



ASX Release

13 August 2015

ASX Code: **DNK**

Issued Capital

Share Price	\$0.31
Market Capitalisation	\$54M
Shares on issue	174M
Company options	24M
Cash	\$6.5M

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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Clarification Statement

In accordance with ASX Listing Rule 5.22, Danakali Limited (ASX:DNK) ("Danakali" or "The Company") provides the following Competent Persons Report and Responsibility Statements (consistent with the statements included in previous announcements such as those dated 19 May 2015, 29 April 2015, 27 April 2015, and 31 March 2015) in respect of its Quarterly Activities Report released 28 July 2015:

Resource Statement

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @11% K2O. The resource contains 303Mt @ 10.98% K2O of Measured Resources, 951Mt @ 10.89% K2O of Indicated Resources and 35Mt @ 10.28% K2O of Inferred Resources.

The information in the quarterly relating to the Colluli Mineral Resource was compiled by Mr. John Tyrell, under the supervision of Mr. Stephen Halabura M. Sc. P. Geo. Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and as a geologist with over 25 years experience in the potash mining industry.

Mr. Tyrell is a member of the Australian Institute of Mining and Metallurgy and a full time employee of AMC. Mr. Tyrell has more than 25 years experience in the field of Mineral Resource estimation.

Mr. Halabura is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan, a Recognised Professional Organisation (RPO) under the JORC Code and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Mr. Tyrell & Mr. Halabura consent to the inclusion of information relating to the Resource Statement in the form and context in which it appears.



Reserve Statement

Mark Chesher is the Competent Person for the 2015 Colluli Ore Reserve estimate, and supervised preparation of the Ore Reserve estimate with assistance from specialists in each area of the study. Mr. Chesher is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional, and is a full-time employee of AMC Consultants Pty Ltd.

He has sufficient open pit mining activity experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code 2012. Mr. Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In undertaking the assignments referred to in the quarterly report, AMC Consultants Pty Ltd acted as an independent party, has no interest in the outcome of the Colluli Project and has no business relationship with Danakali Ltd other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC Consultants Pty Ltd and the Competent Person believe that there is no conflict of interest in undertaking the assignments which are the subject of this statement.

About Danakali Limited

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.