



ASX Release

16 June 2015

ASX Code: **DNK**

Issued Capital

Share Price	\$0.45
Market Capitalisation	\$78.3m
Shares on issue	174m
Company options	27m
Cash	\$9.6m

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

E:
info@danakali.com
W:
www.danakali.com
T
+61 8 6315 1444

Final Tranche of Social and Environmental Baseline Assessments Submitted

Danakali Limited (ASX:DNK) ("Danakali" or "The Company") is pleased to announce the submission of the final tranche of social and environmental baseline assessments to the Eritrean Ministry of Mines and Energy. The baselines comprise:

- Hydrometeorology and Climate
- Oceanography
- Hydrogeology
- Marine Wildlife and Habitat

Key stakeholders have demonstrated a high level of engagement throughout the process, and representatives of the Ministry of Mines and Energy and the Ministry of Land, Water and Environment have visited the Colluli site over the past two years as the baseline assessment work has progressed. The overall baseline development and submission process for Colluli has benefited significantly from the transfer of knowledge of previous mining projects in Eritrea. Feedback has been received from the Ministry of Land, Water and Environment on the baseline reports submitted to date. No material issues have been identified.

The baseline assessments are critical inputs to the Social Environmental Impact Assessment (SEIA) for the Colluli Potash Project, which is being completed consistent with the Equator Principles, and will be used to develop both social and environmental management plans for the project. The assessment and management plans will be submitted following completion of the Colluli Definitive Feasibility Study (DFS) which is currently estimated to be completed in Q3 2015.

Danakali Managing Director, Paul Donaldson commented:

"We are very happy to have completed and submitted all of the relevant social and environmental baseline work for the Colluli Potash Project. The regular engagement that we have had with the Ministry of Energy and Mines and the Ministry of Land, Water and Environment throughout this process has been highly beneficial, and to date, no material issues have been identified.

“Our Eritrean team in the Asmara office, the specialist in country consultants, our project team in Perth, and the respective members of both the Ministry of Mines and Energy and the Ministry of Land, Water and Environment have worked well together to ensure the necessary work was completed to the required standard well ahead of the completion of the DFS,” added Mr Donaldson.

-ENDS-

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 amendable 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% K₂O 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, rocksalt 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.