



ASX Release**1st September 2015**

Colluli Exploration License Renewal Complete

Danakali Limited (ASX: DNK) is pleased to advise on behalf of the Colluli Mining Share Company (CMSC) that it has completed its annual exploration license extension for the Colluli Potash Project. The CMSC is a 50:50 Joint Venture between Danakali Limited and the Eritrean National Mining Company (ENAMCO).

Danakali Managing Director, Paul Donaldson said, *"This process is an annual review following the initial term. The Eritrean Ministry of Energy and Mines and ENAMCO are kept well informed of the project status, the work that has been undertaken throughout the year and the projected work in the upcoming period, all of which is taken into consideration in assessing the renewal. The feedback on the project development over the past 12 months has been very positive."*

As noted in the Project Update dated 31 August 2015, the Definitive Feasibility Study (DFS) for Colluli is underway with completion expected in Q4 2015. The DFS work to date has highlighted a number of enhancement opportunities that have the potential to further improve the project economics.

CMSC intends to apply for a Mining Licence upon completion of the DFS.

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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.