



## Danakali Investor Webinar

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali**, or the **Company**) is pleased to announce that the Company will host a live webinar “**Colluli Development - a global game changer for premium potash**”.

The event will be held on **Thursday 3 September 2020 at 3pm Perth / 8am London**. Further details of the event, along with a registration form, are available [here](#). A copy of the presentation will be made available on Danakali’s [website](#) and is attached to this announcement.

Niels Wage, CEO of Danakali will provide an update on the Colluli Sulphate of Potash Project (**Colluli** or the **Project**), located in Eritrea, East Africa and share Danakali’s key achievements and milestones in 2020.

Niels will be joined by **Osam Iyehen**, Senior Director, Natural Resources at the Africa Finance Corporation (**AFC**), who will talk about AFC’s investment strategy in African mining space and share his perspective on the investment attractiveness of Danakali and the Colluli SOP Project.

**Neil Gregson**, as the newly joined Non-Executive Director of Danakali's Board, will talk about the unrivalled potential of the asset as an intergenerational investment and discuss why he decided to become part of the Danakali story.

This will be followed by a live Q&A from attendees.

No new information will be provided during the event.

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

For more information, please contact:

**Danakali**

Niels Wage  
Chief Executive Officer  
+61 8 6189 8635

Mark Riseley  
Corporate Development Manager  
+61 8 6189 8635

**Corporate Broker – Canaccord**

James Asensio / Angelos Vlatakis  
+44 (0)20 7523 4680

**UK IR/PR – Instinctif Partners**

Mark Garraway / Dinara Shikhametova / Sarah Hourahane  
danakali@instinctif.com  
+44 (0)207 457 2020

Visit the Company’s website: [www.danakali.com](http://www.danakali.com)

Follow Danakali on LinkedIn: [www.linkedin.com/company/danakali-limited](https://www.linkedin.com/company/danakali-limited)

Subscribe to Danakali on YouTube: [www.youtube.com/channel/UChGKN4-M4lOvPKxs9b-IJvw](https://www.youtube.com/channel/UChGKN4-M4lOvPKxs9b-IJvw)

## About Danakali

Danakali Limited (ASX: DNK, LSE: DNK) (**Danakali**, or the **Company**) is an ASX- and LSE-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. AFC has also executed a Subscription Agreement to make a US\$50M strategic equity investment in Danakali. The receipt of the first tranche of US\$21.5M (A\$31.8M) allowed commencement of the development.

Project execution has commenced, and SOP production is expected during 2022. 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.

## 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. 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.

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.

The distribution of this announcement outside the United Kingdom may be restricted by law and therefore any persons outside the United Kingdom into whose possession this announcement comes should inform themselves about and observe any such restrictions in connection with the distribution of this announcement. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside the United Kingdom.



September 2020

# Danakali's Colluli Development: A Global Game Changer for premium potash



**DANAKALI**  
create. nurture. grow

ASX: DNK | LSE: DNK | ADR: DNKLY  
Various European OTC: SO3 (e.g. FRA: SO3 | MUN: SO3)



# Today's Speakers



**Niels Wage**

Chief Executive Officer  
Danakali



**Osam Iyahan**

Senior Director, Natural Resources  
Africa Finance Corporation



**Neil Gregson**

Non-Executive Director  
Danakali

# Forward Looking Statements

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

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

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

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

This presentation does not comprise an admission document, listing particulars or a prospectus relating to the Company, does not constitute an offer or invitation to purchase or subscribe for any securities of the Company and should not be relied on in connection with a decision to purchase or subscribe for any such securities. This presentation does not constitute a recommendation regarding any decision to sell or purchase securities in the Company. No representation or warranty, express or implied, is given by or on behalf of the Company or its directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in this presentation, and no liability is accepted for any such information or opinions (including in the case of negligence, but excluding any liability for fraud).

In the United Kingdom, this presentation has not been approved by any person authorised under the Financial Services and Markets Act 2000 (“FSMA”) and is directed only at Investment Professionals within the meaning of section 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“FPO”) and High Net Worth Companies and unincorporated associations within the meaning of section 49(2) of the FPO. Persons of any other description, including those who do not have professional experience in matters relating to investments, should not rely or act upon this presentation.

# Agenda

## COLLULI 2020

### Achievements & Milestones

---



---

Project update  
Niels Wage, Danakali

## AFC & DANAKALI

### Partnership for the future

---



---

Colluli in AFC's asset portfolio  
Osam Iyehen, AFC

## COLLULI

### Intergenerational Investment

---



---

Why become part of Colluli  
Neil Gregson, Danakali

# About Danakali

Danakali is a Sulphate of Potash (SOP) focused crop-nutrient company

The Company is listed on both the ASX and LSE

Our flagship project is Colluli SOP – one of the biggest, most advanced, high quality fertiliser projects in the world, with strong potential financial and sustainable returns

## Executive team



Niels Wage, CEO



Stuart Tarrant, CFO



Tony Harrington,  
Project Director

## Danakali Board



Seamus Cornelius  
Non-Executive Chairman



Samaila Zubairu  
Non-Executive Director



Taiwo Adeniji  
Non-Executive Director



Bob Connochie  
Non-Executive Director



Neil Gregson  
Non-Executive Director



Zhang Jing  
Non-Executive Director



John Fitzgerald  
Non-Executive Director



# Colluli SOP Project

Danakali is developing the Colluli project in the Danakil basin as a 50/50 JV with ENAMCO, Eritrean National Mining Company



ERITREA

ETHIOPIA

RED SEA

 **Colluli**

DANAKIL  
BASIN





# Danakali Investment Case



**Large deposit**  
**200-year mine life**



**Advanced financing**  
**US\$250M of funding\***



**Low cost mining**  
**<US\$150/t (mine gate)**



**Projected cashflow**  
**US\$85M<sup>2</sup> per annum**



**10-year Offtake**  
**with EuroChem +**  
**3y renewal**



**Development underway**  
**Expected production in 2022**



**Premium product**  
**Price premium**



**Exceptional returns**  
**NPV<sub>10, Real</sub> US\$439m**  
**IRR 31.3%<sup>1</sup>**

# Progress update

Project has been significantly de-risked; now in development

Phased EPCM process started by DRA Global

Notice of Mine Development Commencement accepted by Eritrean Ministry of Energy and Mines

**EPCM phases 1 & 2**  
**Mobilisation**



**EPCM phases 3 - 6**  
**Construction**



**Production**



EPCM phases 1&2 complete

Construction expected in 2021

Production targeted for 2022



# Integrated approach for Colluli success



## STRONG PARTNERSHIPS

AFC  
Afreximbank  
EuroChem

---



## SUPPORTIVE STAKEHOLDERS

ENAMCO  
Local community  
Eritrean Government

---



## AGILE TEAM

Strong project team  
DRA Global  
RA International

---

*Colluli stands out as one of the most unique, largest, lowest cost, least complex, high quality SOP reserves.*

Niels Wage  
CEO of Danakali





# SOP Market dynamics

## Demand



Increasing global population



Changing dietary preferences



Limited arable land available

**Average CAGR growth around 2 - 2.4%  
(excluding China)**

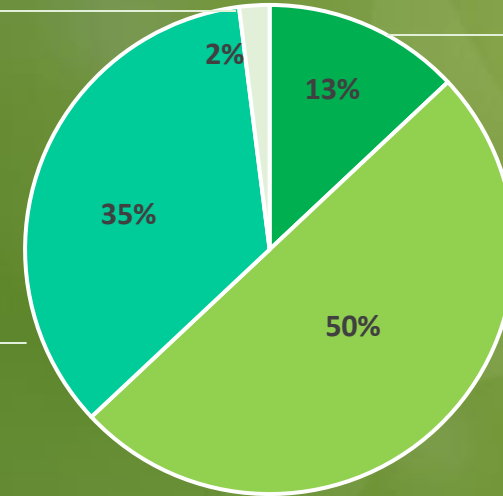
## Supply

Primary  
Natural Ore

Primary  
Natural Brine

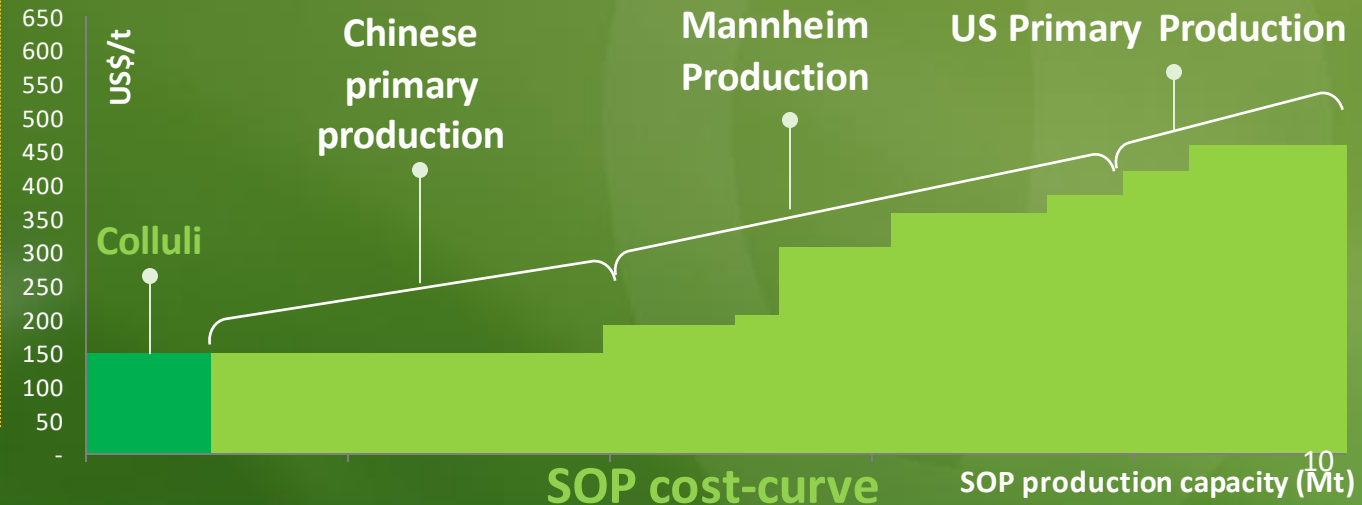
Secondary  
production  
MOP & Sulphate  
salts reaction

Secondary  
Mannheim  
process



Source: Potassium Sulphates and Potassium Nitrate Market Outlook, CRU, January 2020

## SOP production structure



# Looking forward: 2HY 2020 milestones

## Closing funding gap



---

**Robust financing drive to  
catalyse and finalise financing**

## EPCM advancement



---

**Detailed engineering design  
and EPCM**

## Focus on sustainability



---

**Finalising development of  
social, environmental and  
economic impact  
management systems to  
capture opportunities, build  
local capacity and manage  
risks**

# About Africa Finance Corporation (AFC)

A leading investment grade Africa-focused, multilateral financial institution focused on addressing Africa's infrastructure needs

- Founded in 2007 by an agreement between African sovereign states
- Investment grade rating of A3 (Long-term Issuer) and P-2 (Short-term Issuer) from Moody's Investor Services
- To date, the Corporation has invested over US\$8.0 billion in projects within 32 countries across Africa





# AFC Investment approach

**Projects with high developmental impact and competitive returns in selected sectors**



**Promising portfolio return  
(~ 12%)**



**Co-financing with experienced  
developers and sponsors**



**High developmental  
impact on target countries**



**Located across the  
African continent**



**Five core sectors**  
Power, transport & logistics, telecomms,  
heavy industries and natural resources



**Investing and financing  
across the project  
lifecycle**

# Why Colluli?

Colluli stands apart from other opportunities due to its long life, low cost, low technical risk and proximity to existing infrastructure



## Investment for future

With a ~200-year MoL, Colluli will bring significant economic and social benefits to the country and the multi generations



## Compelling project economics

Competitive returns for our shareholders



## Spill-over effect to agriculture in Africa

SOP Fertilizer contributor to sustainable farming in the region and globally

# Committed to the project

## AFC's total participation: US\$150M

- US\$50M in Danakali equity
- US\$100M of credit approved CMSC senior debt

*"AFC continues to be a great supporter of Colluli and we are confident in Danakali's competence to successfully deliver the Project. We remain committed to our US\$150m funding across the CMSC Senior Debt and equity investments."*

**Samaila D Zubairu**  
President and CEO of AFC  
Non-Executive Director at Danakali  
June 2020





# From one investor to another...

Over 30 years in asset management, senior roles within Credit Suisse and most recently at JPM Global Natural Resources Fund

Prior mining and engineering roles at Gold Fields and Anglo American



**Neil Gregson**  
**Non-Executive Director**  
**Danakali Limited**

# Organization poised for Growth



**Investment  
attractiveness  
of the asset**



**Governance:  
Strong team and  
management able to  
deliver**



**Focused on  
sustainability**



**Long-term  
commitment:  
A multi-generational  
investment**

# Colluli: key attributes

What makes Colluli a great investment opportunity from one investor to another...



## Exceptional returns

**NPV<sub>10, Real</sub> US\$439m**  
**IRR 31.3%<sup>1</sup>**



## Scale & quality

**~ 200-year LoM**  
**98% product purity**



## Healthy margins

**<US\$150/t (mine gate)<sup>1</sup>**

**Trucking costs of c.US\$73/tonne are assumed<sup>1</sup>**



## Anticipated

**strong cashflow**  
**US\$85M<sup>2</sup> per annum**



# Final remarks



**Compelling project economics and investor returns**



**Joint owner of the massive Colluli Sulphate of Potash deposit in Eritrea**



**Construction to commence in Q2 2021 and production in 2022**



**10-year offtake with EuroChem + 3-year renewal**



**Committed to a world class Sustainability program**



**Strong partnership with leading African DFIs**



# Thank you Q&A



**DANAKALI**  
create. nurture. grow

ASX: DNK | LSE: DNK | ADR: DNKLY  
Various European OTC: SO3 (e.g. FRA: SO3 | MUN: SO3)