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ASX Release

22 February 2016

## Product specifications for Colluli's multi-nutrient, chloride free, sulphate of potash magnesia released

Danakali Limited ("**Danakali**", ASX: DNK) is pleased to advise that product specification sheets (**Spec Sheets**) for potassium magnesium sulphate (**Sulphate of Potash Magnesia** or **SOP-M**) for the Colluli Potash Project (**Colluli**, or the Project) have been released.

Specifications for high-purity SOP-M Granular, SOP-M Standard and SOP-M Soluble products are available on the Danakali website, [www.danakali.com](http://www.danakali.com). This compliments the SOP-M product samples produced at the Saskatchewan Research Council (**SRC**). Colluli is 100% owned by the Colluli Mining Share Company ("**CMSC**"), which is a 50:50 joint venture between Danakali and the Eritrean National Mining Company ("**ENAMCO**").

Danakali Managing Director, Paul Donaldson said, *"We are delighted to release product specifications for our second premium, chloride free, multi-nutrient potash type. The ability to provide detailed specifications of products produced exclusively from Colluli salts is a major milestone internally and facilitates our ongoing marketing process. SOP-M is a high quality, chloride free, multi-nutrient potash type which achieves a price premium and ideal for magnesium deficient soils. Scoping work on the integration of a SOP-M circuit within the second module is underway. The production of SOP-M demonstrates Colluli's product diversification potential, particularly with regard to premium multi-nutrient potash fertilisers. We believe that the combination of salts within the resource in combination with its shallow mineralisation and close proximity to coast underpins the development of a multi agri-commodity business of significance."*

Chemical assays including for heavy metals; particle size distributions of the granular, standard and soluble products; angles of repose; density and solubility tests have all been conducted to Australian Standards on Colluli SOP-M product, produced from pilot plant tests at SRC, and are presented in the Spec Sheets.

The products generated from the tests are being showcased around the world as part of the marketing process. The Product Specification and Material Safety Data Sheets (**MSDS**) can be found on the Danakali website.

The potassium bearing salts within the Colluli Resource have the unique capability of producing a diverse range of potash types including sulphate of potash (**SOP** or **potassium sulphate**), muriate of potash (**MOP** or **potassium chloride**) and sulphate of potash magnesia (**SOPM** or **potassium magnesium sulphate**).

Substantial upside for the project exists from the exploitation of other contained products within the resource such as high purity **rock salt** and **magnesium chloride** and other identified minerals within the project license such as gypsum (**Calcium Sulphate**).

**For more information, please contact:**

Paul Donaldson  
Managing Director  
+61 8 6315 1444

**For Media and Broker Enquiries:**

Warrick Hazeldine / Andrew Rowell  
Cannings Purple  
+61 417 944 616 / +61 400 466 226

### **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 definitive feasibility 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.

### **Competent Persons Statement (Rock Salt Resource)**

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 347Mt @96.9% NaCl. The resource contains 28Mt @ 97.2% NaCl of Measured Resources, 180Mt @ 96.6% NaCl of Indicated Resources and 139Mt @ 97.2% NaCl of Inferred Resources.

The information relating to the Colluli Rock Salt Mineral Resource estimate was compiled by Mr. John Tyrrell. Mr. Tyrrell is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full time employee of AMC. Mr. Tyrrell has more than 25 years' experience in the field of Mineral Resource estimation. He has sufficient experience relevant to the style of mineralisation and type of the deposit under consideration, and in resource model development, to qualify as a Competent Person as defined in the JORC Code.

Mr Tyrrell consents to the inclusion of this information in the form and context in which it appears. In undertaking the assignments referred to in this update, 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 update.

### **Competent Persons Statement (Sulphate of Potash Resource)**

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @11% K<sub>2</sub>O. The resource contains 303Mt @ 10.98% K<sub>2</sub>O of Measured Resources, 951Mt @ 10.89% K<sub>2</sub>O of Indicated Resources and 35Mt @ 10.28% K<sub>2</sub>O of Inferred Resources.

The information relating to the Colluli Mineral Resource was compiled by Mr. John Tyrrell, 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. Tyrrell is a member of the Australian Institute of Mining and Metallurgy and a full time employee of AMC. Mr. Tyrrell 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. Tyrrell & Mr. Halabura consent to the inclusion of information relating to the Resource Statement in the form and context in which it appears.