



DANAKALI

Announcement

Thursday, 7 March 2019

Proactive Investors One2One Investor Forum presentation

Danakali Limited (ASX: DNK, LSE: DNK) (**Danakali**) is pleased to share the investor presentation that Executive Chairman, Seamus Cornelius, will present at the Proactive Investors One2One Investor Forum today in London.

Key event details:

- Date – 7 March 2019
- Time – 6:00pm-8:00pm (approximately), Danakali presenting first at 6.00pm (approximately)
- Location – Chesterfield Mayfair Hotel, 35 Charles Street, Mayfair

Link to the event registration: https://www.proactiveinvestors.com/register/event_details/191

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ASX: DNK / LSE: DNK / ADR: DNKLY



DANAKALI

create. nurture. grow.

Advanced stage with outstanding economics Investor presentation

Seamus Cornelius, Executive Chairman

March 2019

Introduction to Danakali

Developing Colluli, an advanced and economically attractive potash (SOP) development project¹

**Exceptional
project
economics**

**NPV US\$902M
IRR 29.9%**

**Industry
leading capital
intensity**

US\$534/tpa
Average of Modules I & II

**First quartile
operating costs**

US\$242/t
FOB / Average of Modules I & II

Binding, take-or-pay offtake agreement with EuroChem

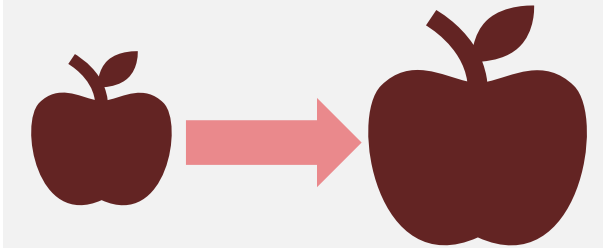
- EuroChem will take, pay, market and distribute up to 100% of Colluli Module I SOP production⁴
- 10 year term with 3 year extension option⁴



- Leading global fertiliser producer⁵
- CY2017 revenue of US\$4.9B and EBITDA of US\$1.1B⁵

SOP is undersupplied and demand is growing²

- Used on high value, chloride-sensitive crops
- Difficult to substitute
- High margin
- **The premium potash type**



**Food demand is expected to increase
59%-98% by 2050 from 2005 levels³**

US\$200M debt finance mandate executed⁶

- Funding for construction and development of Colluli
- Supported by African development finance institutions AFC and Afreximbank



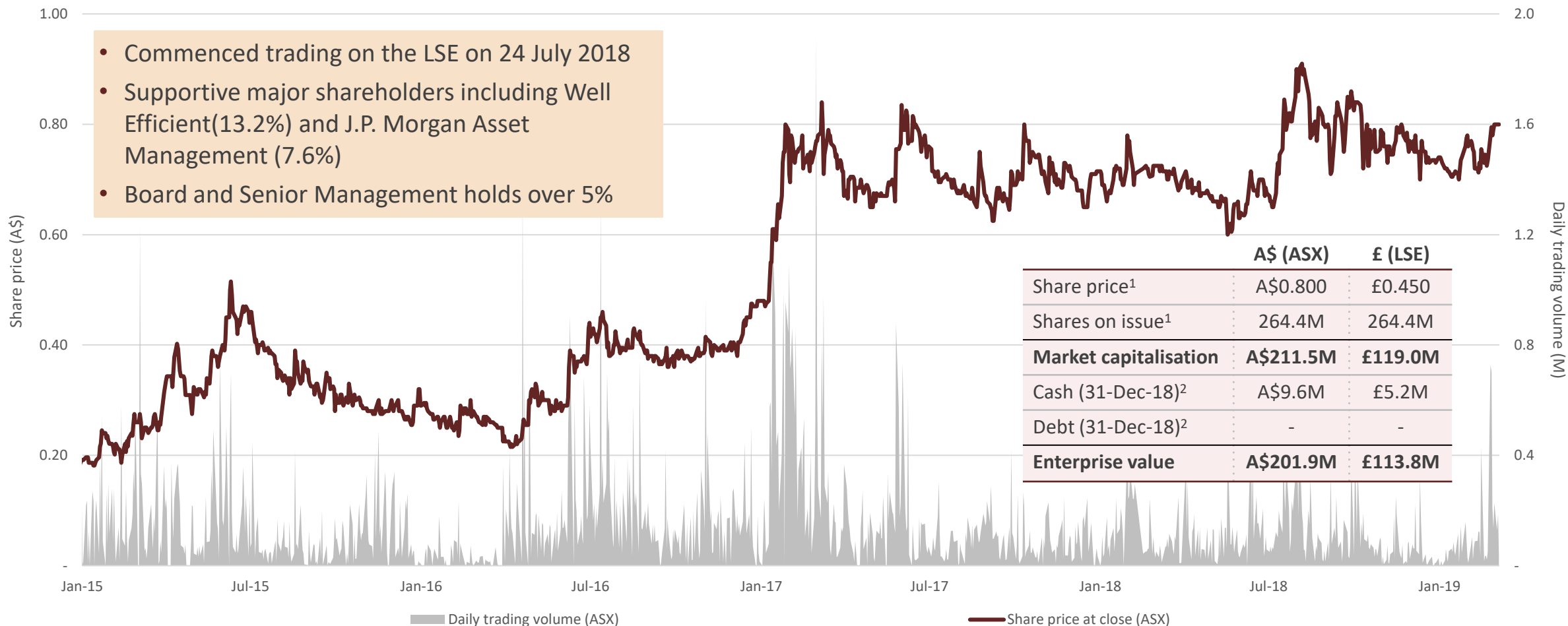
1 DNK announcement, 29-Jan-18
2 Integer Research

3 Stratfor | Worldview, 6-Sep-18
4 DNK announcement, 12-Jun-18

5 <http://www.eurochemgroup.com/en/home/#>
6 DNK announcement, 6-Dec-18

Corporate snapshot

Strong share price performance during the Colluli study and (now) execution phases – increase of >300% since Jan-15



Source: BellDirect, LSE website, S&P CapIQ

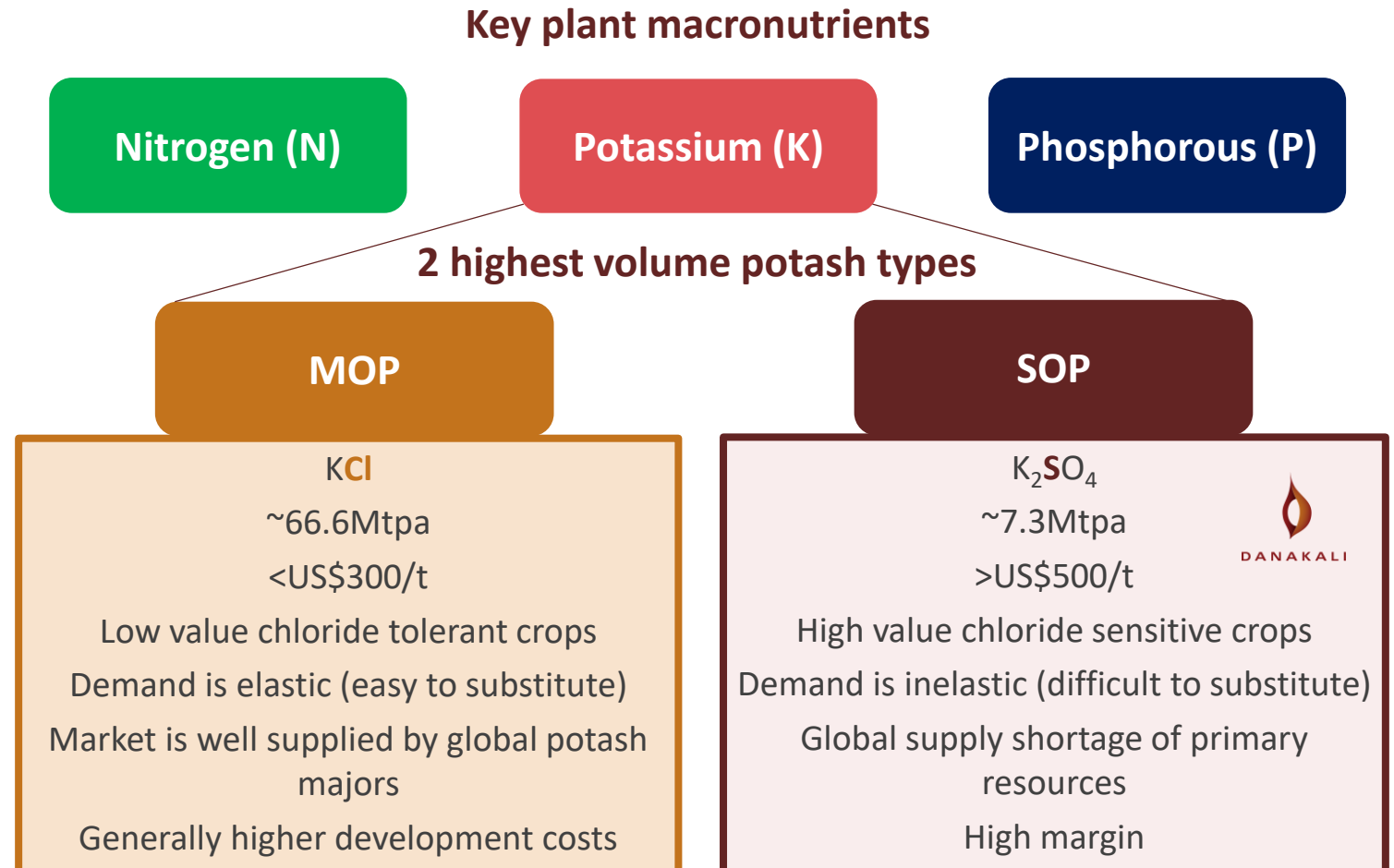
¹ ASX values as at close on 6-Mar-19, LSE values as at close on 5-Mar-19; "Shares on issue" does not include 4.71M unlisted options with exercise prices ranging from A\$0.543 to A\$1.03 and expiry dates ranging from 20-Jun-19 to 24-Jan-22, or 1.32M performance rights

² Exchange rate of £0.54/A\$

Potash

Potassium is one of the 3 key plant macronutrients, along with Nitrogen and Phosphorous

- Potassium is essential for plant life:
 - Improves crop quality
 - Increases nitrogen uptake
 - Increases water use efficiencies
- There are 4 potash types:
 - **SOP** – used on high value crops (primary Danakali focus)
 - **SOP-M** – used on high value crops (secondary Danakali focus)
 - **MOP** – used on low value crops
 - **NOP** – can only be produced artificially



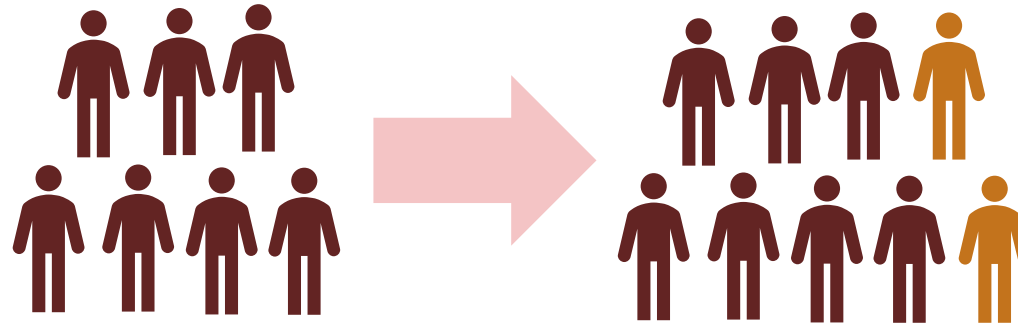
SOP – key demand drivers

The SOP market is growing and highly 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

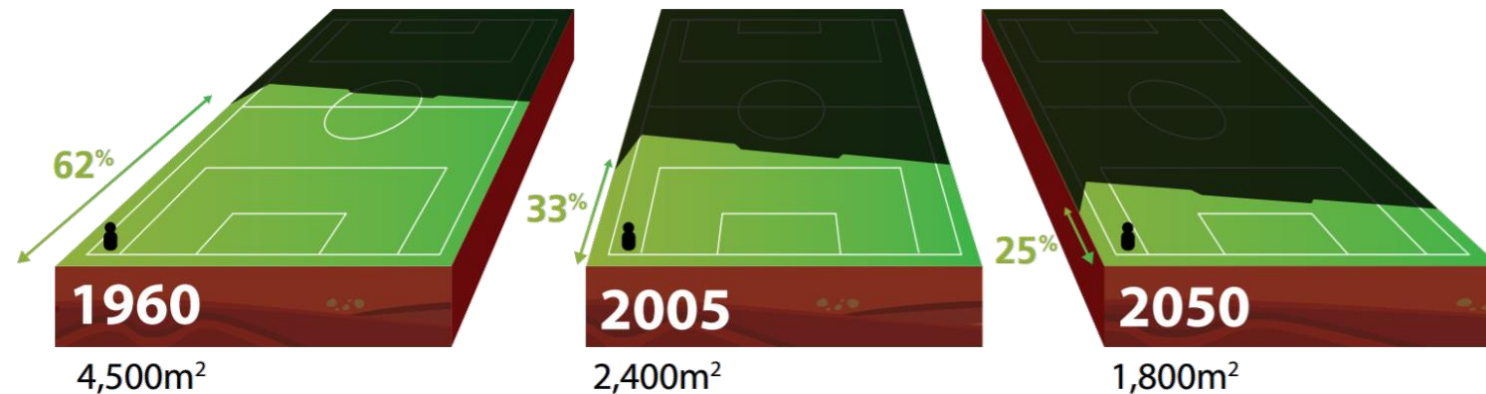
The world's population is set to increase by almost a third by 2050, from 7Bn to 9Bn



The majority of the population increase is expected to come from developing nations

Developing nations have growing middle classes seeking enhanced nutrition from premium crops

Arable land per person globally continues to dramatically decrease from 62% of a soccer pitch in 1950 to 33% in 2005 and expected to be 25% by 2050



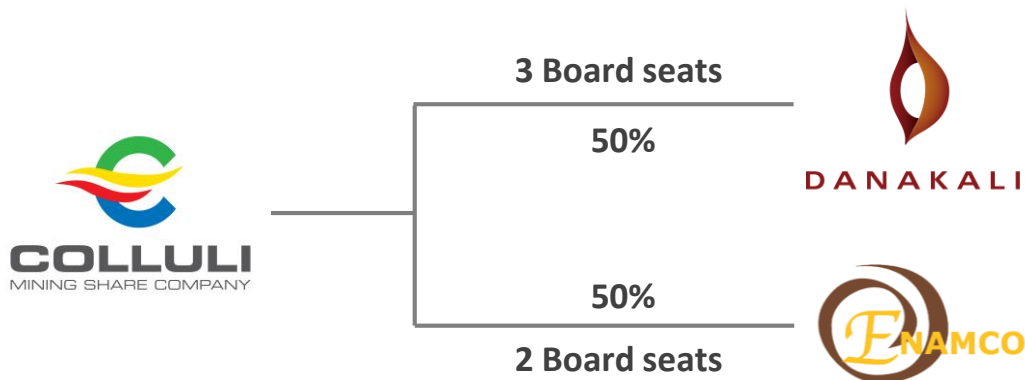
Colluli overview



Strategically located SOP development project with all material permits in place

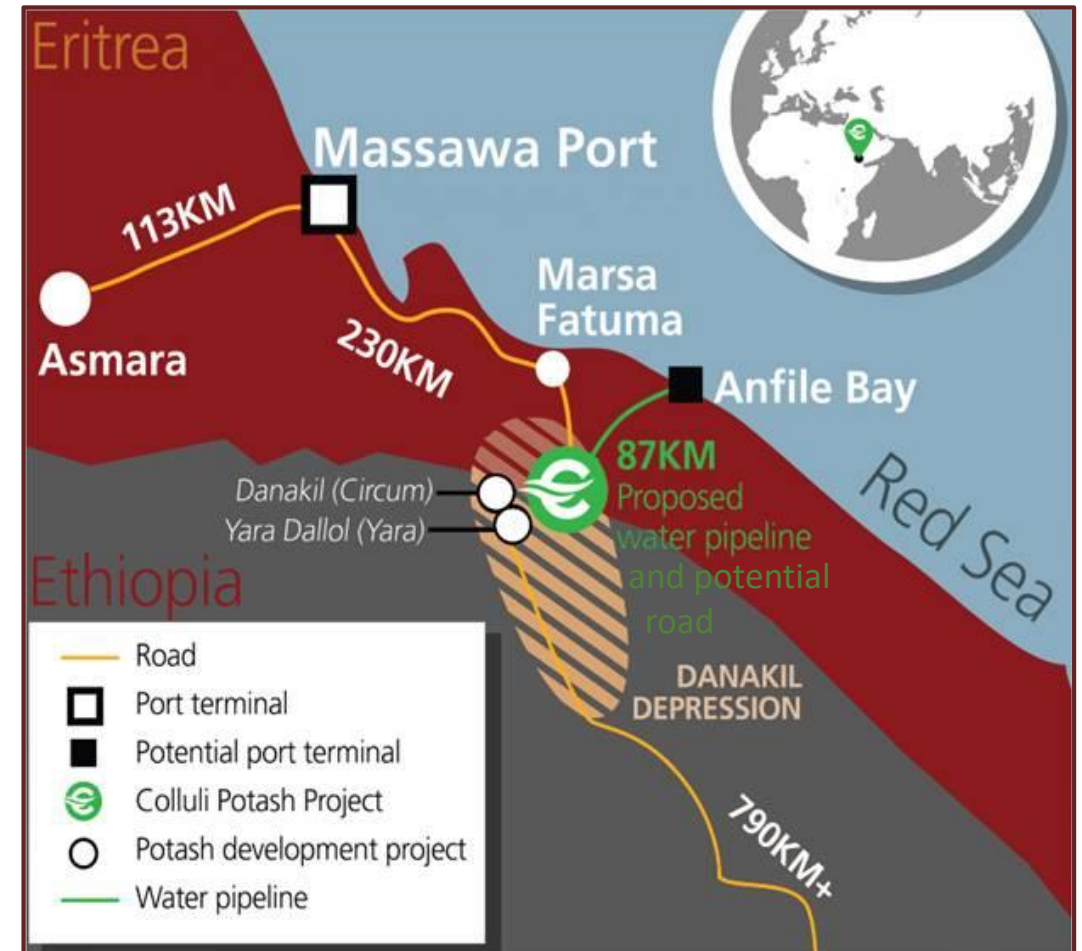
- Located in the Danakil Depression on Eritrean side of Eritrea-Ethiopia border
- Shallowest known evaporite deposit, commencing at just 16m allowing open-cut mining and simple processing
- To be developed utilising a modular approach
 - Module I to produce 472ktpa of premium SOP¹
 - Module II to increase total SOP production to 944ktpa^{1,2}

Ownership structure³



¹ DNK announcement, 29-Jan-18
² Commencing in year 6 of production
³ Danakali's disclosed economics reflect the dynamics of the Shareholder's Agreement

Location – Closest known SOP deposit to a coastline



Colluli's operational attributes

Suite of attributes that allows for simple, proven, low risk and low-cost mining, processing and logistics, and outstanding project economics compared to other SOP greenfield development projects



Mining¹

Processing¹ Crushing → Flotation → Mixing → Drying

Logistics¹

- ✓ Shallow, light inclination, limited flora and fauna, and no communities in immediate vicinity
- ✓ 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 multi-commodity potential
- ✓ 230km by road to the well-established Massawa port
- ✓ 87km to Anfile Bay, potential site for future port development

Other SOP greenfield developments typically face challenges such as²...

- ✗ Depth of ore body
- ✗ Inconsistent grade
- ✗ Lack of scale

- ✗ Brine complexities
- ✗ Energy intensive
- ✗ Extensive evaporation pond requirements

- ✗ Large distances to coast
- ✗ Large distance to export facilities
- ✗ Lack of established infrastructure

Colluli's operational attributes *cont.*

Mining and processing at Colluli will be simple and modular with minimal environmental footprint; the Port of Massawa is world class and has been utilised by Nevsun's (now Zijin's) Bisha Copper-Zinc Mine for almost 10 years

The Colluli resource area



The Port of Massawa



FEED results overview

FEED 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 economics¹
- Critical milestone for finalisation of offtake (complete)² and debt funding (strong progress made)³
- Anfile Bay port, expansion, potash diversification and multi-commodity potential could provide major additional upside⁴

Key FEED economic estimates and outcomes^{4,5,6}

Exceptional project economics

NPV_{Project} US\$902M
IRR_{Project} 29.9%
NPV_{Company} US\$439M
IRR_{Company} 31.3%

Low development capital

US\$302M Module I
US\$202M Module II

Industry leading capital intensity

US\$534/tpa
Average of Modules I & II

First quartile operating costs

US\$242/t
FOB /Average of Modules I & II

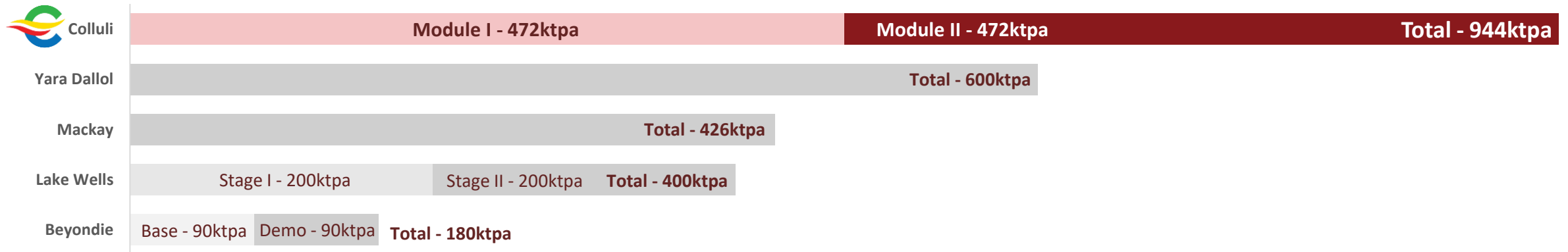
Exceptional cashflow

>US\$10B
Undiscounted over first 60 years

Production capacity and life of mine

Colluli's unparalleled scale and availability of modular open-cut mining leads to the Project having the largest known production capacity and life of mine among SOP greenfield development peers

Production capacity



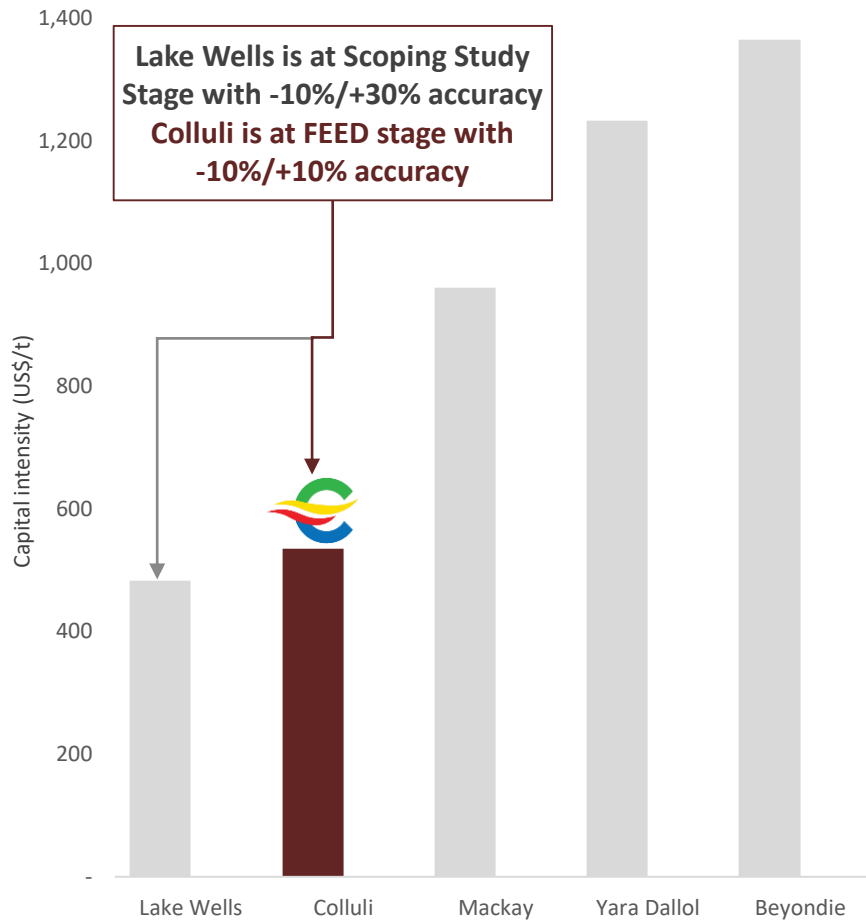
Life of mine



Capital intensity, valuation and returns

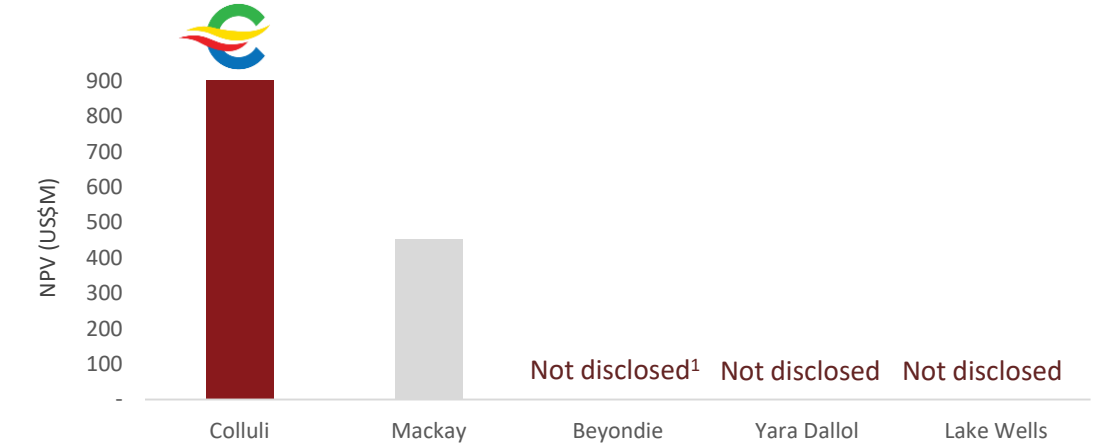
Colluli has attractive capital intensity, valuation and returns relative to SOP greenfield development peers

Capital intensity

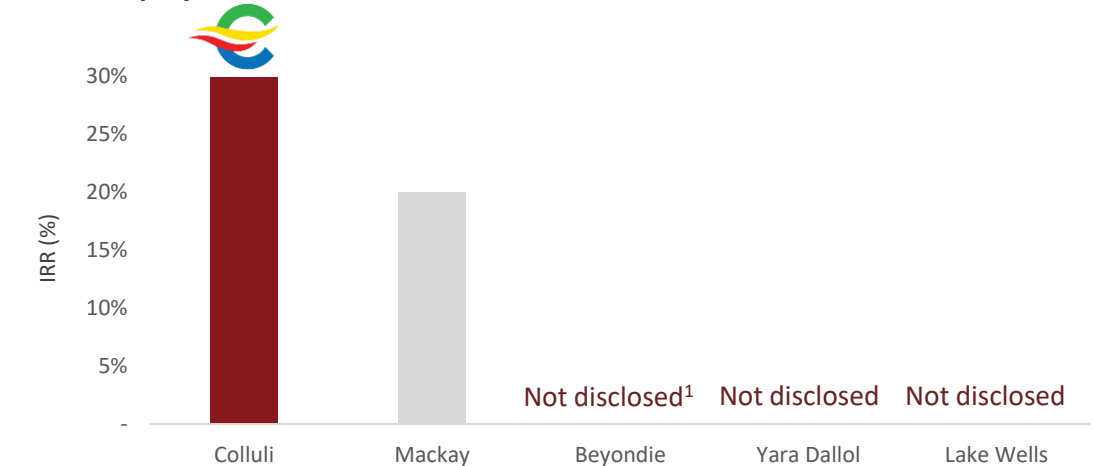


Industry leading capital intensity and forecast first quartile operating costs leads to outstanding valuation and returns

Post-tax project NPV



Post-tax project IRR



Binding offtake agreement with EuroChem

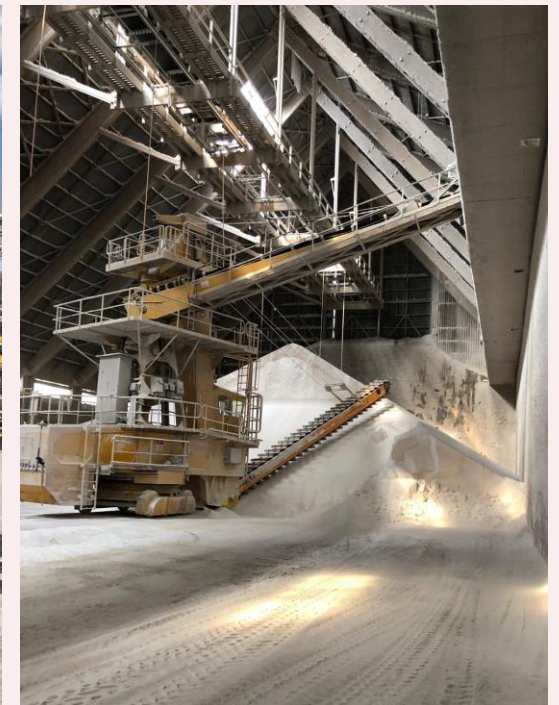
Danakali is the only known SOP developer with a take-or-pay offtake agreement; instrumental in providing cash flow certainty to unlock project funding

- EuroChem will take, pay, market and distribute up to 100% of Colluli Module I SOP production¹
 - CMSC has the option to retain and sell up to 13% through alternative sales channels
- 10 year term with 3 year extension option¹
- EuroChem to provide technical support¹



- Leading global fertiliser producer²
- Integrated mining, fertiliser production, logistics and distribution²
- CY2017 revenue of US\$4.9B and EBITDA of US\$1.1B²

Danakali's Executive Chairman and Chief Commercial Officer recently visited EuroChem's Antwerp, Belgium fertiliser production facility (Aug-18)



US\$200M debt financing term sheet

Danakali has executed a non-binding indicative US\$200M debt term sheet and associated mandate with highly reputable African development financial institutions to fund construction and development of Colluli

- African Export-Import Bank (**Afreximbank**) and Africa Finance Corporation (**AFC**) will act as the Mandated Lead Arrangers
- Danakali and its debt advisor, Endeavour Financial, are working with Afreximbank and AFC to advance due diligence
- Subsequent negotiations have significantly advanced the project financing process placing CMSC in a strong position to advance Colluli



In 2017 Afreximbank was lead/ co-lead arranger on **11 syndicated debt transactions totalling over US\$3Bn**



In 2017 AFC was mandated on **over US\$1Bn of transactions**

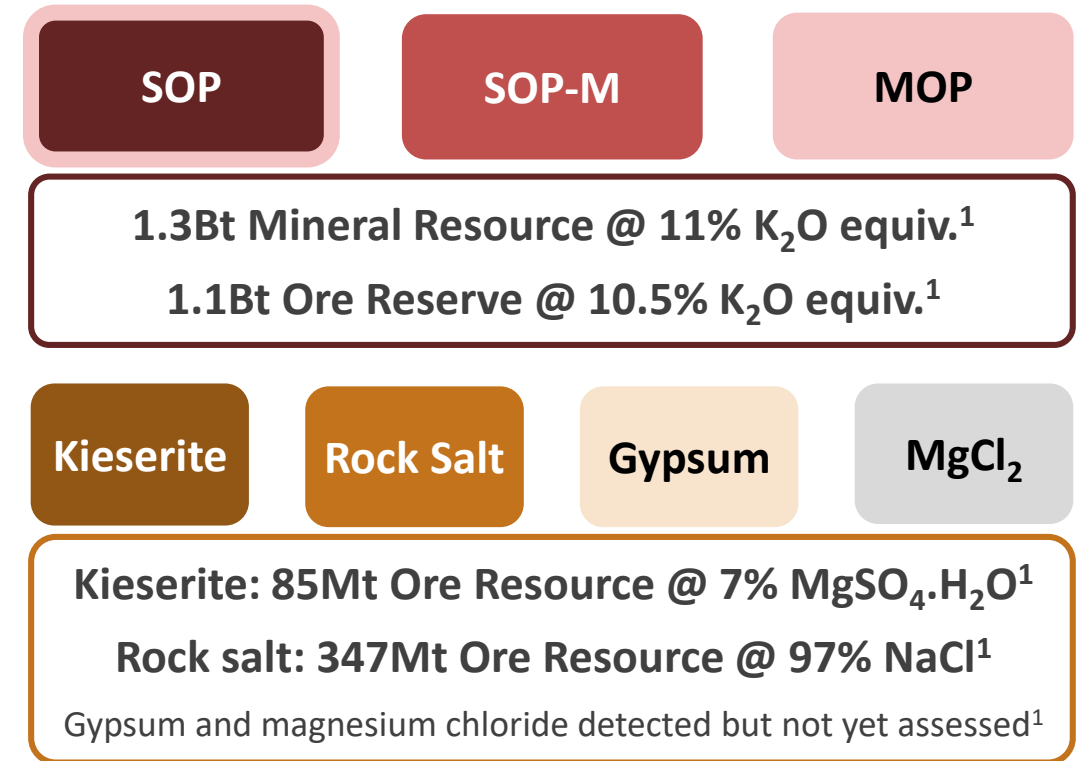
“The execution of the Mandate represents a significant milestone for the Colluli project funding. We are very pleased to be partnering with strong, experienced African financial institutions.”

Stuart Tarrant, CFO

Multi-commodity potential

Modular development approach underpins scalable, long life, agri-mineral and salt project

- Mine life of almost 200 years at FEED SOP production rates¹
- Low incremental growth capital for further modules given wide, open, barren area and open-cut mining
- Favourable logistics
- Potassium salt combination suitable for production of SOP, SOP-M and MOP
- Appreciable amounts of Rock Salt (mined as overburden), Gypsum, Kieserite and Magnesium Chloride¹
- SOP-M and Rock Salt (and SOP) product specifications have been developed²



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

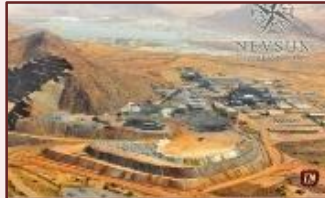


¹ DNK announcements 25-Feb-15, 23-Sep-15, 15-Aug-16, 29-Jan-18 and 19-Feb-18
² Refer Danakali website for detailed specifications – <http://www.danakali.com.au/products>

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 and rapidly improving geopolitical dynamics
 - Recent rapprochement with Horn of Africa neighbours
- One of the fastest growing economies globally¹
 - Driven by mining, agriculture and infrastructure
- Supportive laws for mining investment
 - Accelerated depreciation (straight line, 4 years)
 - 10-year carrying forward of losses
- High profile investment in Nevsun² and Danakali
 - JPMorgan, Capital Group, Fidelity, BlackRock, Vanguard and M&G

Major mining projects in Eritrea²

Bisha	Zara	Asmara
Au, Ag, Cu, Zn	Au	Cu, Zn, Au, Ag
Nevsun 60% / ENAMCO 40%	SFECO 60% / ENAMCO 40%	Sichuan Road & Bridge Mining (SRBM) 60% / ENAMCO 40%
Third mine expansion complete	Commissioned and producing	Advanced stages of development, mining to begin in 2019
Nevsun (NSU.TSE) is being acquired by Zijin Mining for US\$1.4B	SFECO acquired 60% of Zara from Chalice (CHN.ASX) for US\$80M	SRBM acquired 60% of Asmara from Sunridge (SGC.TSX-V) for US\$65M
		

Rapid diplomatic progress in the Horn of Africa

2 April 2018
Ethiopian Prime Minister Abiy Ahmed elected



Prime Minister Abiy Ahmed initiates peaceful relations with Eritrea's President Isaias Afwerki²

11 September 2018
Eritrea-Ethiopia border opens for first time since 1998

- First Ethiopian ship docked in Eritrean port
- Flights resume between the two countries

The UN hailed the normalisation of relations in the Horn of Africa



The UN Security Council unanimously voted to lift 9-year-old sanctions against Eritrea that imposed travel bans, asset freezes and an arms embargo⁵

31 January 2019
UNDP report on Colluli released highlighting positive impacts of the project for Eritrea

8 February 2019
The EU announced a €20M investment into Eritrean roads⁸



Signing of the 'joint declaration of peace and friendship' in Jeddah⁴

9 July 2018

'Joint declaration of peace and friendship' signed between Eritrea and Ethiopia¹

- Re-establishment of diplomatic and trade ties
- Reopening of respective embassies



Ethiopian Ship, Mekelle, due to carry Eritrean zinc to China, docked in Massawa, Eritrea³

14 November 2018
UN lifts decade-old arms embargo and targeted sanctions against Eritrea

28 December 2018
Zijin Mining acquisition of Nevsun Resources confirmed⁶

UNDP report – Colluli's impact in Eritrea

The UNDP have carried out an independent report on the value of Colluli to the Eritrean economy and agriculture

- Prepared by independent consultants for the UN Development Programme (**UNDP**) on Colluli's potential contributions to Eritrea's Sustainable Development Goals (**SDGs**)
- Identified Colluli as a potential blueprint for using mining to build economies in developing countries
- SDGs cover a broad range of social and economic development issues including poverty, health, education, environment, equality, water, energy, urbanisation and social justice
- Colluli's characteristics contributing to the findings include:
 - Colluli's size
 - Mineralisation close to the surface
 - Highly valued resource (SOP)
 - Proximity to port
 - 50:50 joint venture with the government

Factors identified that support Colluli's development and ability to generate positive social, environmental and economics impacts



Location and deposit characteristics



Production, costs & technology



Plant macronutrient & multi-commodity potential



State participation



Corporate policies & principles: CSR and social impact



Strong international demand for fertiliser



Explicit commitment to SDGs



Partnerships & alliances



Controlled social and environmental impacts

UNDP report – Colluli's impact in Eritrea *cont.*

Colluli has the potential to create numerous benefits for Eritrea, including contribution to 13 of the 17 UN SDGs

Colluli is expected to make a positive contribution on 13 SDGs through 5 areas of direct impact

Colluli's 5 areas of direct impact



Economic value generated



People and society



Environment



Fiscal effects



Production of potash and other minerals and fertilisers

13 corresponding SDGs



No poverty



Zero hunger



Good health and wellbeing for people



Quality education



Gender equality



Clean water and sanitation



Sustainable economic growth & decent work



Industry, innovation and infrastructure



Reduced inequalities



Responsible consumption and production



Climate action



Peace, justice and strong institutions



Partnerships for the goals

Significant potential economic effects 2018-2030+

Significant increase in exports by 2030

Direct capital expenditure and investment inflows

Large positive impact on Eritrean GDP

High levels of indirect employment

Positive fiscal effects

Improved agriculture productivity



Danakali investment case

- Binding offtake agreement for up to 100% (minimum 87%) of Module I SOP production with EuroChem¹
- US\$200M debt financing term sheet executed
- 1.1Bt Ore Reserve and almost 200-year mine life^{2,3}
- Exceptional economics
 - Project NPV of US\$902M and IRR of 29.9%³
 - NPV of US\$439M and IRR of 31.3% attributable to Danakali³
 - Industry leading capital intensity³
 - First quartile operating costs³
- Expansion, diversification and multi-commodity potential³
- Rapidly improving geopolitical dynamics for Eritrea

¹ DNK announcement, 12-Jun-18

² DNK announcement, 19-Feb-18

³ DNK announcement, 29-Jan-18



Appendix

SOP – Key demand drivers

Colluli mine plan

FEED overview

Forecast first quartile operating costs

How does Colluli compare? – Logistics

How does Colluli compare? – Construction readiness

Solid salts and open-cut mining

Product specifications

How does Colluli compare? – SOP producers

Danakali Board

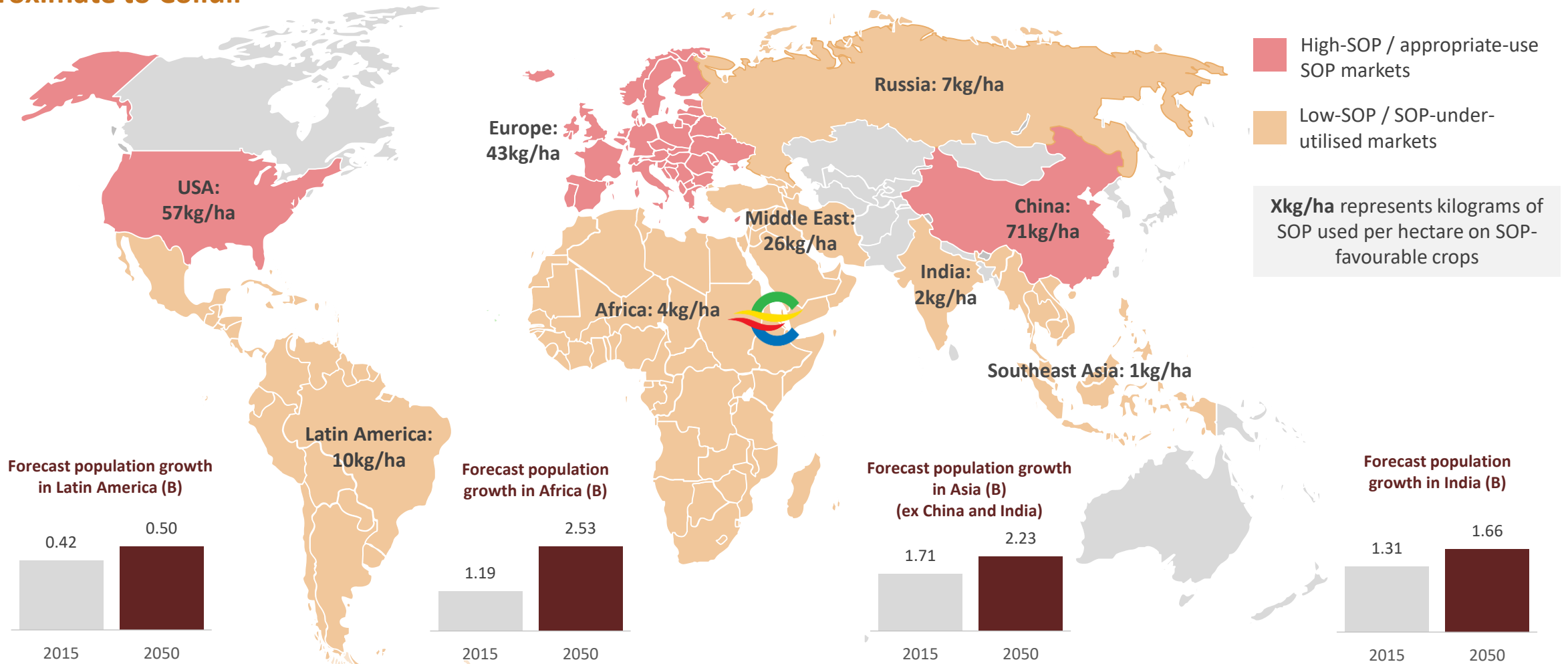
Danakali senior management

Technical glossary



SOP – Key demand drivers

SOP is currently underutilised in the areas expecting the highest rates of population growth, the majority of which are proximate to Colluli

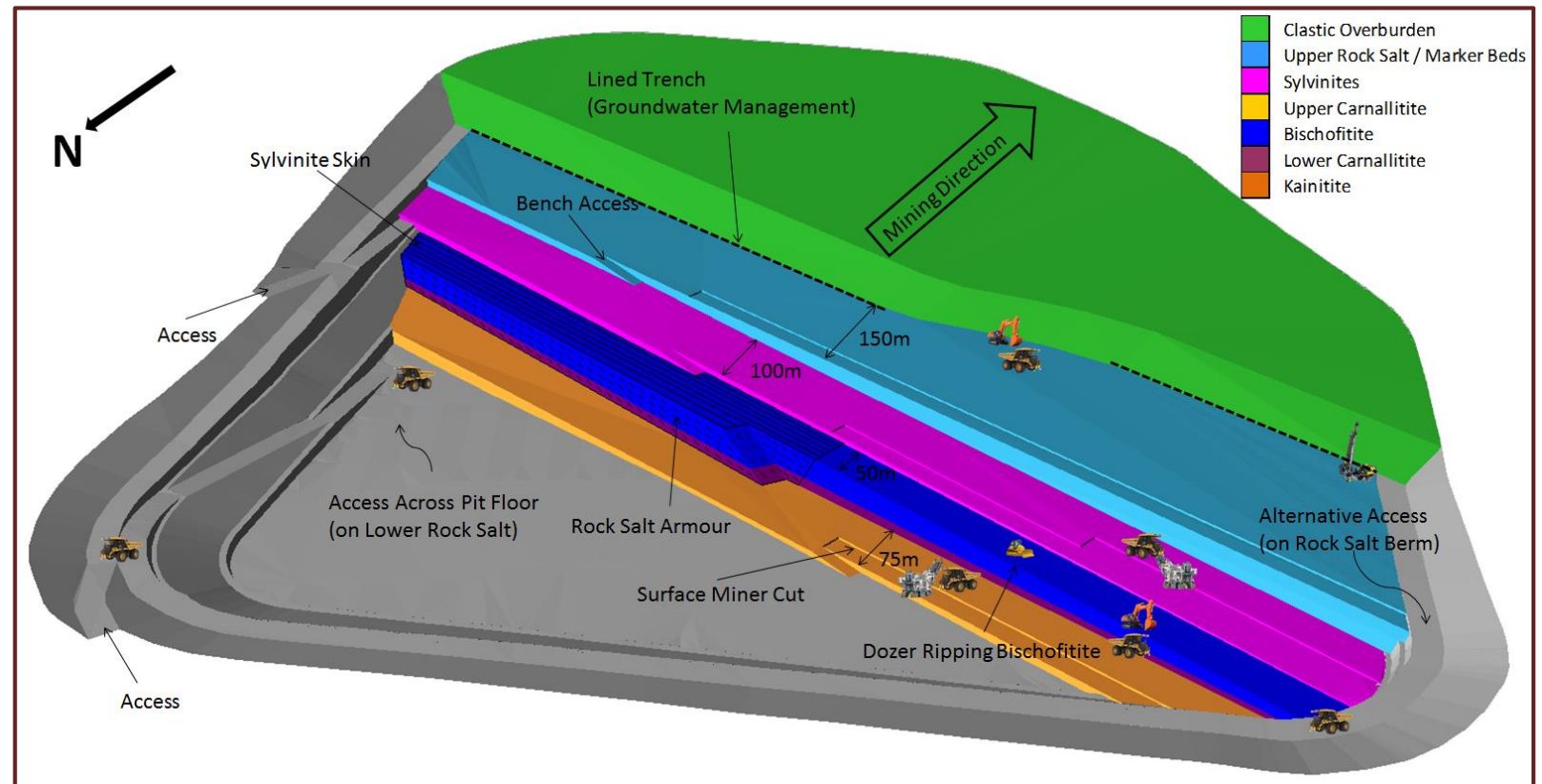


Colluli mine plan

Colluli's favourable resource characteristics allow simple, low cost, open-cut mining¹

- Proven and safer than underground mining
- Superior resource to reserve conversion (>85%)
- Low risk and complexity
- Potassium salts extracted in solid form
- Potential monetisation of other salts extracted as waste
- Expansion potential
- Low incremental growth capital

Colluli mine plan



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 DNK announcement 29 January 2018

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

9 DNK 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

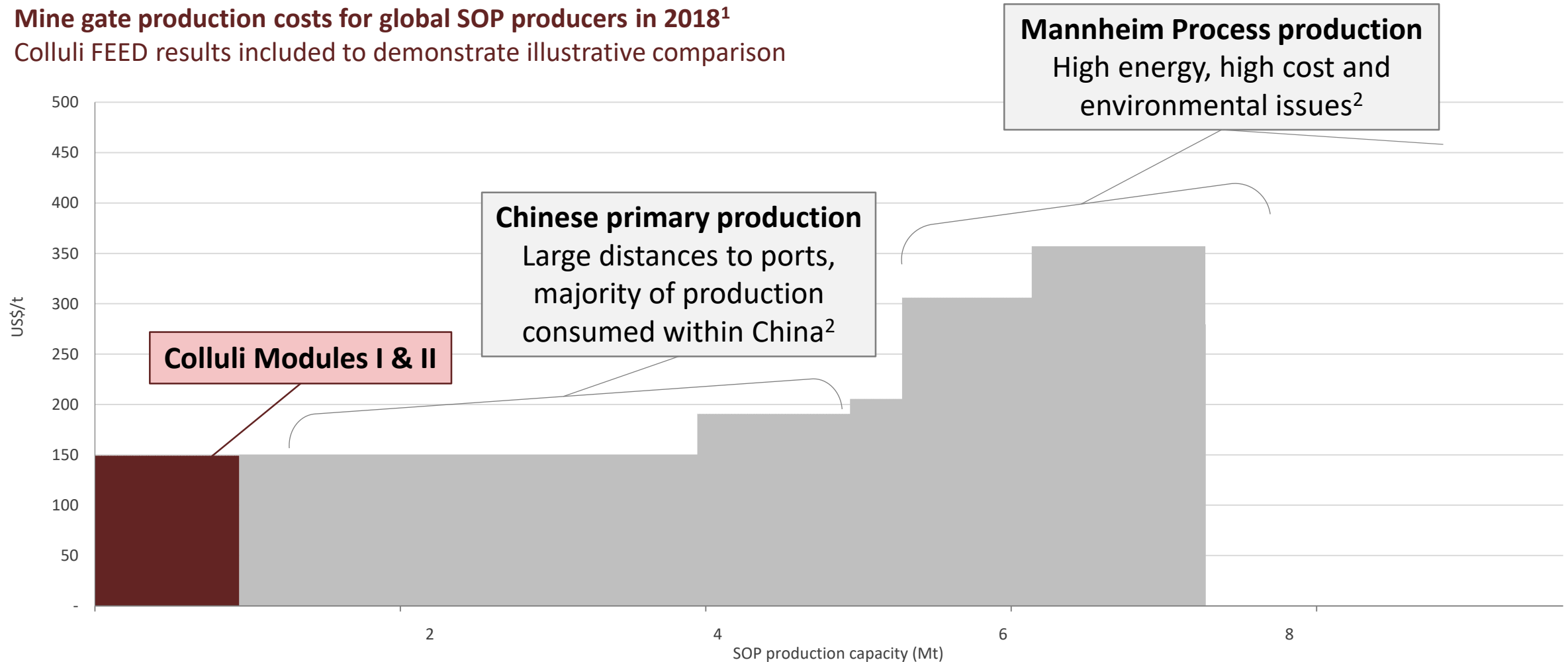
8 Includes mine gate cash costs, product logistics, and royalties

Forecast first quartile operating costs

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

Mine gate production costs for global SOP producers in 2018¹

Colluli FEED results included to demonstrate illustrative comparison



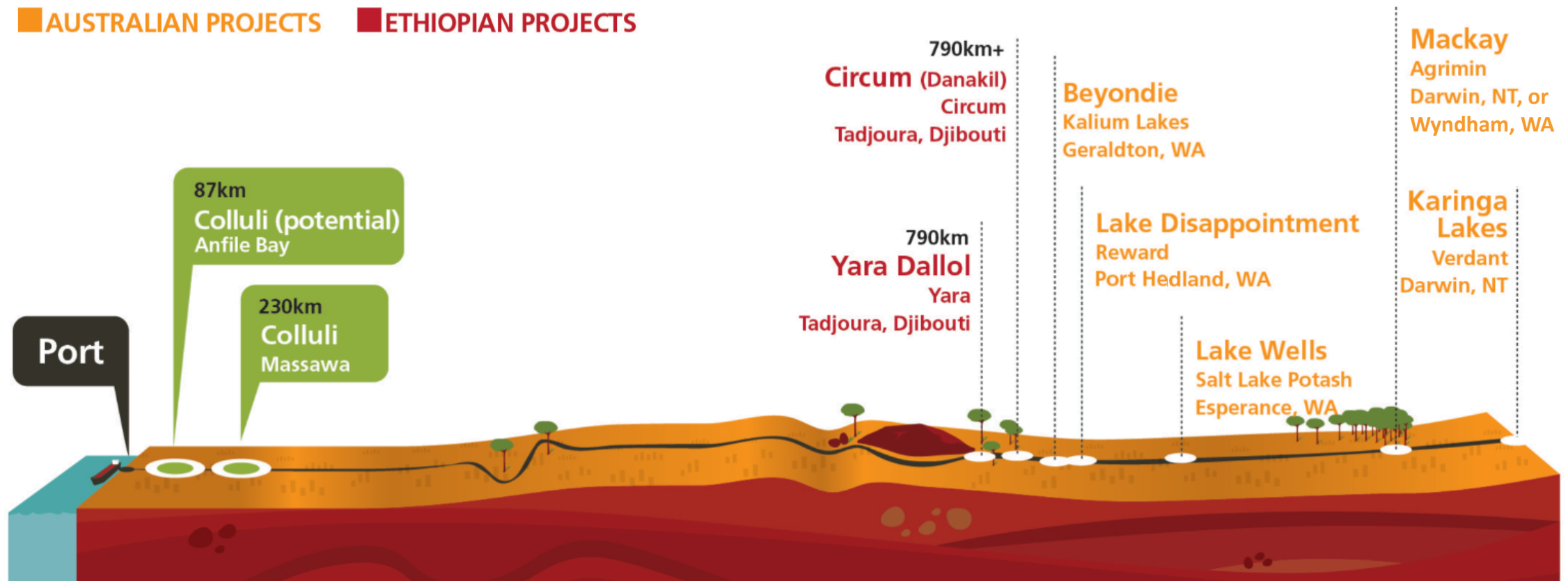
How does Colluli compare? – Logistics

Colluli's proximity to established port infrastructure gives unrivalled access to the global export markets

Distance to port for Colluli and other SOP greenfield development projects

Australian projects range from 700km to 1,500km away from the nearest established ports



■ AUSTRALIAN PROJECTS ■ ETHIOPIAN PROJECTS



How does Colluli compare? – Construction readiness

Colluli is the only known SOP greenfield development project that has completed FEED, is materially fully permitted and has achieved binding take-or-pay offtake

Progression of selected SOP greenfield development projects

Company	Project	Study stage	Accuracy level (+/-)	Mining agreement / native title	Mining licences	Social and environmental approvals	Materially fully permitted	Binding offtake achieved	Debt term sheet signed
 DANAKALI	 Colluli	FEED	-10%/+10%	✓	✓	✓	✓	✓	✓
Kalium Lakes	Beyondie	FEED	-5%/+5%	✓	✓	✓	✓	Non-binding	✓
Crystal Peak	Sevier Lake	BFS	Opex: -10%/+10% Capex: -15%/+15%	Not disclosed	✓	In progress	Not disclosed	Not disclosed	Not disclosed
Yara	Yara Dallol	DFS	Not disclosed	✓	Unclear	Partially complete	Unclear	Not disclosed	Not disclosed
Circum	Danakil	DFS	Not disclosed	✓	✓	Unclear	Unclear	Not disclosed	Not disclosed
Agrimin	Mackay	PFS	-25%/+25%	✓	Partially complete	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Salt Lake	Lake Wells	Scoping study	Opex: -30%/+30% Capex: -10%/+30%	✓	Partially complete	Not disclosed	Not disclosed	Non-binding	Not disclosed
Australian Potash	Lake Wells	Scoping study	-35%/+35%	Partially complete	Partially complete	In progress	Not disclosed	Non-binding	Not disclosed

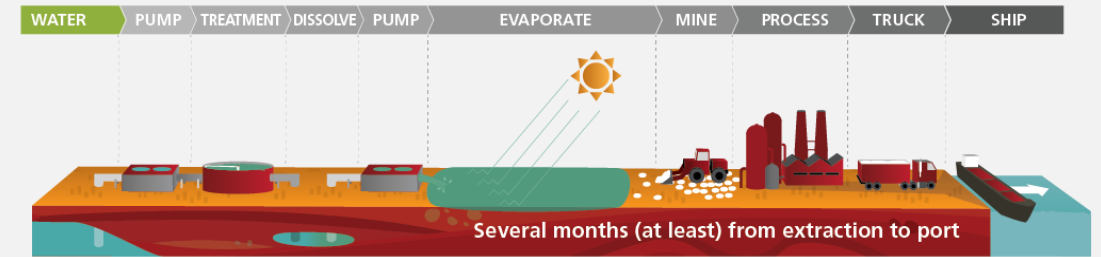
Solid salts and open-cut mining

Colluli has the unique ability to process solid salts, leading to shortest extraction to port timeframe of any SOP greenfield development project

SOLID SALTS NEAR SURFACE – OPEN-CUT (COLLULI)

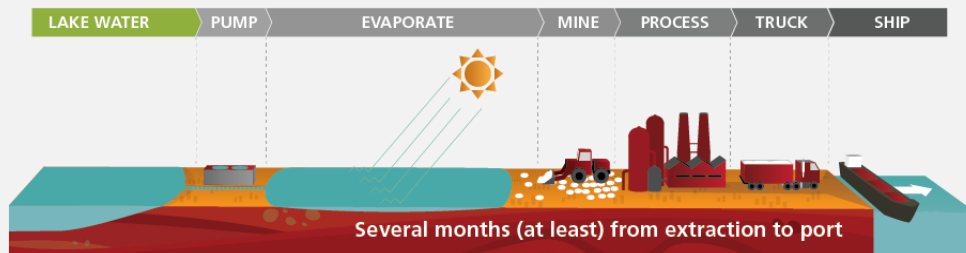


SOLID SALTS AT DEPTH – SOLUTION



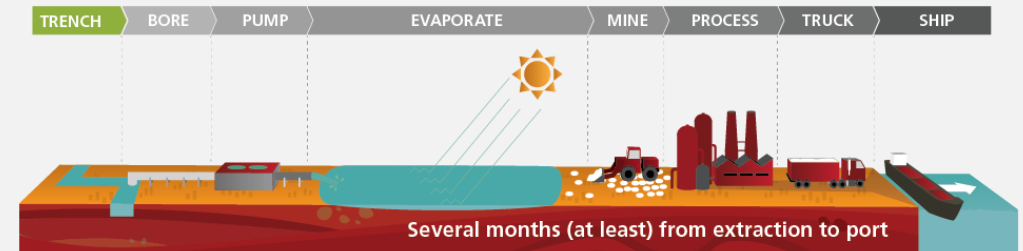
Relevant development peers: Circum Minerals, Yara

LAKE WATER BRINE



Relevant development peers: Agrimin, Australian Potash, Kalium, Salt Lake Potash

PLAYA BRINE



Relevant development peers using this method: Crystal Peak Minerals

Product specifications

Colluli's SOP and SOP-M products have superior specifications

			Sirius
Product	SOP	SOP-M	POLY4
Types	Standard / Granular / Soluble	Standard / Granular / Soluble	Powder / Granular

Product specifications – High grade favourable

Potassium Sulphate / K_2SO_4	96.0%	47.0%	-
Potassium Oxide / K_2O	52.0%	25.5%	14%
Magnesium Sulphate / $MgSO_4$	-	32.0%	-
Magnesium Oxide / MgO_2	-	10.8%	6%
Sulphur / S	18.5%	15.5%	19%

Product specifications – Low grade favourable

Sodium Chloride / NaCl	<0.2%	0.7%	3.1%
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Calcium content not covered in table above but gypsum ($CaSO_4$) has also been detected at Colluli¹

CMSC SOP and SOP-M products



How does Danakali compare? – SOP producers

A comparison against producing, vertically integrated peers demonstrates Danakali's capacity to be the largest and most direct exposure to a listed SOP story internationally

	 DANAKALI	K&S (SDF.FSE)	Compass (CMP.NYSE)	Tessenderlo (TESB.BSE)
Market capitalisation ¹	A\$212M (US\$149M)	€3.21Bn (US\$3.63Bn)	US\$1.79Bn	€1.32Bn (US\$1.49Bn)
EBIT (2017) ¹	NA (average annual cash flows to Danakali of US\$85M expected from SOP Modules I & II)	€327M (US\$372M)	US\$159M	€111M (US\$126M)
Key focus areas	Primary – Fertiliser Secondary – Deicing Tertiary – Industrial salts	Fertiliser Deicing Consumer & industrial salts	Fertiliser Deicing Consumer & industrial salts	Fertiliser Crop protection Gelatin, proteins & fats Industrial solutions
SOP				
SOP production	Module I: 472ktpa Modules I & II: 944ktpa	850ktpa (capacity)	590ktpa (capacity)	580ktpa
SOP production type	Primary (solid salts)	Secondary (salt decomposition)	Primary (brine)	Secondary (Mannheim Process)
Other production				
Other fertiliser and salt production lines	Potential for rock salt (stockpiled at rate of 1.8Mtpa), SOP-M, MOP, MgSO₄, MgCl and gypsum production	MOP Other specialty fertilisers Rock, industrial and consumable salts Magnesium products	Rock, solar and evaporated salt MgCl Specialty fertilisers	Specialty fertilisers Crop protection products

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
- Also Chairman of Duketon Mining, Montezuma Mining, and Buxton 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 and QKR Corporation, currently Managing Director of Yellow Cake



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 Director of Northern Star Resources and Non-executive Chairman of Exore 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



Paul Donaldson – Non-Executive Director

- More than 30 years of industry experience in senior management roles at BHP, Danakali and Pacific National
- 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
- Currently Chief Transformation Officer at Pacific National



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

Strong, energetic and accomplished senior management team



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

Technical glossary

Term	Meaning
AFC	• Africa Finance Corporation
Afreximbank	• African Export-Import Bank
CMSC	• Colluli Mining Share Company, the 50:50 joint venture vehicle owned by Danakali and ENAMCO that 100% owns Colluli
Colluli	• The Colluli Potash Project
The Company	• Danakali Limited, DNK.ASX
Danakali	• Danakali Limited, DNK.ASX
DFIs	• Development financial institutions
DFS	• Definitive Feasibility Study, refer ASX announcement 30 November 2015 for the Colluli results
DRA	• DRA Global, preferred EPCM contractor
EBITDA	• Earnings before interest, tax, depreciation and amortisation
ENAMCO	• The Eritrean government owned Eritrean National Mining Company (owns 50% of Colluli)
EPCM	• Engineering, Procurement and Construction Management
Evaporite	• A natural salt or mineral deposit left after the evaporation of a body of water
FEED	• Front End Engineering Design, refer ASX announcement 29 January 2018 for the Colluli results
FOB	• Free On Board, specifies the point at which respective obligations, costs, and risk involved in the delivery of goods shift from the seller to the buyer, in the case of operating cost metrics this is when product is put on board a ship at port
IRR	• Internal Rate of Return, the discount rate at which the net present value of all the cash flows from a project equal zero
Kieserite	• $\text{MgSO}_4 \cdot \text{H}_2\text{O}$
ktpa	• Kilotonnes per annum (measure of production output)
Mandated Lead Arrangers	• Afrximbank and AFC (mandated to provide US\$200M of senior debt to CMSC)
Mannheim Process	• The high energy reaction of MOP with sulphuric acid (H_2SO_4) to produce SOP
MOP	• Muriate of Potash (KCl)
Mtpa	• Million tonnes per annum (measure of production output)
NOP	• Potassium Nitrate (KNO_3)
NPV	• Net Present Value, the difference between the present value of cash inflows and the present value of cash outflows over a period of time

Technical glossary

Term	Meaning
The Project	<ul style="list-style-type: none">• The Colluli Potash Project
SEIA	<ul style="list-style-type: none">• Social and Environmental Impact Assessment
SEMPs	<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 ($K_2Mg(SO_4)_2 \cdot 4H_2O$)

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.

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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

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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⁺, 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.

Forward looking statements and disclaimer

The information in this presentation is published to inform you about Danakali Limited (the “Company” or “DNK”) and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company’s intentions. All statements in this presentation, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not 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 the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation. Recipients should make their own enquiries in relation to any investment decisions.

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

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.

A non-binding indicative term sheet and mandate for the provision of US\$200M in senior debt funding to CMSC has been executed with Mandated Lead Arrangers Africa Export Import Bank (**Afreximbank**) and Africa Finance Corporation (**AFC**).

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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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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