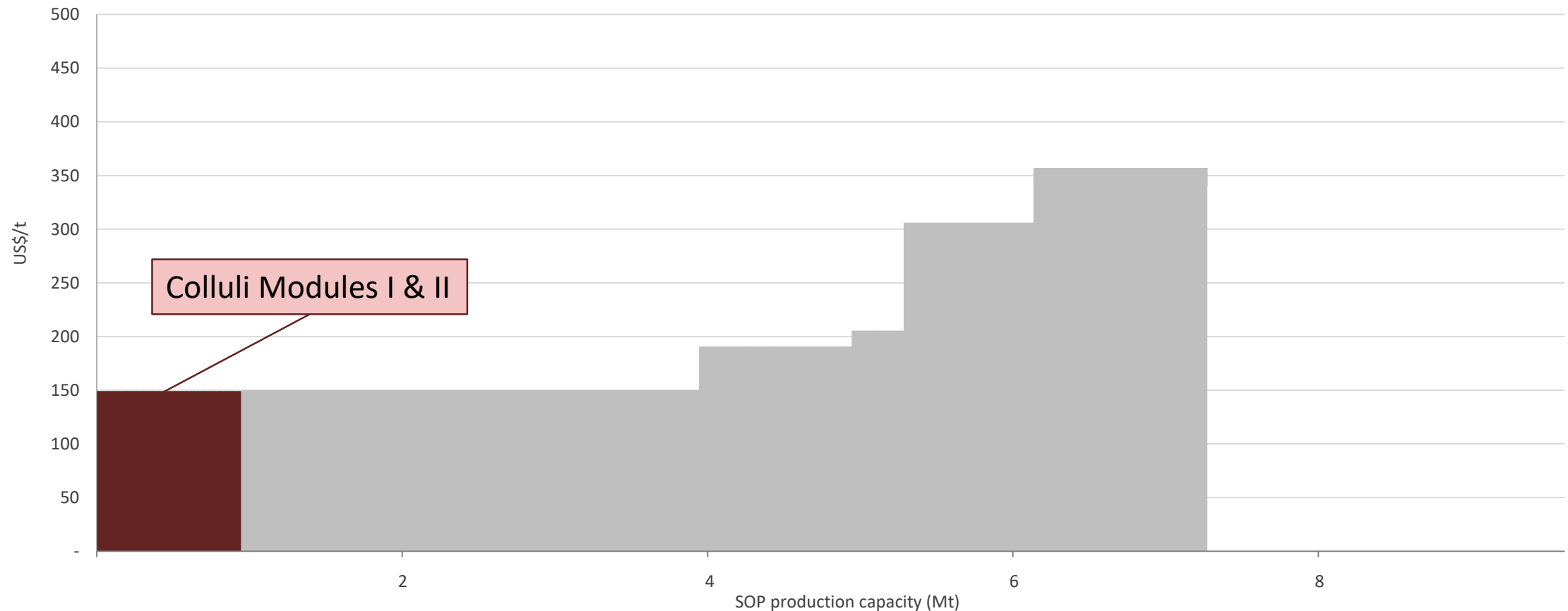
4 Module II production expected to commence in year 6

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

Forecast first quartile operating costs

If operating in 2018, Danakali would be one of the lowest cost SOP producers

Global SOP mine gate production costs in 2018 (US\$/t)



Offtake, funding and project execution

With the Project's study phase complete and binding take-or-pay offtake in place, Danakali is focusing on project funding and execution

Colluli's progression since 2015 – study phase¹

✓ PFS completed
✓ Successful completion of Colluli SOP pilot test program
✓ DFS completed
✓ Rock salt, SOP-M and kieserite also established as viable Colluli products
✓ Social and Environmental Impact Assessment approved
✓ Mining Agreement signed and Mining Licences awarded – material permits in place
✓ Operational contract processes commenced
✓ FEED completed

Focus areas – project execution phase¹

Offtake	<ul style="list-style-type: none"> • Binding take-or-pay offtake • Work with EuroChem on offtake logistics 	Complete In progress
Project funding	<ul style="list-style-type: none"> • Dual listing on the LSE • Finalise arrangements with commercial lenders 	Imminent In progress
EPCM, Mining & Power	<ul style="list-style-type: none"> • Finalise negotiations with shortlisted and preferred providers 	In progress
Operations readiness	<ul style="list-style-type: none"> • Progress systems and structures to position Danakali and CMSC for development and production 	Ongoing
CSR	<ul style="list-style-type: none"> • Ongoing adherence to established international standards • Continue to regularly engage with local communities and stakeholders 	Ongoing Ongoing

¹ ASX announcements 4-Mar-15, 3-Aug-15, 23-Sep-15, 30-Nov-15, 10-Feb-16, 15-Aug-16, 6-Dec-16, 12-Jan-17, 1-Feb-17, 7-Aug-17, 29-Jan-18, 31-Jan-18, 12-Jun-18,

Binding offtake agreement with EuroChem¹

Danakali has paved the way: no other known take-or-pay offtake agreements in the SOP industry today

- EuroChem will take, pay, market and distribute up to 100% (minimum 87%) of Colluli Module I SOP production
 - CMSC has the option to sell up to 13% through alternative sales channels to facilitate price discovery
- 10 year term from the date of commissioning of the processing plant
 - Option to extend for 3 years if mutually agreed
- Instrumental in providing cash flow certainty and unlocking project funding
- Additional agreement for EuroChem to provide technical support to the Project

EuroChem overview²



- Leading global producer of nitrogen, phosphate and potash fertilisers, as well as certain industrial and mining products
- Aiming to be one of the world's top 5 fertiliser producers – by both nutrient capacity and profitability
- Vertically integrated with activities spanning mining, fertiliser production, logistics and distribution
- CY2017 revenue of US\$4.9B and EBITDA of US\$1.1B
- **Outstanding partner with global reach and extensive fertiliser expertise and experience**

¹ ASX announcement 12-Jun-18

² <http://www.eurochemgroup.com/en/home/#>

Project funding

Debt and equity strategies well established and progressing

Debt

- Debt funding process has formally commenced
- Provision of a Debt Information Memorandum to potential financiers
 - Provides detailed project information and seeks non-binding expressions of interest from potential financiers
- Focus on commercial lenders, development financial institutions and export credit agencies

Key debt enablers:

- Binding, take-or-pay offtake agreement ✓
- Operational contract finalisation – in progress
- Completion of debt funder due diligence – in progress

Equity

- Admission and trading is expected to commence at 8.00am BST on 24 July 2018
- Listing expected to:
 - increase reach to institutional investors in the UK, Europe, Africa and the Middle East;
 - increase share trading liquidity; and
 - further raise the profile of Colluli
- The Company's Ordinary Shares will remain listed on the ASX

Key equity enablers:

- Offtake agreement ✓
- LSE dual listing ✓
- Debt funding – in progress

Project execution – EPCM

The phased EPCM project execution process can commence once the preferred EPCM contractor and funding is finalised

Phase 1 FEED review

- Mobilise EPCM owner's team
- Critical review of FEED in context of EPCM methodology
- Finalise geotechnical test work
- Purchase critical equipment

Phase 2 Capital estimate and schedule

- Complete updates to scope of work
- Investigate optimisation opportunities
- Develop optimal execution strategy
- Review and agree on capital estimate and schedule

Phase 3 Detailed engineering

- Engineering design, development and drafting completed
- Develop vendor packages and purchase vendor data
- Development and finalisation of site contracts

Phases 4-6 Procurement, construction and project management

- Complete procurement
- Construction phase
- Commissioning and ramp-up

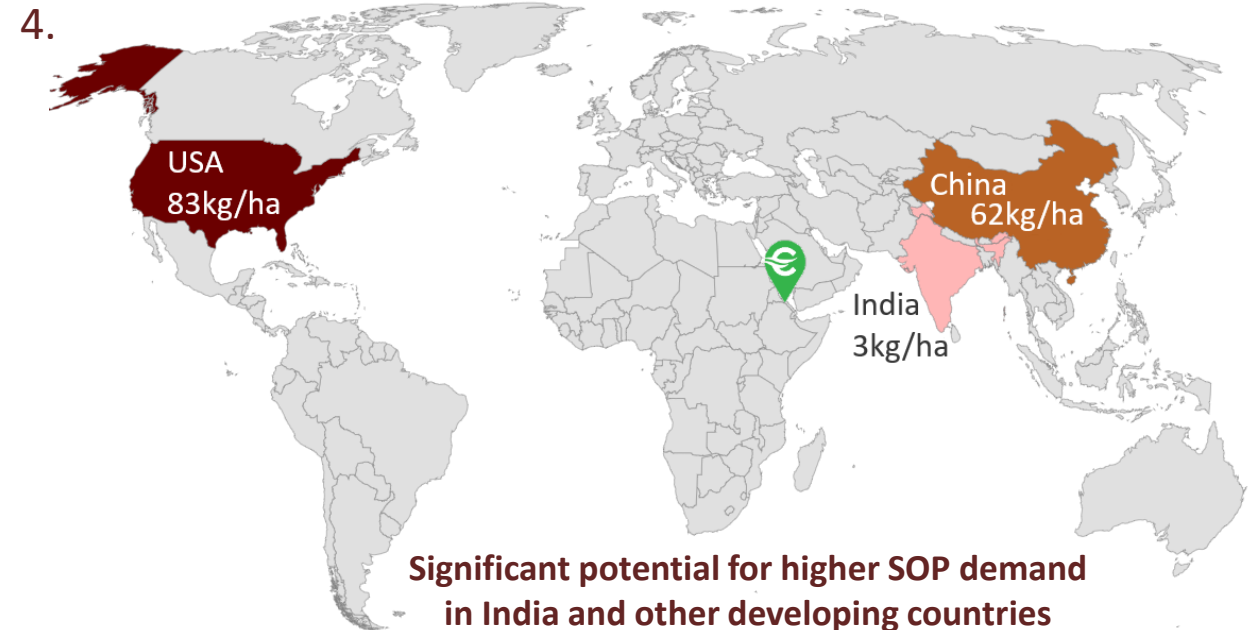
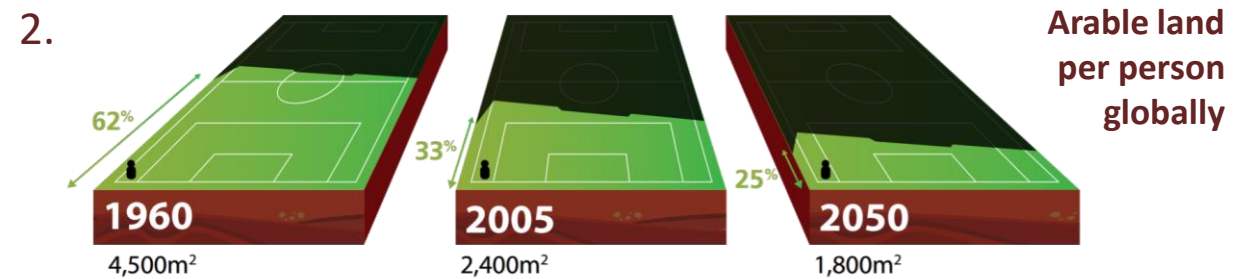
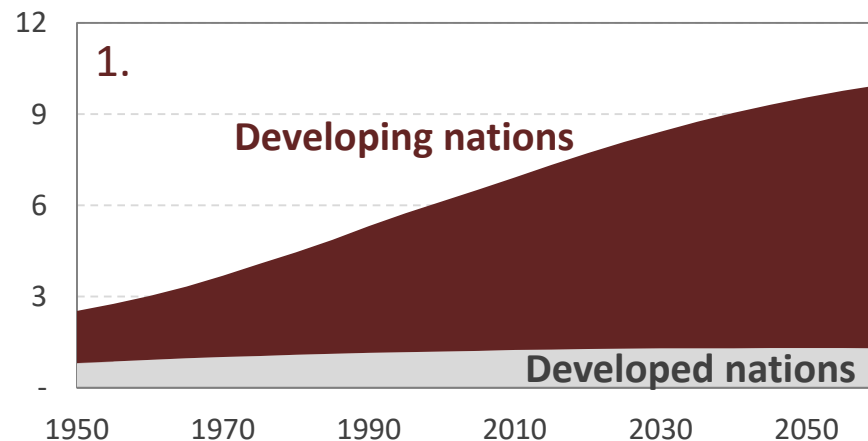
SOP – demand drivers

The SOP market is growing and profitable

Key demand drivers:

1. Global population growth
2. Reduction in arable land per capita
3. Changing dietary preferences
4. Under-application in developing countries
5. Water availability

Population (Billions)



SOP – sound market fundamentals

Demand growth continuing to outpace low cost supply growth

Primary production

- Economically exploitable resources are geologically scarce
- Limited new low cost development projects at an advanced stage

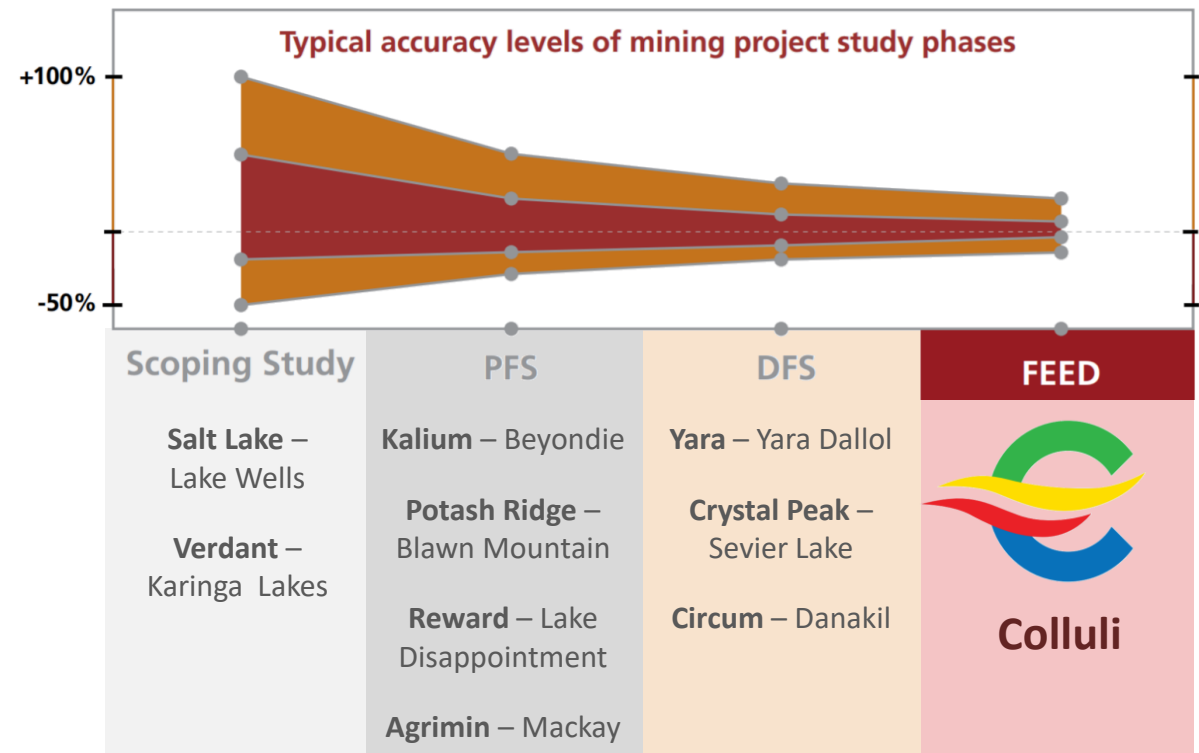
Secondary (Mannheim Process) production

- Ample capacity, but production constrained by:
 - hydrochloric acid (HCl) disposal issues;
 - environmental issues (water/energy); and
 - increasing production costs

China

- Largely self sufficient (supply \approx demand)
- Potash regarded as strategic commodity – export tariff of RMB600/mt (~US\$90/mt)

Colluli is the only known SOP greenfield development project that is materially fully permitted and has completed FEED



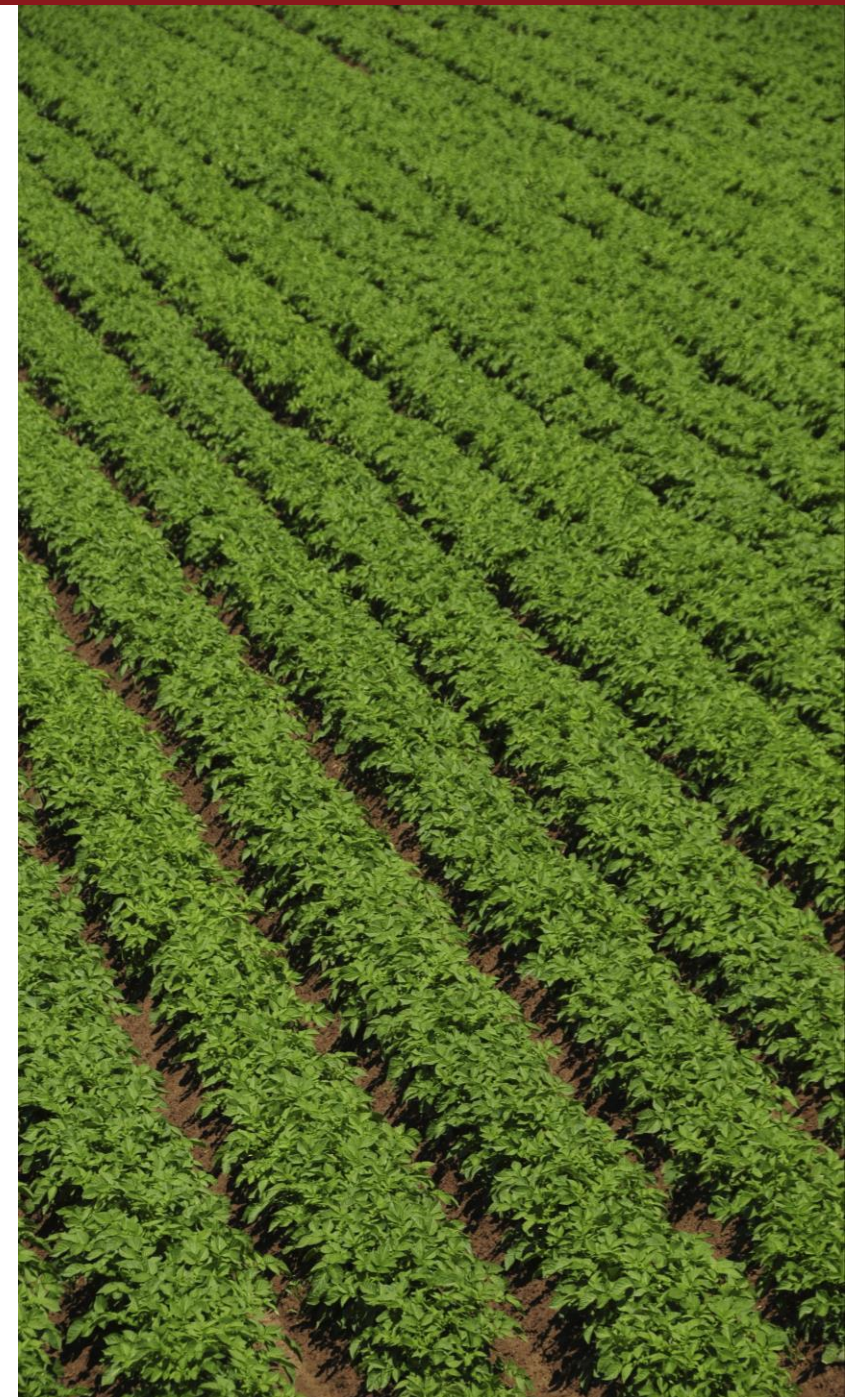
Selected SOP greenfield development projects

SOP – summary

The SOP demand/supply balance is forecast to tighten as global demand continues to exceed capacity growth

- Market outlook is positive – with secondary producers setting the price floor
- Significant upside potential exists in the market as:
 - Application rates of developing nations dramatically lag developed nations
 - Considerable untapped SOP demand potential in developing nations such as India and Brazil, and regions such as Southeast Asia and Africa
 - Agricultural efficiency becomes more necessary (reductions in arable land, saline soil management)
 - Lack of capacity investment in the market from existing producers

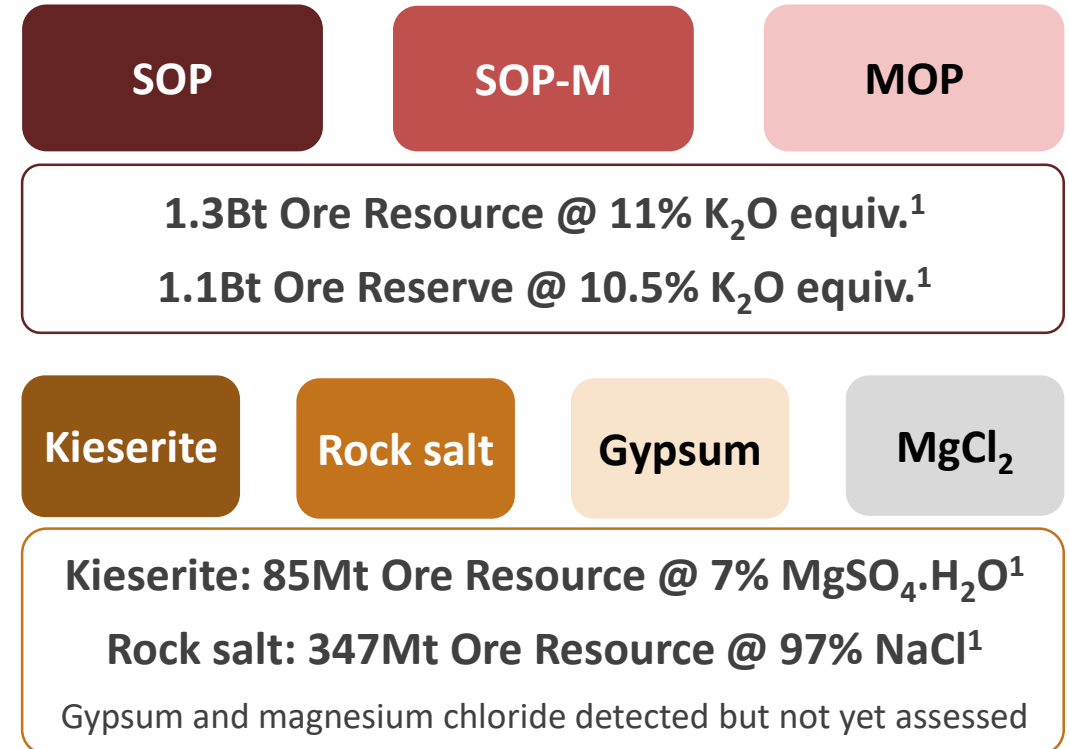
“The SOP market will become increasingly undersupplied in the coming years without capacity investment” – Integer Research




Multi-commodity potential

Modular development approach underpins scalable, long life project

- Almost 200 years of mining at FEED SOP production rates¹
- Low incremental growth capital for further modules given open-cut mining
- Favourable logistics
- Potassium salt combination suitable for production of SOP, SOP-M and MOP
- Appreciable amounts of rock salt (within overburden), gypsum, kieserite and magnesium chloride¹
- SOP-M and rock salt product specifications have been developed²



 **Significant expansion, potash diversification and multi-commodity potential not currently factored into FEED economics**

¹ ASX announcements 25-Feb-15, 23-Sep-15, 15-Aug-16 and 19-Feb-18
² Refer Danakali website for detailed specifications – <http://www.danakali.com.au/products>

Eritrea overview

Eritrea's development aspiration is to achieve rapid, balanced, home-grown and sustainable economic growth while ensuring social equity and justice

- Stable government with over 25 years of independence
- One of the fastest growing economies globally¹
 - Drivers include mineral exports, agricultural output and infrastructure development
- Only sub-Saharan African country to meet its Millennium Development Goals by 2015²
 - Large reductions in malaria, maternal mortality, and HIV/AIDs prevalence
 - Improved access to potable water and almost doubled adult literacy rates
- Government promotes principles of self-reliance

Government focus areas

Agriculture and food security	Human resources development	Education
Infrastructure development	Health	Social equity and justice

Prominent international companies operating in Eritrea



¹ World Bank, The Economist

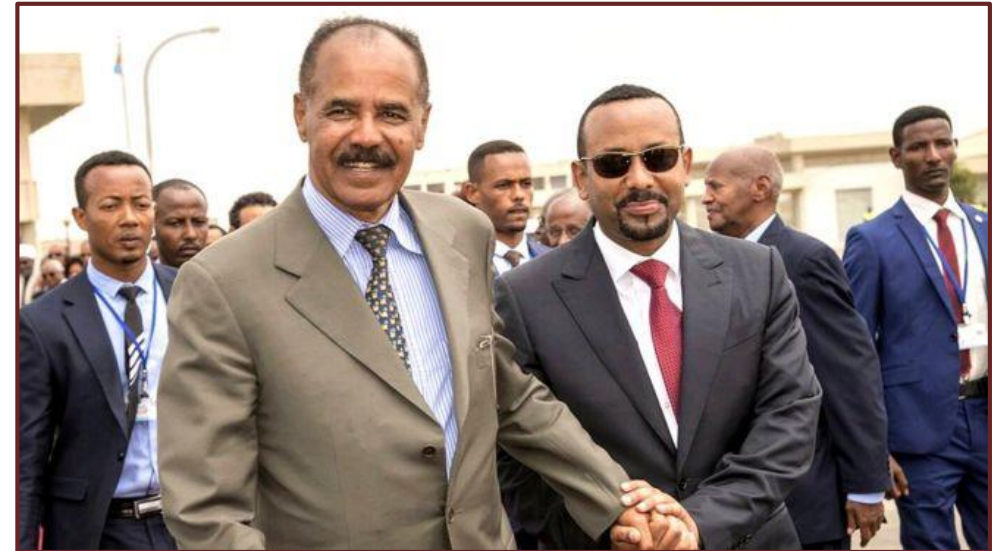
² World Health Organisation

Eritrea and Ethiopia

The two nations have recently made landmark progress towards peace and stability in the region

- Ethiopian Prime Minister Abiy Ahmed and Eritrean President Isaias Afwerki announced the re-establishment of diplomatic and trade ties¹
- First time the leaders of the countries have met in almost 20 years¹
- Prime Minister Abiy and President Isaias have agreed to reopen embassies in the respective capitals¹
- Leaders of both nations have signed a historic peace treaty²
- Ethiopia has submitted a request for the U.N. to lift Eritrean sanctions (primarily consisting of arms embargoes), with U.N. Chief Antonio Guterres also stating that sanctions may no longer be needed³

Eritrean President Isaias Afwerki (left) and Ethiopian Prime Minister Abiy Ahmed (right)⁴



The New York Times

Ethiopia and Eritrea Declare an End to Their War⁵

**BBC
NEWS**

Eritrea and Ethiopia to re-establish diplomatic ties¹

THE WALL STREET JOURNAL

Eritrea, Ethiopia Sign Historic Peace Deal²

¹ BBC News – Eritrea and Ethiopia to re-establish diplomatic ties – 9 July 2018

² The Wall Street Journal – Eritrea, Ethiopia sign historic peace deal – 9 July 2018

³ Bloomberg – Once Bitter Foes, Ethiopia and Eritrea Promise 'Bridge of Love' – 9 July 2018

⁴ Washington Post – 'Like a dream': Families separated for decades by Ethiopia-Eritrea conflict celebrate peace deal – 13 July 2018

⁵ The New York times – Ethiopia and Eritrea Declare and End to their war – 9 July 2018

Mining and investment in Eritrea

Eritrea has a developing mining industry with a history of investment by global investors and corporates

- Developing track record in mining
 - Two mines in production and a third under construction
- Supportive laws for mining investment in Eritrea
 - Accelerated depreciation (straight line, 4 years)
 - 10 year carrying forward of losses
 - Reinvestment deduction (5% gross income)
 - Stable corporate tax
- Prominent institutional investors have made major investments in Nevsun (NSU.TSE) and Danakali

Major Eritrean mining projects

Bisha	Zara	Asmara
Au, Ag, Cu, Zn	Au	Cu, Zn, Au
Nevsun 60% / ENAMCO 40%	SFECON 60% / ENAMCO 40%	Sichuan Road & Bridge Mining 60% / ENAMCO 40%
Third expansion complete	Commissioned and producing	Advanced stages of development
		

Prominent institutional investors in Nevsun and Danakali

Nevsun³

- BlackRock
- Vanguard
- M&G
- Fidelity

Danakali

- Well Efficient
- JP Morgan AM UK
- Capital Group

Working in Eritrea – Danakali's experience



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

- Danakali has a strong, effective working relationship with the Eritrean government
- Significant community support

The Danakali experience in Eritrea

Safe and friendly
Development focused
Stable government
Strong focus on health & education
No evidence of corruption
Gender equality

"We were very impressed with the country itself, and with Colluli. Management has a very good relationship with the Government."

Hartleys research: *Site visit to Eritrea confirms world class SOP project*, November 2016

"Our recent site visit demonstrated to us that Eritrea is a much easier and friendlier country to operate in than the current global perception."

Bell Potter research: *World class SOP development project*, August 2017

"The government is pragmatic in its approach to the development of the Eritrean mining industry. The Eritrean people are friendly, patriotic and exhibit no signs of corruption."

Baillieu Holst research: *Postcard from Eritrea*, July 2016

Colluli – sustainable development

Danakali and the Eritrean government are focused on sustainable development for the benefit of all stakeholders

- CMSC is progressing a sustainable development framework
- Policies, management plans and compliance monitoring in key areas including:
 - Human rights
 - Anti-corruption
 - Communities
 - Health and safety
- Joint venture provides the Eritrean government with direct insight into mining industry
 - Important given a key part of Eritrea's development

“Colluli has the potential to make a significantly positive impact in Eritrea.

Our economy and people stand to benefit through considerable revenue generation, the expansion of our mining industry, the development of skills, and the flow-on effects to associated industries.

Our joint venture with Danakali continues to achieve its stated goals in a timely and professional manner.”

ENAMCO General Manager, Berhane Habtemariam, January 2018

Colluli's impact in Eritrea

Eritrea stands to benefit from the long term economic, social and community dividends that Colluli will generate

- Positive impact through infrastructure, job creation, taxes, royalties, and associated economic development
- Creation of hundreds of permanent jobs for Eritrean nationals
- Long term training for trades and professionals
- Potential for adjacent industry development – including infrastructure, mining services, transport and hospitality
- Stakeholder engagements have been held with representatives of various local communities
- Deep understanding of each communities' interests
- Social and Environmental Impact Assessments and Management and Monitoring Plans have been developed in line with the Equator Principles¹
- Strong ongoing community support for the Project



¹ The Equator Principles are a risk management framework used to manage the environmental and social risk in projects, see Danakali's website for the SEIA and SEMP's -

Danakali Board

An experienced, multi-disciplinary and international Board; Seamus Cornelius is acting as Executive Chairman during the current CEO transition



Seamus Cornelius – Executive Chairman

- Corporate lawyer with over 20 years' experience in the resource sector
- Former partner at one of Australia's leading law firms
- Chairman of Duketon Mining, Montezuma Mining, and Buxton Resources



Bob Connochie – Non-Executive Director

- Highly experienced potash and mining specialist with over 40 years industry experience
- Previously Chairman of potash exporter Canpotex, former Chairman and CEO of Potash Company of America



John Fitzgerald – Non-Executive Director

- Chartered Accountant with over 30 years finance and corporate advisory experience in the resource sector
- Previously held senior position at Rothschild, Investec and HSBC
- Non-executive Chairman of Carbine Resources, and Non-Executive Director of Northern Star Resources



Andre Liebenberg – Non-Executive Director

- Mining industry professional with extensive investor market, finance, business development and leadership experience
- Over 25 years in private equity and investment banking, and senior roles at BHP Billiton, QKR Corporation and Yellow Cake



Paul Donaldson – Non-Executive Director

- 25 years industry experience in senior management roles at BHP
- Extensive experience in technical project management, open cut mining operations, marketing and supply chain
- Roles at BHP included: Head of the BHP Carbon Steel Materials Technical Marketing Team, management of the Port Hedland iron ore export facility, GM of Mining Area C



Zhang Jing – Non-Executive Director

- Previously held project management roles in publicly listed companies in China
- Over 15 years of international trading and business development experience in China

Danakali senior management

Niels Wage, a highly experienced industry executive, recently assumed the role of Chief Commercial Officer



Stuart Tarrant

Chief Financial Officer

- Extensive exposure in the mining industry
- Financial modelling, financial systems deployment, procurement, budgeting, and cost analysis and optimisation experience
- Previously a finance manager at BHP



Tony Harrington

Project Manager

- Over 30 years' experience across a range of mining projects in various African countries, China, Europe, UK and Australia
- Project Manager for US\$0.3B Kwale Minerals Sands Project in Kenya and US\$0.3B Chimimiwango expansion at the Lumwana Copper Mine in Zambia



Niels Wage

Chief Commercial Officer

- Significant shipping, trading and commodity experience
- Previously held senior management roles at BHP, including Vice President Potash, Freight and Diamonds
- Currently also a Director on the Board of Bahia Mineração, which is developing an integrated greenfield iron ore project



William Sandover

Head of Corporate Development & External Affairs

- Extensive investment banking and corporate advisory experience at UBS, Macquarie and Vesparum
- Involved in raising more than A\$10B in equity and hybrid capital for ASX-listed companies

Danakali investment case

Colluli is the most advanced and economically attractive SOP greenfield development project globally

Industry leading economics ¹	Binding take-or-pay offtake ¹	All material permits in place ¹
1.1Bt Ore Reserve ¹	High grade	Favourable logistics
Almost 200 year mine life ¹	Low cost, open-cut mining	Significant social benefits
Shallowest evaporite deposit	Simple mineral processing	Supportive JV partner
Multi-commodity potential	High product yield	Strong Board and management

¹ ASX announcements 1-Feb-17, 29-Jan-18, 19-Feb-18 and 12-Jun-18



Appendix

Solid form potassium salts vs. brines

SOP – price premium to MOP

SOP – focus on China

LSE DIs overview

Technical glossary

Competent Persons Statements



Solid form potassium salts vs. brines

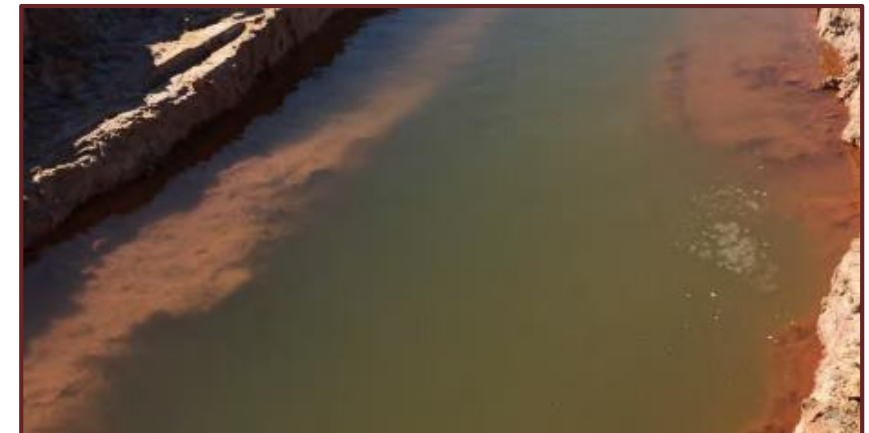
Colluli has extensive advantages over potassium bearing brines

- 1. Superior feed grade and higher potassium yields**
- 2. Surface level deposit**
- 3. Simplicity**
 - Colluli processing plant utilises simple, proven, mineral processing units
 - Brine chemistry management is complex
- 4. Lower energy input**
 - Colluli salts require no heating
 - In contrast, potassium brines can require heating to over 50°C for thermal decomposition¹
- 5. Consistent, predictable feed grade**
- 6. Production rates are faster, predictable and not weather dependent**
 - Production rates from brine projects are slower and directly proportional to weather conditions
- 7. Smaller footprint and water requirements**
 - Colluli has no need for generation of harvest salt, no pre-production ponds, small evaporation ponds, and lower processing water requirements
 - Brine processes have large areas of inefficient evaporation ponds

Colluli potassium salt core



Potassium bearing brine (Western Australia)



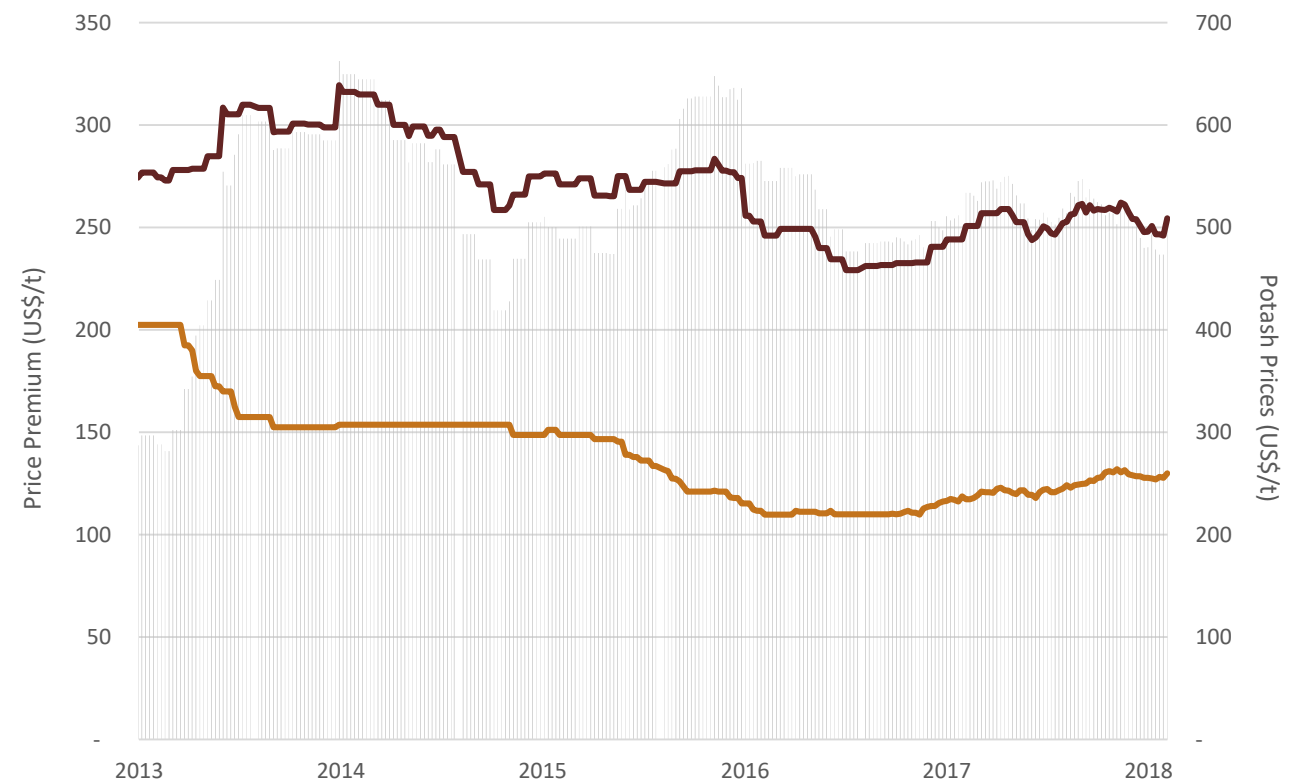
¹ Potash, Garret, p. 441-445, and Reward Minerals Presentation, 2013

SOP – price premium to MOP

Secondary production provides a price floor to the advantage of primary SOP producers

- Over 50% of the world's SOP supply is produced through the Mannheim Process
 - Conversion of MOP to SOP by adding sulphuric acid in a high cost, high energy thermal process with HCl as a by-product
- SOP prices continue to command a significant premium over MOP
 - SOP price premium has averaged ~US\$260/t over the last 4 years

Historical SOP prices and premium to MOP
NW Euro **SOP** and **MOP** FOB (US\$)

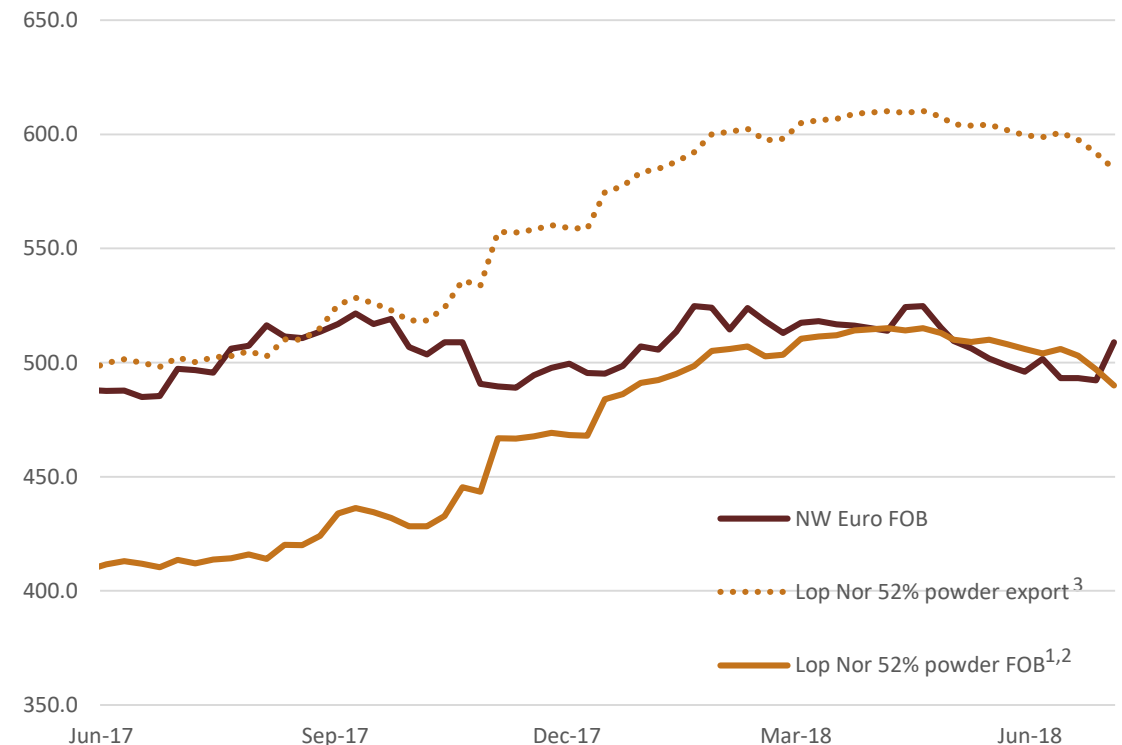


SOP – focus on China

Domestic Chinese SOP prices are reaching near parity with North-West Europe SOP prices

- Domestic Chinese SOP prices have increased >25% in the last 12 months
- Large increases in domestic Chinese SOP prices are mainly due to:
 - increased production costs;
 - reduction/removal of industry and transport subsidies; and
 - increased environmental controls (emissions, soil salinity, energy use and HCl disposal)
- Strong China SOP demand

NW Europe vs. domestic Chinese FOB SOP prices (US\$)



Source: BAI Info and Argus

¹ Domestic Chinese SOP prices based on Xinjiang Lop Nor 52% powder

² US\$30/t domestic logistics costs assumed to aggregate the quoted domestic Chinese ex-works price to FOB

³ Includes 600RMB/t export tariff.

LSE DIs – overview

DIs are being utilised to facilitate the trading of Danakali's shares on the LSE

LSE – Depositary Interests (DI)

- Danakali is establishing a DI facility to facilitate trading of Danakali's shares on LSE
- Computershare Investor Services Plc has been appointed as the depositary
- Securities of Australian incorporated issuers such as Danakali cannot be directly registered, transferred or settled through CREST (the electronic settlement system in the UK)
- The DI facility overcomes this by creating entitlements to Danakali's shares, which are deemed to be UK securities and therefore admissible to CREST
- The underlying shares are listed and traded on LSE, while the DIs are transferred in CREST to settle those trades

Transferring between ASX and LSE

- Shareholders who wish to convert their shares to DIs can do so:
 - i. In the case of a shareholder on the issuer sponsored sub-register; the shareholder will need to complete a DI Issuance (Australian Register to UK DI Register) form, and return this with original certified ID, to Computershare's Global Transaction team
 - ii. If shares are held on the CHESS sub-register the shareholder will need to contact their sponsoring Australian CHESS Participant to request a conversion of their shares into DIs issued in the UK

Trading DIs

- A shareholder holding DIs must engage a suitable Australian broker who has an agreement with a UK broker that is able to trade on the LSE, or engage a UK broker directly

Technical glossary

Term	Meaning
CMSC	<ul style="list-style-type: none"> Colluli Mining Share Company, the 50:50 joint venture vehicle owned by Danakali and ENAMCO that 100% owns Colluli
Colluli	<ul style="list-style-type: none"> The Colluli Potash Project
The Company	<ul style="list-style-type: none"> Danakali Limited, DNK.ASX
CSR	<ul style="list-style-type: none"> Corporate Social Responsibility
Danakali	<ul style="list-style-type: none"> Danakali Limited, DNK.ASX
DFS	<ul style="list-style-type: none"> Definitive Feasibility Study, refer ASX announcement 30 November 2015 for the Colluli results
DIs	<ul style="list-style-type: none"> Depository Interests
ENAMCO	<ul style="list-style-type: none"> The Eritrean government owned Eritrean National Mining Company (owns 50% of Colluli)
EPCM	<ul style="list-style-type: none"> Engineering, Procurement and Construction Management
Evaporite	<ul style="list-style-type: none"> A natural salt or mineral deposit left after the evaporation of a body of water
FEED	<ul style="list-style-type: none"> Front End Engineering Design, refer ASX announcement 29 January 2018 for the Colluli results
IRR	<ul style="list-style-type: none"> Internal Rate of Return, the discount rate at which the net present value of all the cash flows from a project equal zero
Kieserite	<ul style="list-style-type: none"> $\text{MgSO}_4 \cdot \text{H}_2\text{O}$
Mannheim Process	<ul style="list-style-type: none"> The high energy reaction of MOP with sulphuric acid (H_2SO_4) to produce SOP
Millennium Development Goals	<ul style="list-style-type: none"> Eight goals with measurable targets and clear deadlines for improving the lives of the world's poorest people
MOP	<ul style="list-style-type: none"> Muriate of Potash (KCl)
NPV	<ul style="list-style-type: none"> Net Present Value, the difference between the present value of cash inflows and the present value of cash outflows over a period of time
PFS	<ul style="list-style-type: none"> Pre-Feasibility Study, refer ASX announcement 4 March 2015 for the Colluli results
The Project	<ul style="list-style-type: none"> The Colluli Potash Project
SEIA	<ul style="list-style-type: none"> Social and Environmental Impact Assessment
SEMP	<ul style="list-style-type: none"> Social and Environmental Management and Monitoring Plans
SOP	<ul style="list-style-type: none"> Sulphate of Potash (K_2SO_4)
SOP-M	<ul style="list-style-type: none"> Sulphate of Potash Magnesia ($\text{K}_2\text{SO}_4 \cdot \text{MgSO}_4 \cdot 4\text{H}_2\text{O}$)

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 Statements *cont.*

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.

About Danakali

Danakali Limited (ASX: DNK) (**Danakali**, or the **Company**) is an ASX-listed potash company focused on the development of the Colluli 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 potash deposit. The resource is amenable to open pit 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 **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.

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.

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Danakali Limited

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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^+ , Mg^{2+} , Ca^{2+} , Cl^- , SO_4^{2-} , H_2O) 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.

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.

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