



ASX Release

3 August 2015

ASX Code: DNK

Issued Capital

Share Price	\$0.36
Market Capitalisation	\$62.7M
Shares on issue	174M
Company options	24M
Cash	\$7.9M

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

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Successful completion of Colluli pilot test program

Danakali Limited (ASX:DNK) ("Danakali" or "The Company") is pleased to announce the successful completion of pilot tests for the Colluli sulphate of potash (SOP) production process. The program was initiated in December 2014 and comprised five discreet pilot runs of progressively increasing duration. In addition to validating and optimising the process plant design, the key objectives of the program were to prove process repeatability, test grade variability, test temperature range tolerance and test the impact of water quality variation.

The pilot tests have resulted in the generation of over 300kg of high purity sulphate of potash (SOP). The quality achieved is at the highest end of the quality spectrum (*refer to ASX announcement 14th April, 2015*). Standard, granular and soluble forms of SOP have been generated from the pilot plant product and are currently being used for marketing purposes. Product generated in the pilot tests has also been distributed to vendors to determine the appropriate sizing and operating parameters for drying and compaction equipment for the definitive feasibility study (DFS).

Anti-caking tests are now underway at the Saskatchewan Research Council (SRC) with the Colluli SOP product to determine the most appropriate anti-caking agent and application rate. Results will be incorporated in the DFS.

The first pilot test was utilised to modify the overall process design to improve SOP product quality. Subsequent tests consistently demonstrated high quality SOP product from the Colluli potassium salts, and repeatability of process performance.

Final analysis of temperature, water quality variation and feed grade variation tests are pending and will be completed within the next two weeks.

Managing Director, Paul Donaldson said *"We are pleased with the outcomes of the piloting work. The repeatability of performance and product quality demonstrates the robustness of the process. Having a substantial amount of product from the Colluli salts to assist vendors in equipment selection is a major benefit, as is having a generous amount of real product from the resource to engage potential offtakers."*



DANAKALI

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 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.

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.