



## Danakali presenting at Africa Fertilizer Agribusiness Conference

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali**, or the **Company**) is pleased to announce that the Company CEO Niels Wage will be presenting at the [Africa Fertilizer Agribusiness 2020 Virtual Conference](#) on 15 September 2020 at 2pm BST / 3pm SAST.

Niels Wage will present at the “Investing in African fertilizer production and distribution” panel, and will be joined by industry experts to discuss how can African nations take advantage of their natural resources to support agribusiness and rural development, and the importance of maintaining sustainability considerations while developing fertilizer input resources. The panel will see fertilizer experts talk about the routes to fertilizer market and how marketing strategies can ensure success in different African markets.

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

No new information will be provided during the event.

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

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### 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.

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September, 2020

# How Sustainable investment in African nutrient production is helping the region find its place in global agriculture



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# 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.

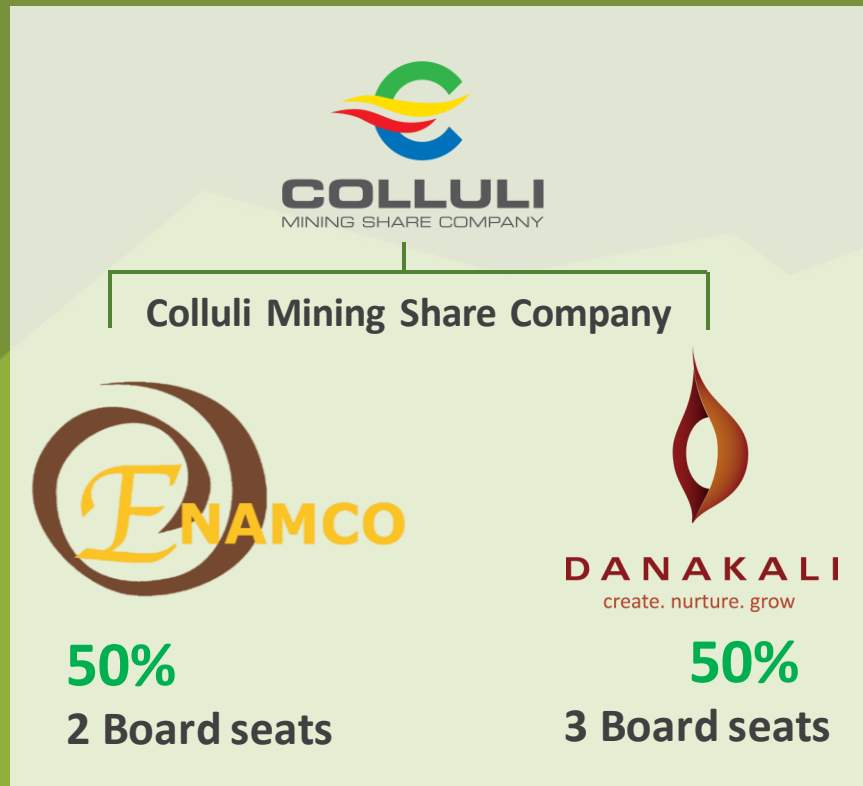
Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. Mineral Resource, Ore Reserve and financial assumptions made in this presentation are consistent with assumptions detailed in the Company’s ASX announcements dated 25 February 2015, 4 March 2015, 19 May 2015, 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.

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# Colluli SOP project

Danakali is developing the Colluli project in the Danakil basin as a 50/50 JV with ENAMCO





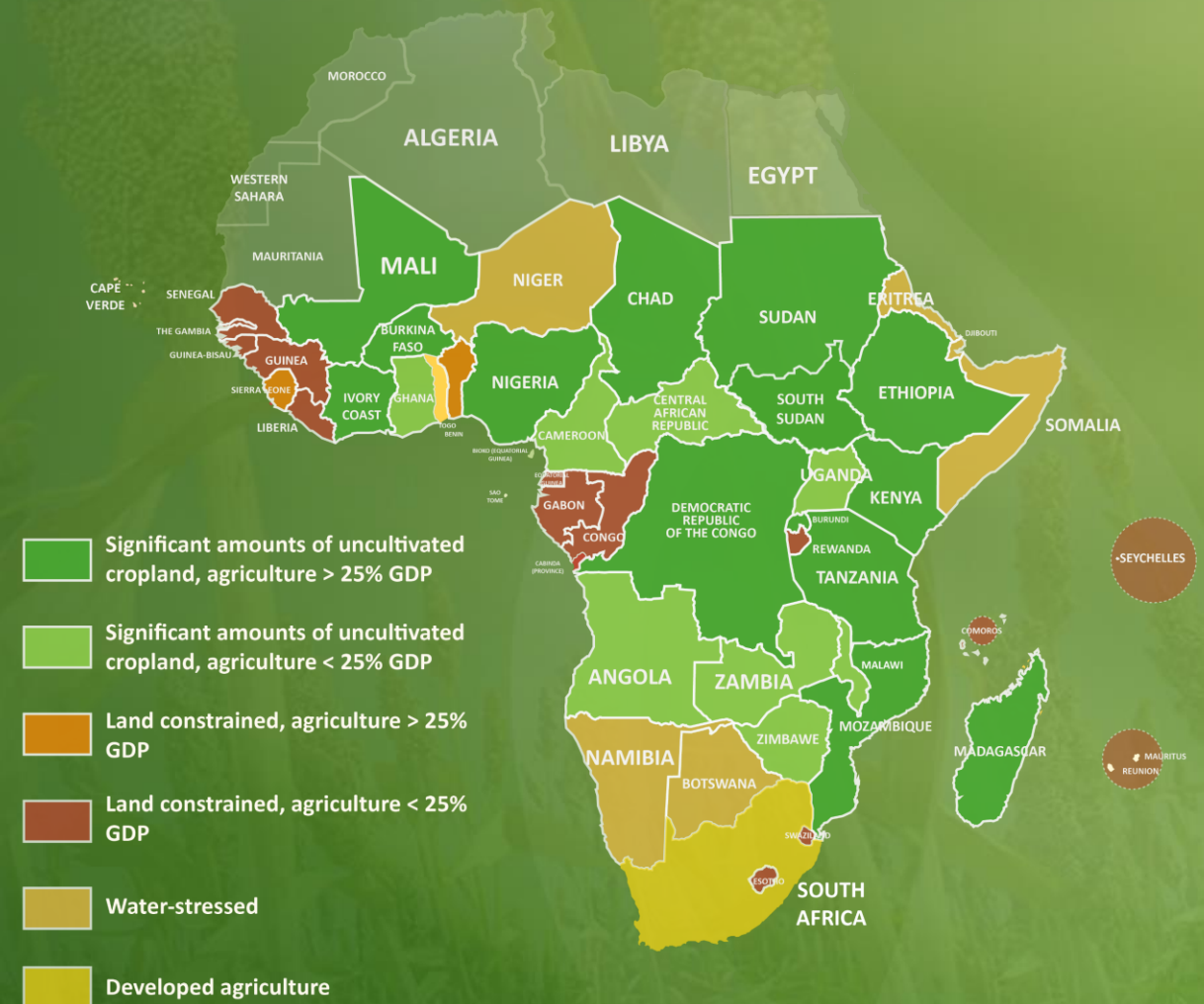
# Untapped potential

Agriculture is significant in Africa ->  
60% of the population of Sub-Saharan Africa is smallholder farmers and yet only 23% of the GDP

Africa can produce 2-3X more cereals and grains, comprising 20% of the global output

Similar increases could be seen in livestock and horticulture crops

## AGRICULTURE IN AFRICA



Source: FAO, World Bank, Deutsche Bank

# Current challenges

Continental agricultural gains need significant investment to be realized:



**6x**

more  
improved seed



**8x**

more fertilizer



**\$8 bn**

in basic storage



**\$65 bn**

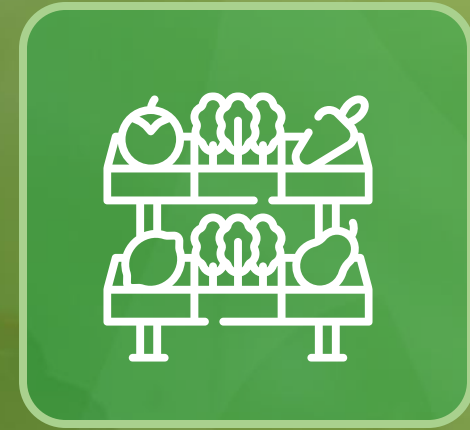
in irrigation

# COVID-19 Challenges to African Agriculture



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**Trade disruption for  
African exports**



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**Access to food  
disrupted**



# Unlocking the African Agricultural Potential

**Collaborative, multi-stakeholder alliances with clear investment goals**

## SHOWING THE WAY

African Union and DFIs



Funding and assistance in  
infrastructure, policy  
development and capacity  
building

## LEADING THE WAY

National governments



Public investment in agriculture,  
infrastructure and improving  
policy frameworks

## FOLLOWING THE WAY

Private sector

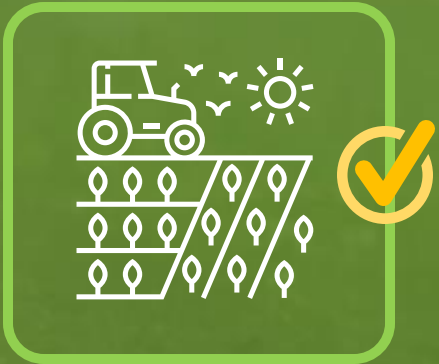


Alignment with government  
policies and priorities and  
maximizing economic synergies  
including R&D

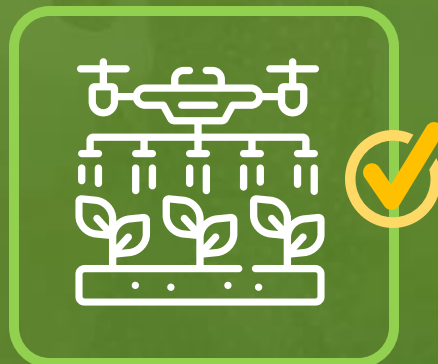
# Building on Synergies

Aligning corporate investment efforts with the Comprehensive Africa Agriculture Development Programme priority areas

## PRODUCTIVITY



## INFRASTRUCTURE



## FOOD SECURITY



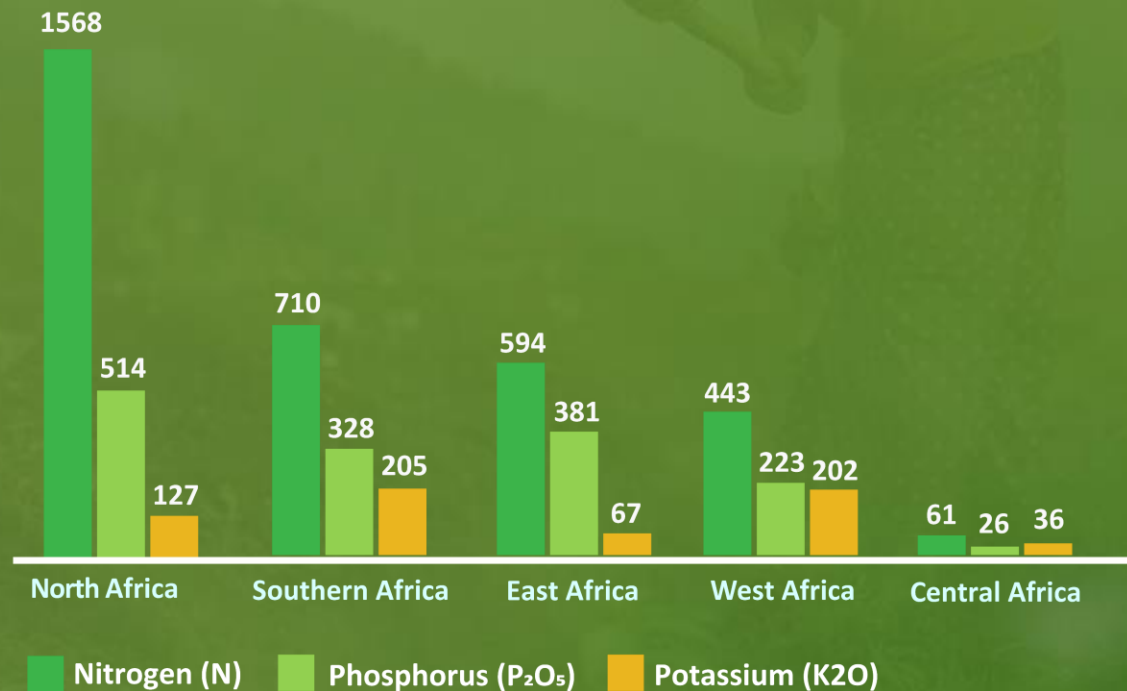
## RESEARCH



# What role for the Fertiliser Industry?

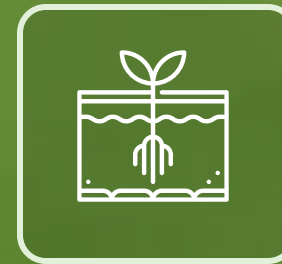
Average fertilizer consumption in Sub-Sahara Africa is estimated at 17kg of nutrients per ha of cropland

FERTILIZER NUTRIENT CONSUMPTION IN SUB-SAHARAN AFRICA, BY REGION  
(kt of nutrient).



Source: FAOSTAT

The action items broadly provided by the Abuja Declaration on Fertilizer



Soil-appropriate products



Increase availability of fertilisers



Introducing new cash crops



Provide cost-effective fertilisers



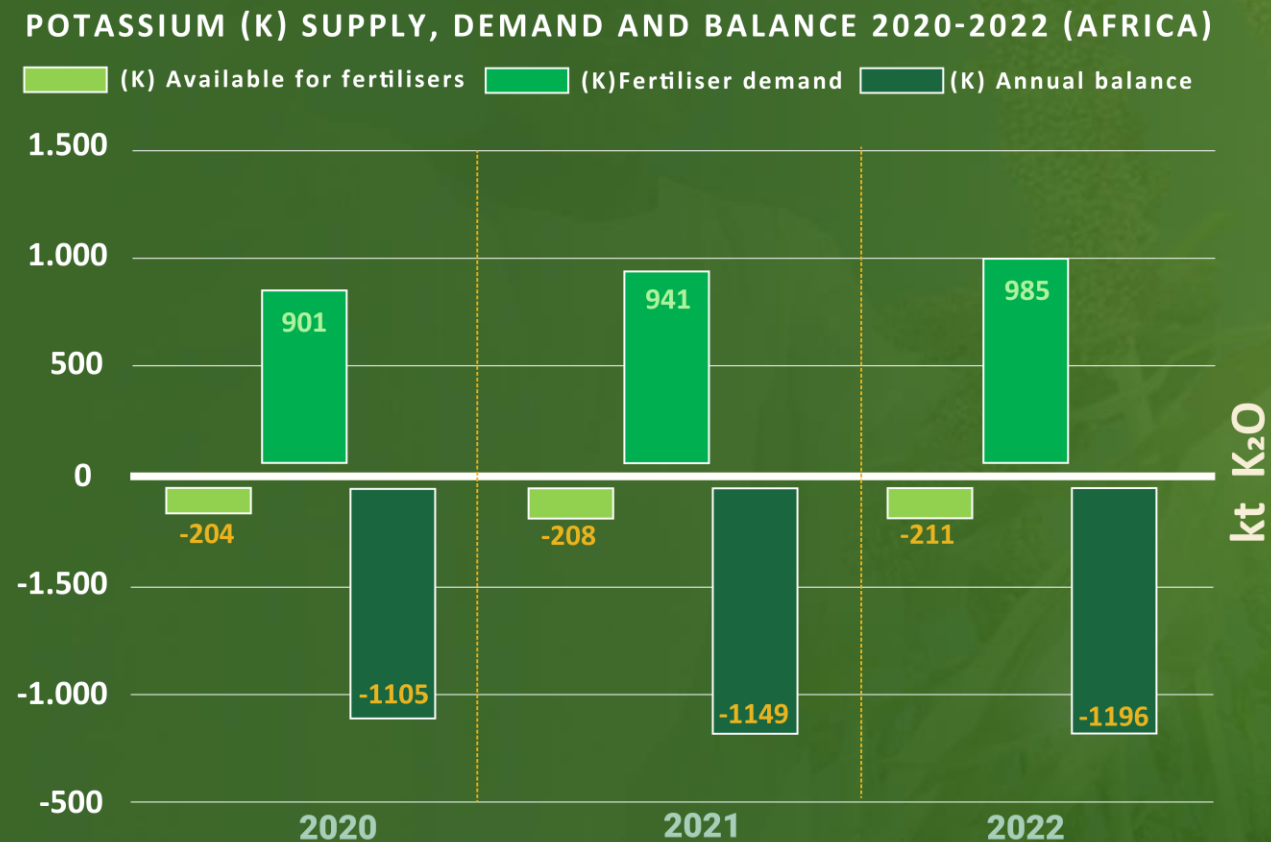
Strengthen the agricultural value chains



Educate on appropriate use (4Rs)

# Colluli – Tackling Africa's Potash Challenge

Current farming methods in Africa strip potassium out of soils faster than it is being replaced



Source: FAO, World fertilizer trends and outlook to 2022

The key expected benefits of developing Colluli for regional and African agriculture



Deposit with 200-year mine that can secure long-term availability of Potash



Production of high-quality fertilisers on African soil that implies lower transport costs



Ability to produce a suite of potash products catering to various needs of farmers in Africa



Availability of fertiliser that is suitable for growing higher-value crops versus crops grown for subsistence

# Thank you



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