



## ASX Release

9 June 2015

**ASX Code:** **DNK**

### Issued Capital

Share Price	\$0.45
Market Capitalisation	\$78.4M
Shares on issue	174M
Company options	27M
<b>Cash</b>	<b>\$10.3M</b>

### Board of Directors

Mr Seamus Cornelius  
*Non-executive Chairman*

Mr Paul Donaldson  
*Managing Director*

Mr Anthony Kiernan  
*Non-Executive Director*

Mr John Fitzgerald  
*Non-Executive Director*

Mr Liam Cornelius  
*Non-Executive Director*

Ms Amy Just  
*Company Secretary*

### Information

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## Appointment of Financial Advisor for the Colluli Potash Project

Danakali Limited (ASX:DNK) ("Danakali" or "The Company") is pleased to announce the appointment of Endeavour Financial, an independent mining finance advisory team, to assist in the evaluation of funding options for the globally significant Colluli Potash Project in Eritrea, East Africa.

A phased approach to the development of the Colluli Project is planned. Construction of Phase I processing plant, with an expected capacity of 425,000tpa Sulphate of Potash ("SOP"), could commence in 2016 with production following in 2018.

The funding options analysis undertaken by Endeavour Financial will assist Danakali to develop a funding strategy for the Colluli Project whilst the definitive feasibility study (DFS) is underway. Prefeasibility study (PFS) results released in February 2015 demonstrated an economically robust project underpinned by a large resource with substantial long term growth potential.

Endeavour Financial has extensive experience in assisting companies to structure project funding solutions across diverse commodities, geographies and sources of financing. The firm has a proven track record in Africa and has been supporting mining projects in Eritrea for over nine years.

Danakali Managing Director, Paul Donaldson said "Advancement of funding discussions is one of our key priorities. The engagement of a highly reputable and experienced Financial Advisor will provide a clearer understanding of the funding options available to unlock the potential of the Colluli Project."

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**DANAKALI**

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### **About Danakali Ltd**

Danakali is an ASX listed company and 50% owner of the Colluli Potash Project in Eritrea, East Africa. The company is currently developing the Colluli Project in partnership with the Eritrean National Mining Company (ENAMCO).

The project is located in the Danakil Depression region of Eritrea, 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 Colluli has a JORC 2012 compliant resource containing over 1 billion tonnes of potassium bearing salts suitable for the production of potash fertilisers. The resource is positively unique in its size, combination of salts, proximity to coast and shallow mineralisation. The combination of salts within the resource makes it suitable for high yield, low energy input production of potassium sulphate, which is also known as sulphate of potash or SOP. SOP is a specialty fertiliser that carries a substantial price premium relative to the more common potassium chloride, which is the most common potassium salt known as potash.

The company has completed a prefeasibility study 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. 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) with 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.

The JORC 2012 Compliant Mineral Resource Estimate for the Colluli Potash Project now stands at 1.289 billion tonnes @ 11% K<sub>2</sub>O for 260Mt of contained SOP. Substantial project upside exists in higher production capacity and market development for other contained products such as potassium magnesium sulphate, potassium chloride, rock salt and magnesium chloride.

Our vision is to bring the Colluli project into production using the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.

### **About Endeavour Financial**

Endeavour Financial is a private independent merchant banking company focused on providing expert and unbiased financial advisory services to the global natural resources sector. Endeavour Financial has a history of achieving success for clients based on resource industry focus, innovative transaction skills and the diverse professional backgrounds of its award-winning team. Offering advice in project, corporate and debt capital markets; equity-linked financings; mergers and acquisitions; and strategic business development over more than two decades, Endeavour Financial has established itself as a leading financial advisor in the natural resources sector. Specific to the mining sector, in the last ten years the firm has closed in excess of US\$ 4 billion of development financings for single-asset emerging producers. More information on Endeavour Financial and its services can be found at [www.endeavourfinancial.com](http://www.endeavourfinancial.com)