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**ASX Release**

**28 June 2016**

## **Investor Presentation**

Danakali Limited (ASX:DNK) (“Danakali” or the “Company”) is pleased to provide a copy of an investor presentation pack, which is being rolled out by Danakali Managing Director, Paul Donaldson commencing today. The presentation provides an overview of the world class Colluli Potash project and its key competitive strengths.

Last week the company hosted a visit to the Colluli potash project site in Eritrea, East Africa with Baillieu Holst analyst, Warren Edney, and a team of representatives from various ministries within the Eritrean government as part of the mining license approvals process.

The Colluli project definitive feasibility study (DFS) was completed in November 2015, and is currently awaiting mining license approvals. Funding discussions are underway and the company has signed memorandums of understanding for 800,000 tonnes of sulphate of potash per annum. The DFS indicates industry leading capital intensity, bottom quartile operating costs and an ore reserve of 1.1 billion tonnes.

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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 ENAMCO. Colluli is 100% owned by CMSC, which is a 50:50 joint venture between Danakali and ENAMCO.

The project is located in the Danakil Depression region of Eritrea, and is c. 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 amenable 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.

In November 2015, Danakali released a positive DFS for Colluli which demonstrates industry leading capital intensity and the lowest development costs relative to all SOP projects at DFS level in the world. Bottom quartile operating costs are predicted and mine life is estimated at over 200 years at the DFS production rate, providing the project with substantial growth potential.

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) which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The potassium bearing resource of the Danakil Depression has the unique capability to produce three of the four potash types in the global potash market which comprises potassium chloride (muriate of potash or MOP), potassium sulphate (sulphate of potash or SOP), potassium magnesium sulphate (sulphate of potash magnesia or SOP-M) and potassium nitrate (nitrate of potash or NOP). While CMSC is concentrating on achieving SOP production in the near-term, the focus is on developing a multi agri-commodity and salt business in the medium term.

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.

### Mineral Resource Statements

The 2015 Colluli Potash Mineral Resource is reported according to the JORC Code and estimated at 1,289Mt @11% K<sub>2</sub>O Equiv. The Mineral Resource is classed as 303Mt @ 11% K<sub>2</sub>O Equiv Measured, 951Mt @ 11% K<sub>2</sub>O Equiv Indicated and 35Mt @ 10% K<sub>2</sub>O Equiv Inferred. The Competent Person for this estimate is Mr. Stephen Halabura, M. Sc., P. Geo., Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and a geologist with over 25 years' experience in the potash mining industry. 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 JORC Code.

The 2015 Colluli Rock Salt Mineral Resource is reported according to the JORC Code and estimated at 347Mt @96.9% NaCl. The Mineral Resource is classed as 28Mt @ 97.2% NaCl Measured, 180Mt @ 96.6% NaCl Indicated and 139Mt @ 97.2% NaCl Inferred. The Competent Person for this estimate is Mr. John Tyrrell, a geologist with more than 25 years' experience in the field of Mineral Resource estimation. Mr Tyrrell is a member of the AusIMM, is a full time employee of AMC Consultants Pty Ltd 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 JORC Code.

Mr. Tyrrell & Mr. Halabura consent to the inclusion of information relating to the Mineral Resource Statements in the form and context in which they appear.

### Ore Reserve Statement

The November 2015 Colluli Ore Reserve is reported according to the JORC Code and estimated at 1,113Mt @10% K<sub>2</sub>O Equiv. The Ore Reserve is classed as 286Mt @ 11% K<sub>2</sub>O Equiv Proved and 827Mt @ 10% K<sub>2</sub>O Equiv Probable. The Competent Person for the estimate is Mr Mark Chesher, a mining engineer with more than 30 years' experience in the mining industry. Mr. Chesher is a Fellow of the AusIMM, a Chartered Professional, a full-time employee of AMC Consultants Pty Ltd, and 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. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In reporting the Mineral Resources and Ore Reserves referred to in this public release, 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 Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.



**DANAKALI**

create. nurture. grow.

# **The premier potash and multi agri- commodity opportunity**

**Investor Presentation**

June 2016

Paul Donaldson, Managing Director



# Forward looking statements and disclaimer



The information in this presentation is published to inform you about Danakali Limited (the “Company” or “DNK”) and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company’s intentions. All statements in this presentation, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company’s filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve and financial assumptions made in this presentation are consistent with assumptions detailed in the Company’s ASX announcements dated 4 March 2015, 23 September 2015, 30 November 2015 and 29 January 2016 which continue to apply and have not materially changed. The Company is not aware of any new information or data that materially affects assumptions made.

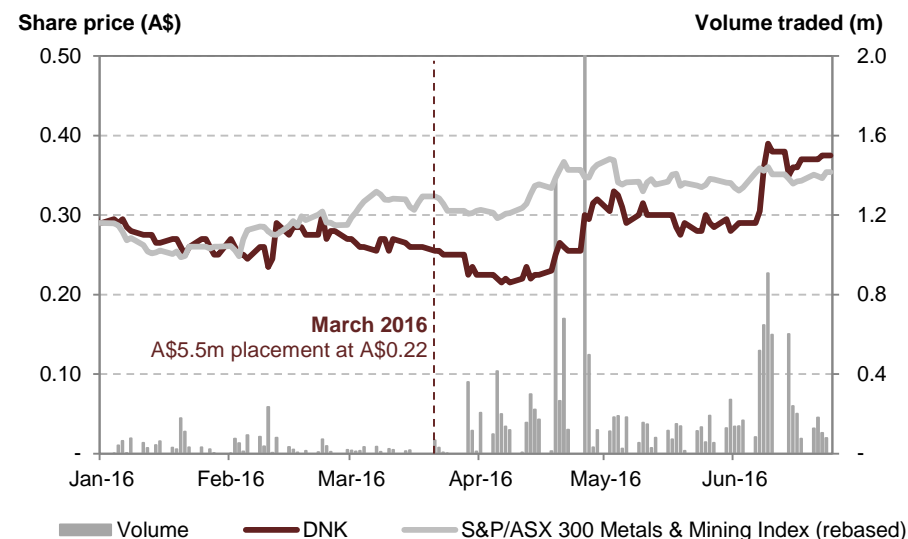
## COLLULI IS A PREMIER POTASH DEPOSIT LOCATED IN THE WORLD CLASS DANAKIL BASIN

### Financial information

(As of 24 June 2016)

Share price	A\$0.380
Number of shares	200.6m
Market capitalisation	A\$76.3m
Cash (31-Mar-16)	A\$6.1m
Debt (31-Mar-16)	Nil
Enterprise value	A\$70.2m

### Share price performance (YTD)



### Top shareholders

Well Efficient Hong Kong private investor	10.0%
Kam Lung Investment Dev. Chinese investor	5.0%
Danakali Board members	12.2%

Source: IRESS

### Broker coverage

Broker coverage	Rating	Price target
Somers & Partners (23 May 2016)	Buy	A\$1.03/sh
Hartleys (14 June 2016)	Buy	A\$0.66/sh
Baillieu Holst (8 June 2016)	Buy	A\$0.50/sh

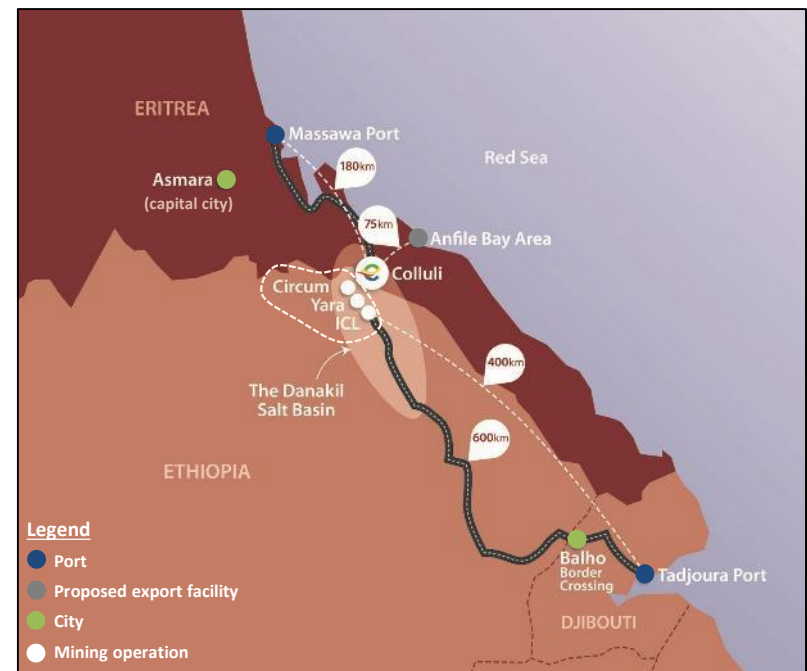
Source: Broker reports

# World class Colluli potash project

## COLLULI IS A PREMIER POTASH DEPOSIT LOCATED IN THE WORLD CLASS DANAKIL BASIN

- World class SOP project in the Danakil Basin, Eritrea
  - Strategic location **close to key growth markets**
  - Close to global potash majors (ICL, Yara)
- Eritrea is **a maturing mining jurisdiction** which is building a track record of success and a pipeline of mining developments
- The Danakil Basin is an emerging potash province and **one of the largest unexploited potash basins globally**
- Colluli has **advantages over other projects in the Danakil Basin** due to lying on the Eritrean side of the Danakil basin
  - Area represents **shallowest evaporite in Danakil Basin** (Colluli also ranks among the shallowest potash deposits in the world)
  - **Colluli is close to the coast**, located approximately 180km from the Massawa port and 75km from the Anfile Bay Area (potential export facility in the future)
  - The projects on the Ethiopian side of the Danakil Basin are required to transport their product through Djibouti to the Tadjoura Port, **some 400km away** (600km by road)

### Project location



- Colluli product to be shipped from Massawa port
- Anfile Bay to support water treatment and delivery for Colluli, may act as a port for shipment of Colluli products in future

# Potash comes in a variety of forms

## SOP AND SOP-M ARE PREMIUM PRODUCTS THAT REALISE HIGHER PRICES AND **MAXIMISE RETURNS FOR INVESTORS**

### Muriate of potash ("MOP")

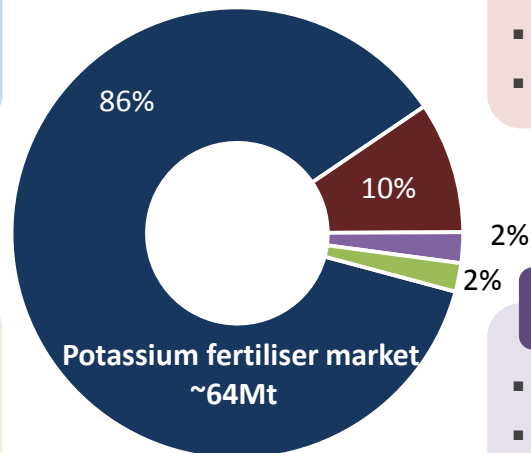
- Potassium chloride
- Most common form of potash
- Can be harmful to sensitive crops
- Market is well supplied by global potash majors

### Sulphate of potash ("SOP")

- Suitable for chloride intolerant crops
- Global supply shortage of primary resources
- Sulphur is a key nutrient
- Fewer natural sources

### Sulphate of potash magnesia ("SOP-M")

- Specialty fertiliser
- Used as a source of potassium, sulphur and magnesium
- Used for high value crops



### Potassium nitrate ("NOP")

- Provides both potassium and nitrogen
- Used for chloride sensitive crops that require additional nitrogen

Source: UN FAO, BMO Capital Markets



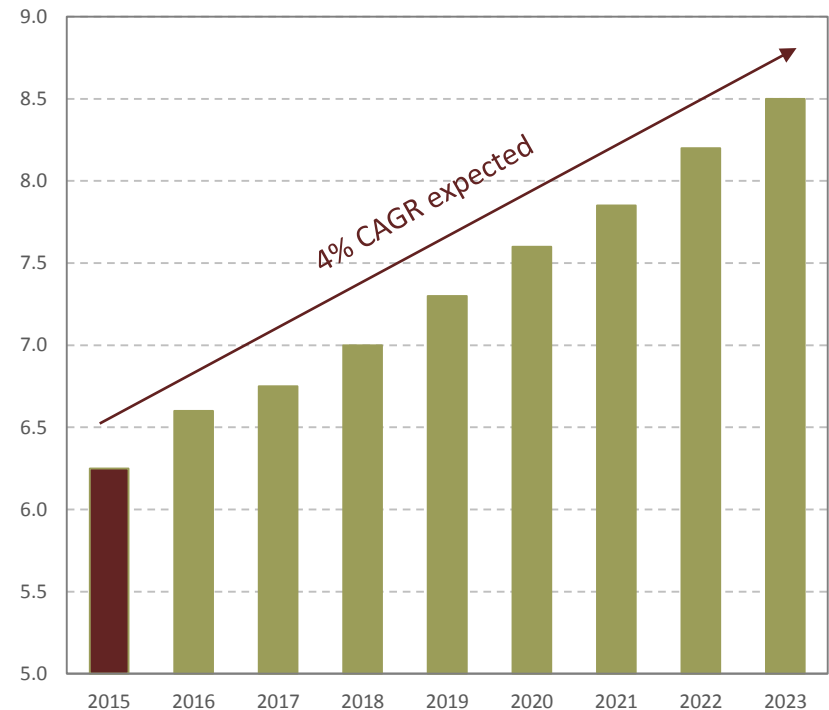
# Fertiliser demand growth will continue; the world needs to eat!

## POTASSIUM IS AN ESSENTIAL, NON-SUBSTITUTABLE NUTRIENT, WHICH IS PROVIDED BY THE ADDITION OF POTASH FERTILISER

- SOP demand forecast to grow by at least 4% per annum
- Fertiliser demand growth underpinned by:
  - Growing population
  - Decreasing arable land
  - Changing dietary preferences
- A food production increase of 70% is required for an additional 2.3bn people by 2050<sup>1</sup>



Historic and forecast global SOP demand (Mtpa)



Source: CRU, IFA, FAO, Company Research

1 FAO



# SOP is the premium potash type

## SOP IS A PREMIUM AGRICULTURAL COMMODITY

### Chloride free potassium

- Potassium is an essential, consumed, non-substitutable macro-nutrient
- SOP is critical for chloride intolerant crops such as fruits and vegetables
- Multi-nutrient – also provides sulphur which is considered to be the fourth macro-nutrient

### Limited supply

- Limited economically exploitable primary resources
- Over 50% of world's supply from high cost secondary production
- Secondary production facilities need to contend with acid sourcing and disposal issues

### High value crops

- Application of SOP most suited to high value crops such as fruits, vegetables and nuts
- SOP suited to arid operating environments focussed on high water efficiency



### Premium price

- Sustained price premium of over 50% relative to MOP<sup>1</sup>
- Secondary production provides high margins for primary producers

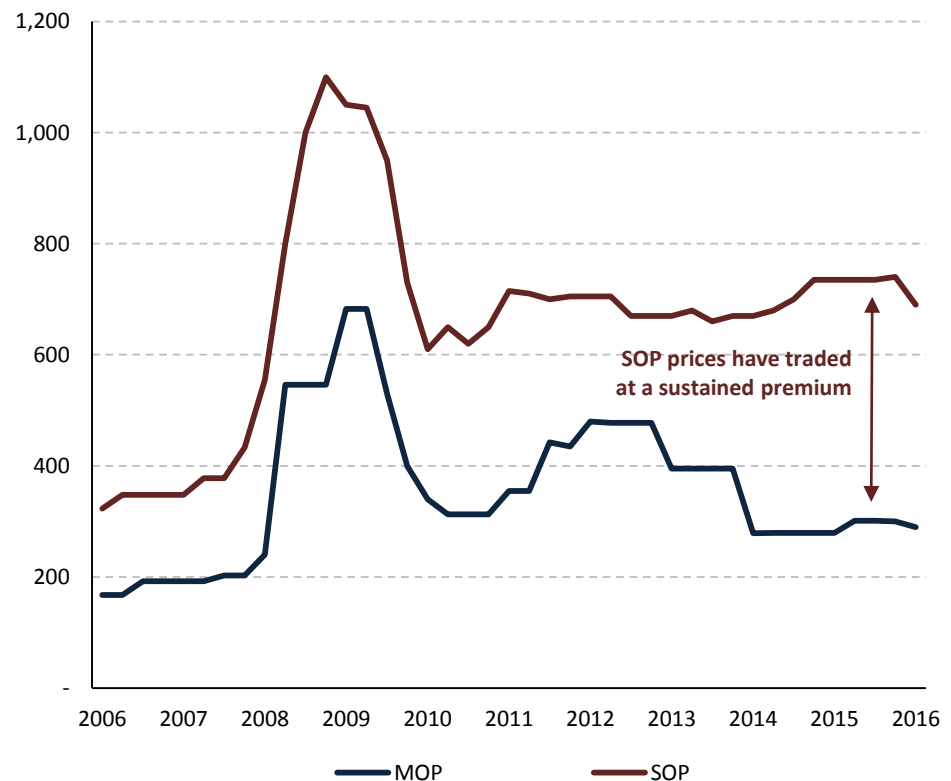
<sup>1</sup> MOP prices based on FOB Vancouver prices, SOP prices based on FOB Utah prices

# High margin, high quality SOP production

## ECONOMICALLY EXPLOITABLE RESOURCES FOR PRIMARY PRODUCTION OF SOP ARE **GEOLOGICALLY SCARCE**

- The initial focus of Colluli is on high margin, high quality, chloride free SOP
- SOP is a premium, chloride free multi-nutrient potash type
- Used on high quality crops such as fruits, nuts and vegetables
- Only four projects in the world at DFS level (including Colluli)
- Colluli demonstrates the lowest development capital, bottom quartile operating costs, low incremental growth capital, unrivalled project upside and substantial mine life

Historic MOP and SOP prices (US\$/t)<sup>1</sup>



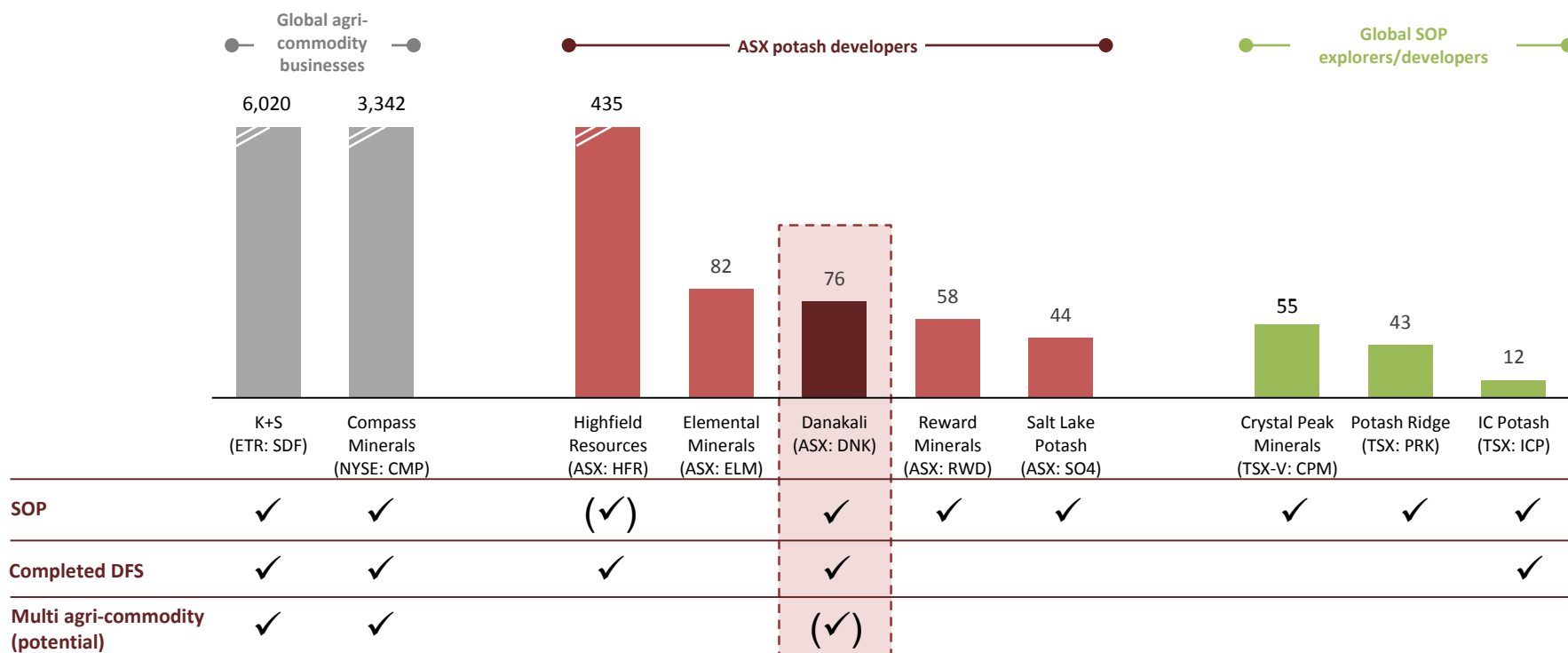
Source: Greenmarkets

<sup>1</sup> MOP prices based on FOB Vancouver prices, SOP prices based on FOB Utah prices

# Global potash and agri-commodity peers

## MULTI AGRI-COMMODITY POTENTIAL COULD PLACE DANAKALI IN THE LEAGUE OF LARGE GLOBAL PRODUCERS

Market value of listed potash peers (A\$m)<sup>1</sup>



Source: Bloomberg, company disclosure

<sup>1</sup> As at 24 June 2016; based on AUD:USD = 0.76, AUD:EUR = 0.67 and CAD:USD = 0.78

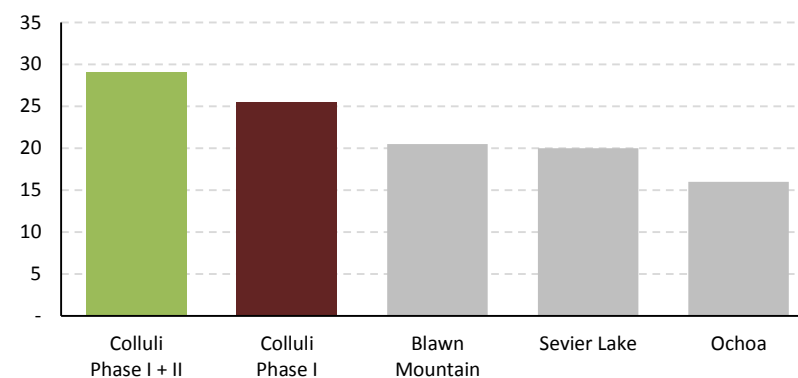
# Outstanding DFS economics

## COLLULI DOMINATES OTHER PROJECTS WITH RESPECT TO VALUATION OUTCOMES

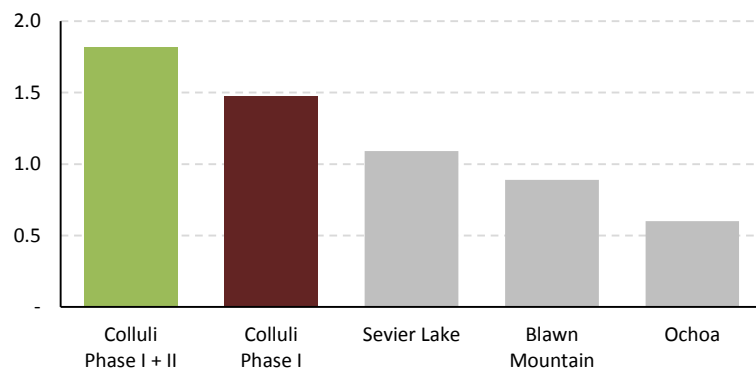
### Key DFS results

Metric	Phase I	Phase I and II
Production	425kt	850kt
Strip ratio	1.91	1.93
Post tax NPV (10% real)	US\$439m	US\$860m
Post tax IRR	25.4%	29.0%
Capital	US\$298m	
Incremental Phase II capital		US\$175m

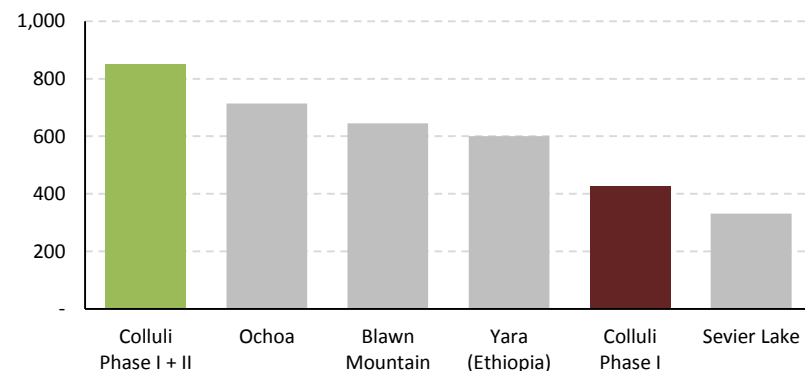
### Post-tax IRR (%)



### NPV<sub>10</sub> / capex (x)



### Annual production (ktpa)



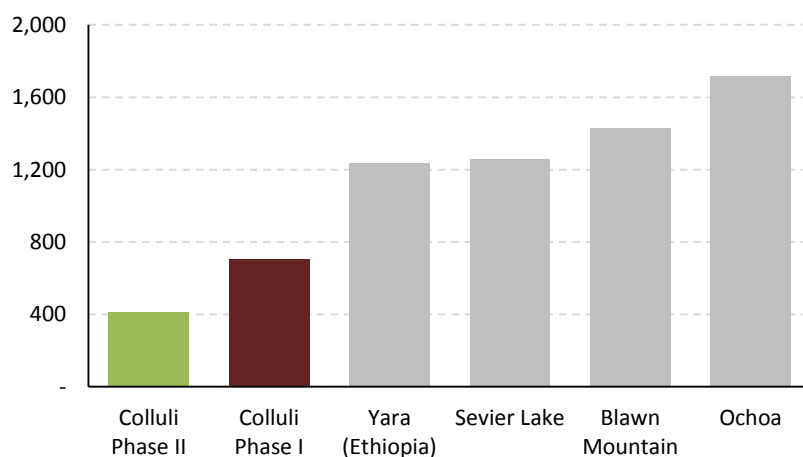
Source: Company websites

Note:

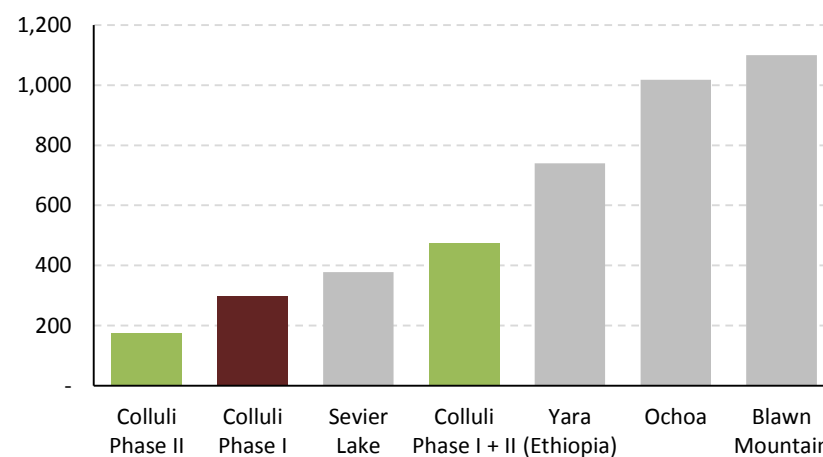
1 Salt Lake Potash (ASX: SO4) not shown as they have not completed a DFS

## INDUSTRY LEADING CAPITAL INTENSITY AND LOW DEVELOPMENT CAPITAL RENDER COLLULI HIGHLY FUNDABLE

Capital intensity (US\$/t)



Development capital (US\$m)

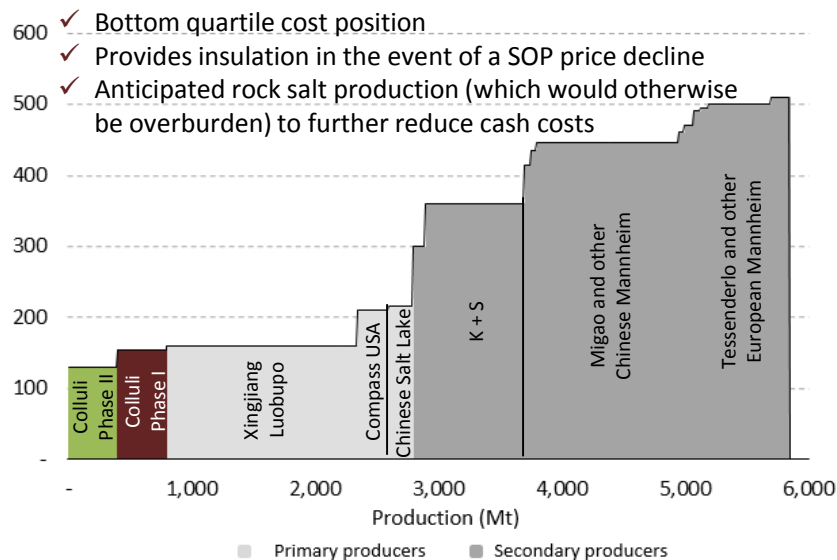


### The Colluli resource is positively unique:

- Colluli has the **right combination of potassium salts** for low cost, high yield SOP production
- It is the **shallowest evaporite deposit in the world** – making it amenable to open cut mining
- Extraction of salts in solid form **negates the need for large evaporation ponds** – reducing capital intensity
- Mining and processing salts in solid form will result in **stable, consistent, and reliable production**

# Colluli will be in the bottom quartile of the SOP cash cost curve

## Ex-works cash costs for SOP production (US\$/t)



## Greenfield SOP developments

Project	Capex (US\$m)	Mine gate cash costs (US\$/t) <sup>1</sup>	Distance to port (km)
Ochoa (New Mexico) IC Potash	1,018	195	970
Sevier Lake (Utah, USA) Crystal Peak Minerals	378	181	900
Blawn Mountain (Utah, USA) Potash Ridge	1,100	173	1,100
<b>Colluli (Phase I) (Eritrea) Danakali (50%)</b>	<b>298</b>	<b>168</b>	<b>230</b>

Source: CRU, Integer, Company announcements (IC Ochoa N43-101 DFS; Crystal Peak Minerals Sevier Lake, PFS; Potash Ridge PFS)

<sup>1</sup> Excludes royalties and logistics costs

*Colluli is the only resource that has the right combination of potassium salts in the desirable physical form to achieve the most favourable operating and capital cost structure for SOP production*

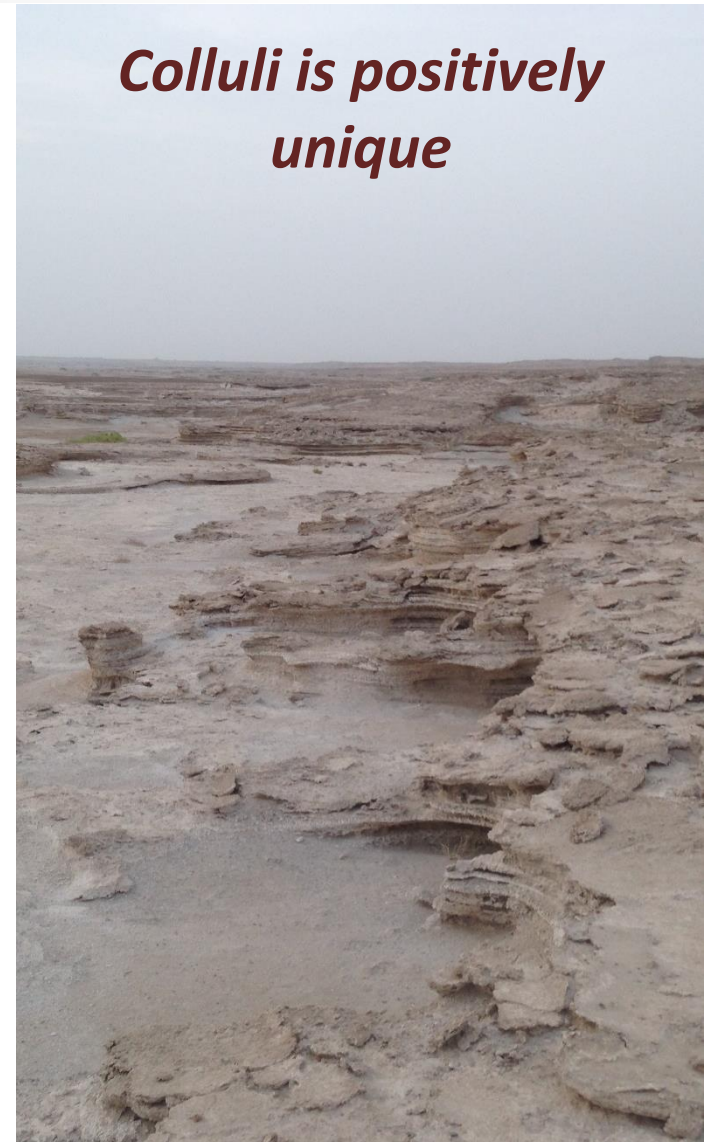
# The right project – Colluli has no peer



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- **There is only one Colluli resource**
- Shallow mineralisation allows open cut mining. If everyone could do it, they would
  - A proven, safer method than underground mining
  - Massive conversion of resource to reserve (over 85%)
  - Low incremental growth capital
  - Monetisation of other salts extracted as waste
  - Reduced risk and complexity – no aquifer freezing, no seismic issues, low geotechnical risk, no risk of loss of access to resource, no risk of catastrophic sinkholes associated with underground evaporite deposits
- Massive 1.1 billion tonne ore reserve
- The most favourable combination of potassium bearing salts suitable for production of SOP, SOP-M and MOP
- Unrivalled diversification potential – appreciable amounts of gypsum, kieserite rock salt and magnesium chloride

***Colluli is positively unique***



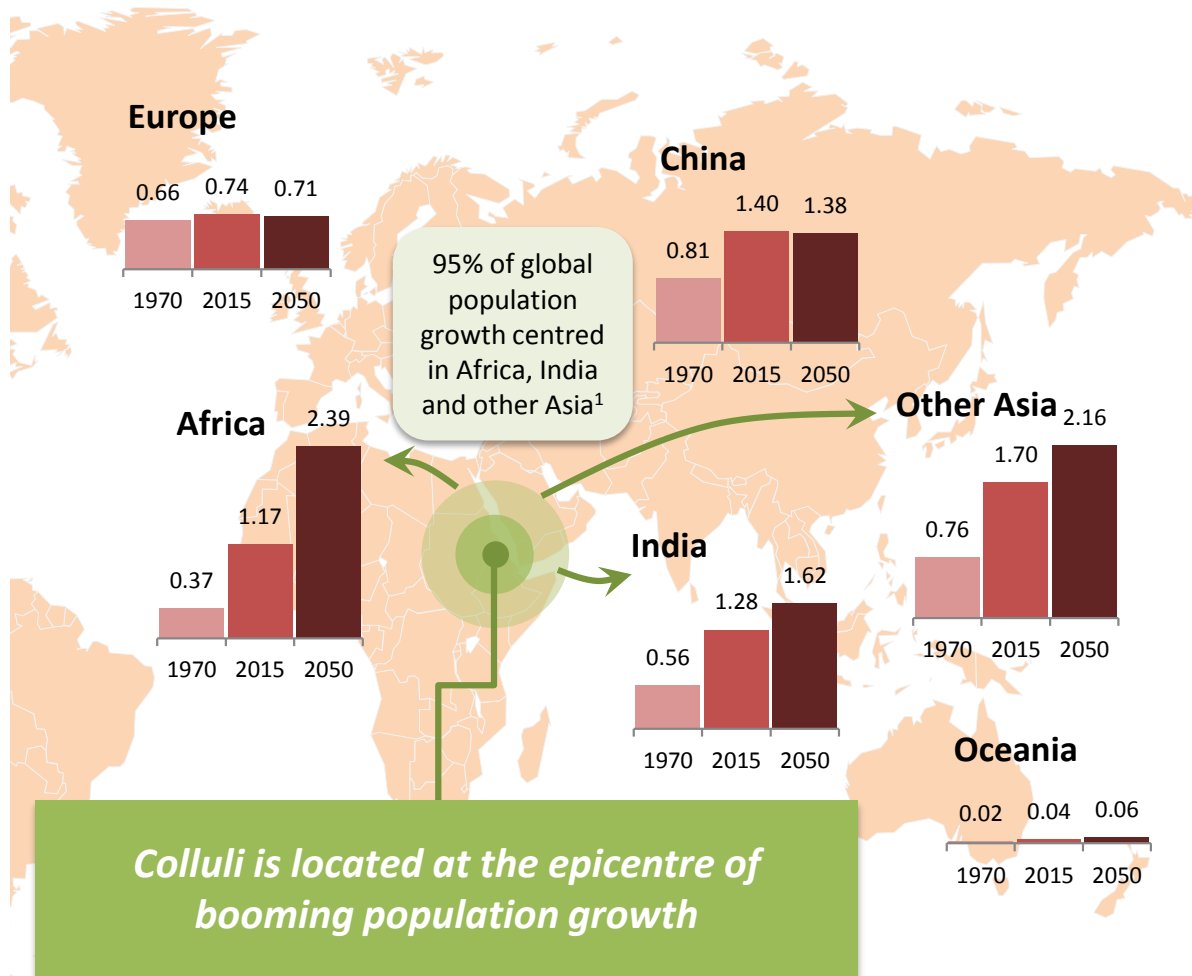


# The right location – Eritrea is on the doorstep of key markets

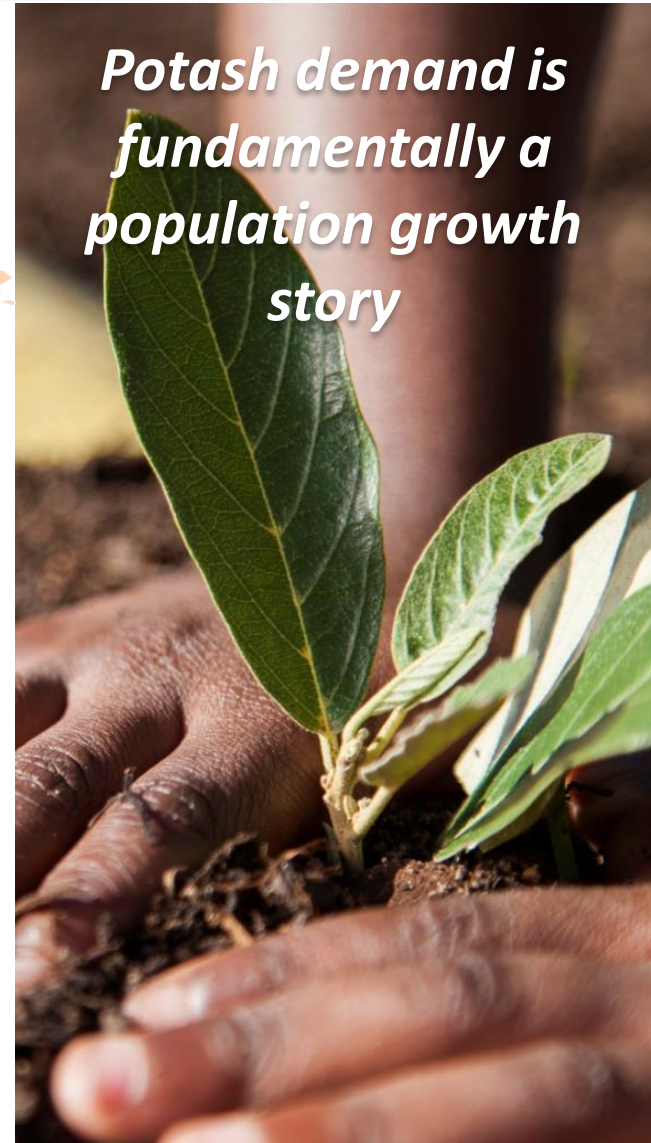


DANAKALI

Historical and forecast global population growth (billions)<sup>1</sup>



*Potash demand is fundamentally a population growth story*



<sup>1</sup> United Nations world population prospects, 2015

## DANAKALI HAS BEEN OPERATING IN ERITREA SINCE 2009 AND HAS FOUND IT TO BE **SAFE, STABLE AND DEVELOPMENT FOCUSED**

### Positive Eritrean outlook

- The Danakali experience in Eritrea:
  - Safe and friendly
  - High degree of focus on health and education
  - Development focussed with an emphasis on the agricultural, industrial and mining sectors
  - Stable government
  - Building up a track record of success in a maturing mining industry
  - No evidence of corruption
  - Gender equality
- CMSC (ENAMCO and Danakali) are progressing a sustainable development framework that addresses the policy, management plans and compliance monitoring in key areas including:
  - Human rights
  - Anti-corruption
  - Communities
  - Health and safety

*Tour of Eritrea cycling race (April 2016)*



*Development at the Massawa port*



# Eritrea – a proven mining jurisdiction

## THERE ARE MULTIPLE HIGH PROFILE EXAMPLES OF MINING INVESTMENT IN ERITREA

### Eritrean mining background

- Nevsun Resources (TSX: NSU) is a major Eritrean-focused mining company
  - JV constructed and now operates the Bisha copper mine
  - **Successful modular JV development** with ENAMCO paves the way for the Colluli JV
  - Significant shareholders in Nevsun are **globally recognised investors** who have demonstrated **comfort with investment in Eritrea**
- **Recent purchase of 60% of Asmara** (copper, zinc, gold) **by Chinese investor** for C\$85m
- **Danakali's strong relationship with ENAMCO will generate significant benefits for the Colluli project**
  - ENAMCO tie-up assists with establishment of positive local relationships
  - Danakali have 3 of 5 CMSC Board seats

### Major Eritrean mining developments

#### Bisha

Undergoing third expansion



#### Shareholders:

Blackrock  
Vanguard  
Franklin Templeton

#### Zara

Commissioned and producing

#### Asmara

60% recently acquired by a Chinese investor

### Supportive laws for mining investment in Eritrea

- A stable tax regime, with corporate tax rate of 38%
- Accelerated depreciation – straight line over 4 years
- Generous reinvestment deduction (5% gross income)
- 10 year carrying forward of losses
- 0.5% import duty on mining inputs
- Simple “one stop” licensing system

*...and there have been no changes to mining legislation in Eritrea*

Source: Nevsun Resources August 2015 corporate presentation, Bloomberg, company websites

# Working in partnership with ENAMCO

## DANAKALI HAS A STRONG RELATIONSHIP WITH ENAMCO WITH BOTH PARTIES FOCUSED ON COLLULI'S DEVELOPMENT

### CMSC overview

- The Colluli project is 100% owned by the Colluli Mining Share Company ("CMSC")
- The share company has equal ownership between Danakali and the Eritrean National Mining Company ("ENAMCO")
- **The relationship is a key enabler to project success**
- All projects in Eritrea to date that have completed positive DFS studies have advanced to construction and production
- Danakali and ENAMCO are working collaboratively on the development of the Colluli potash project
- CMSC board has agreed to progress the project following a positive DFS

### Structure of the CMSC





# Overwhelming community support

## ENGAGEMENT WITH COMMUNITY AND KEY STAKEHOLDERS HAS GENERATED **STRONG SUPPORT FOR COLLULI DEVELOPMENT**

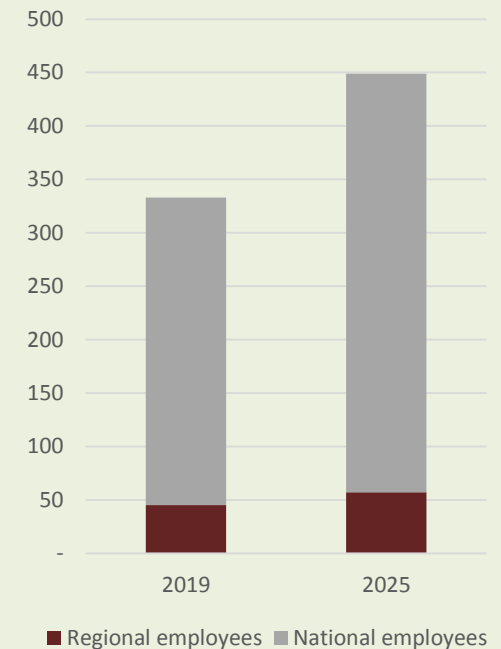
### *Community stakeholder engagement process*



### *Equal gender participation in stakeholder engagement*



### Expectations for Eritrean employee numbers at Colluli



**Colluli will create over 300 permanent jobs for locals and Eritrean nationals by 2019, and over 450 by 2025**

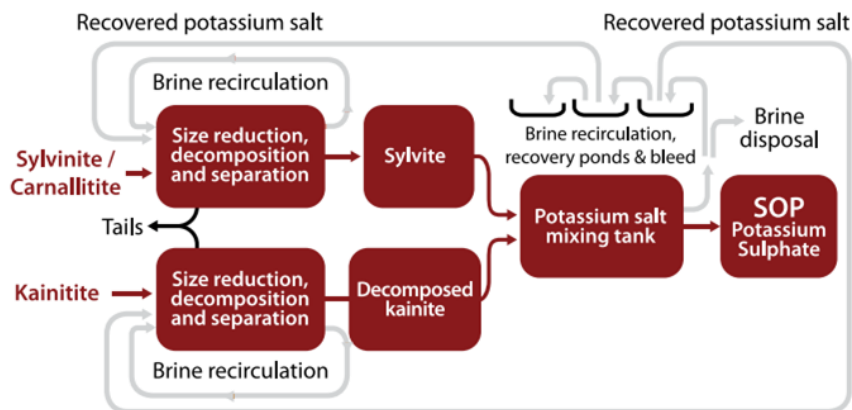
# Commercially proven technology

## DFS DEMONSTRATES THE COMMERCIALLY PROVEN PROCESSING METHOD YIELDS PREMIUM QUALITY SOP FROM COLLULI SALTS

Colluli has the right combination of salts for low cost production

Operation	Process design
Compass Minerals <sup>1</sup>	Simple, scalable, processing units (i.e. floatation, mixing drying)
SQM <sup>2</sup>	
Xingjiang Luobupo <sup>3</sup>	
Colluli	

### Colluli process design



Notes:

- 1 Sourced from Gustavson Associates
- 2 Sourced from company website
- 3 Sourced from DNK research

Colluli plant image

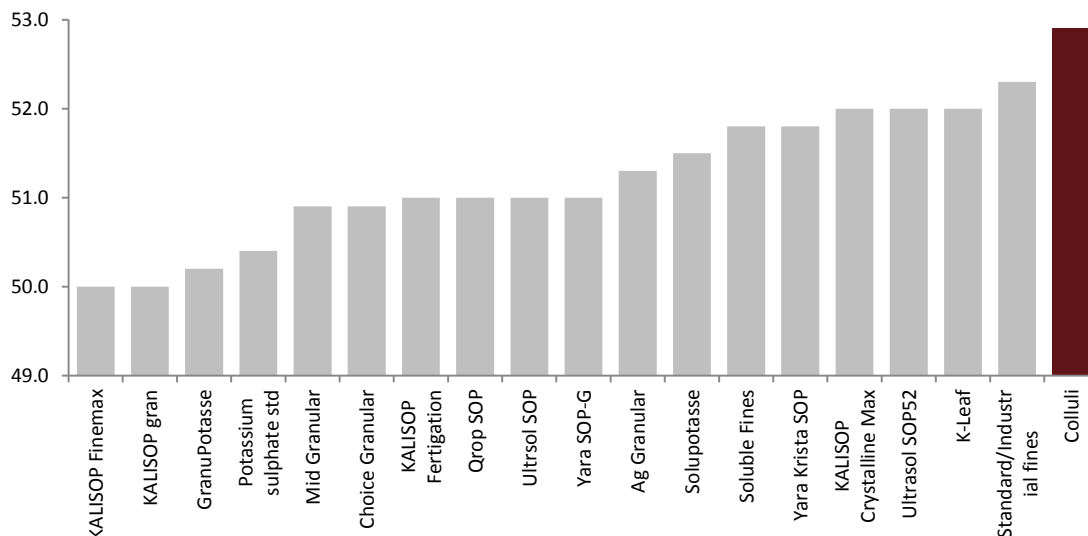


# Colluli salts and process design yield the highest quality product

## DEMONSTRATED CAPACITY TO PRODUCE PREMIUM QUALITY SOP

- Over 300kg of high grade SOP produced from Colluli salts in pilot tests, confirming Colluli SOP is at the top end of the quality spectrum
- Danakali has signed non-binding MOUs with 8 multinational parties throughout Northern Africa, Europe, Middle East and North America for the offtake of SOP from Colluli
- The combined offtake volumes in the MOUs exceed 800ktpa, which compares to Colluli's design production capacity of 425ktpa (Phase I only)

### SOP products (% K<sub>2</sub>O vs. product)



Source: Company websites

### Granular SOP from Colluli salts



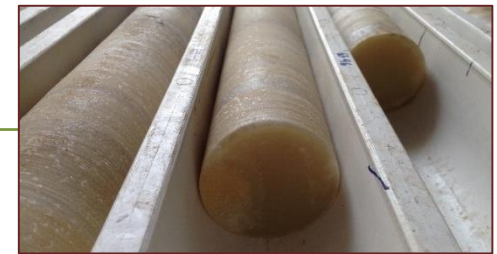
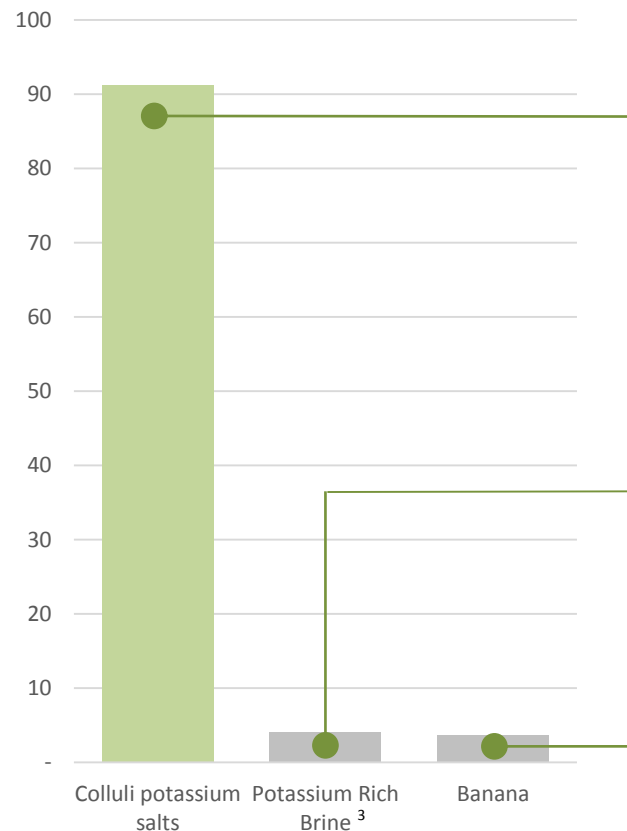


# Colluli is differentiated by its positively unique suite of potassium salts and depth of mineralisation

## INDUSTRY LEADING CAPITAL INTENSITY FACILITATED BY EXTRACTING AND PROCESSING SALTS IN SOLID FORM

- Colluli is the only resource in the world that has the ideal composition of salts for SOP production that can be extracted in solid form
- This is directly related to the shallow mineralisation and open cut mining method
- Potassium salts mined from Colluli have a potassium concentration approximately **25x that of potassium rich brines**<sup>1</sup>
- A potassium rich brine on a weight basis has similar potassium concentration to a banana<sup>2</sup>

Potassium density (kg/t)



<sup>1</sup> Calculated from Colluli resource data and published brine compositions

<sup>2</sup> United States Department of Agriculture

<sup>3</sup> Salt Lake Potash website

# Grade is king – superior grade of Colluli means lower capital expenditure and intensity

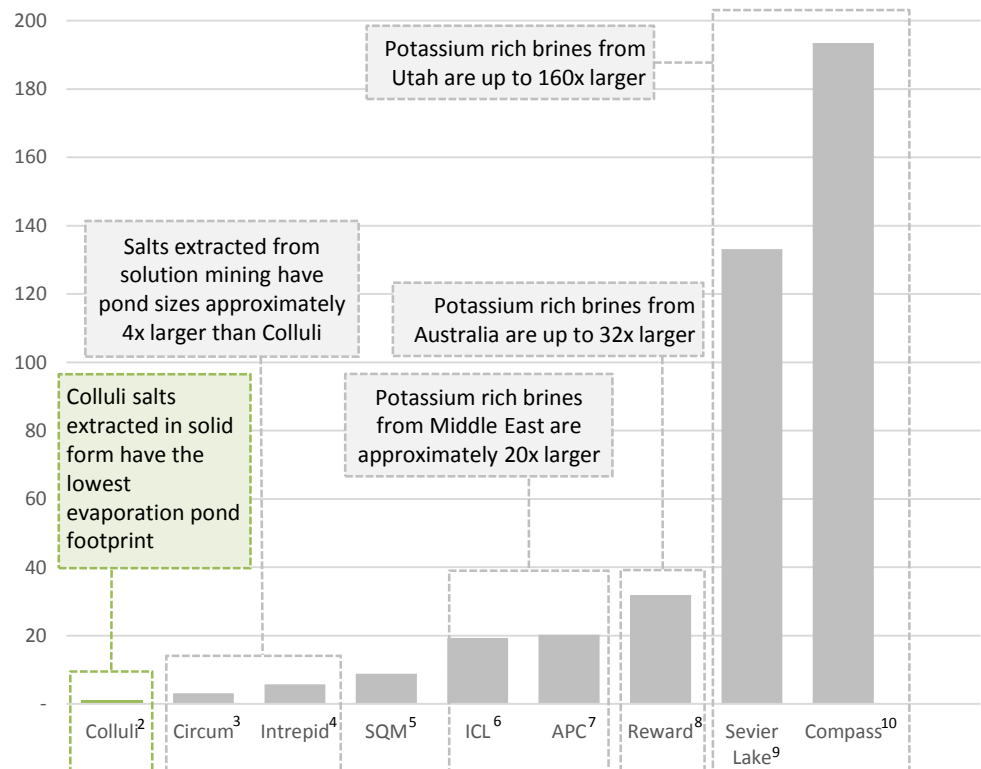
## EVAPORATION POND FOOTPRINT UP TO 160x SMALLER THAN BRINE OPERATIONS FOR EQUIVALENT PRODUCTION

Smaller ponds = lower costs

Colluli ponds are:

- **160x** smaller than potassium brines in Utah
- **32x** smaller than potassium brines in Australia
- **20x** smaller than potassium brines in Middle East
- **4x** smaller than solution mine

Pond size (km<sup>2</sup>) for SOP projects – normalised for 425ktpa SOP production rate<sup>1</sup>



Notes:

- <sup>1</sup> Calculated by dividing published evaporation pond areas by annual production rate and multiplying by 425kt to achieve equivalent area
- <sup>2</sup> Sourced from Colluli DFS
- <sup>3</sup> Sourced from Bloomberg
- <sup>4</sup> Sourced from Sunrise engineering website
- <sup>5</sup> Sourced from handbook of lithium and natural calcium chloride
- <sup>6</sup> Sourced from Financial Times
- <sup>7</sup> Sourced from Arab Potash website
- <sup>8</sup> Sourced from Reward investor presentation 2012
- <sup>9</sup> Sourced from EPM Mining prefeasibility study
- <sup>10</sup> Sourced from Great Salt Lake Minerals website

# We deliver!

## Danakali had an excellent year in 2015

Danakali continues to build its strong track record of success

### 2015 key achievements

- ✓ Positive PFS delivered for the production of SOP using two-stage development approach
- ✓ SOP and SOP-M generated from Colluli potassium salts and process plant design
- ✓ Product specifications and Material Safety Data Sheets for SOP and SOP-M released
- ✓ Technical committee comprising world experts in potassium brine, flotation and solar pond design and operations completed process design review
- ✓ PFS process and infrastructure optimisation work completed
- ✓ JORC 2012 compliant high quality rock salt resource defined
- ✓ DFS for a low cost, world class, scalable project with industry leading capital intensity delivered
- ✓ All environmental baselines to support the social and environmental impact assessments completed and submitted



# We will continue to deliver!

Danakali has made a strong start to 2016, continuing to progress the Colluli project

## 2016 key achievements

- ✓ Submission of completed DFS to the Ministry of Energy and Mines
- ✓ Over 500 stakeholders engaged to discuss DFS outcomes
- ✓ Social and Environmental Impact Assessment and Management Plans completed and submitted
- ✓ Mining license application submitted
- ✓ Non-binding MOUs signed with 8 multi-national firms for 800ktpa of SOP
- ✓ Mining license progressed with Impact Review Committee site visit held at Colluli in June 2016





# Key milestones for 2016

## Upcoming milestones

- |  |  |
|--|--|
| <b>1. Marketing</b>  | <ul style="list-style-type: none"><li>• Additional MOUs for SOP with select groups</li><li>• Secure binding offtake agreements for SOP</li><li>• Engage potential strategic partners</li><li>• Evaluate market interest and potential for SOP-M</li></ul>  |
| <b>2. Understand Colluli's true multi agri-commodity potential</b> | <ul style="list-style-type: none"><li>• Define kieserite (<math>\text{MgSO}_4</math>) resource</li><li>• Evaluate gypsum grade and potential volume</li><li>• Complete scoping study for production of sulphate of potash magnesia (SOP-M)</li><li>• Complete assessment of production of multi-nutrient calcium fertilisers</li><li>• Assess bromine content of resource and assess its potential as additional product</li><li>• Evaluate kainite as a market alternative for Magnesia-Kainite</li></ul> |
| <b>3. Secure Mining License</b>                                    | <ul style="list-style-type: none"><li>• Finalise mining license agreement with the Ministry of Energy and Mines</li></ul>  |
| <b>4. Progress project funding</b>                                 | <ul style="list-style-type: none"><li>• Secure debt funding for project</li></ul>  |
| <b>5. Corporate</b>  | <ul style="list-style-type: none"><li>• Develop and issue key policies for CMSC</li></ul>  |



# Colluli is the premier pre-production potash and multi agri-commodity opportunity

## The right commodity

- Global population will increase by 30% by 2050
- Potassium fertilisers are essential to feed a rapidly increasing population

## The right location

- East Africa is at the epicentre of booming population growth

## The right project

- Colluli is a world class project that demonstrates industry leading capital intensity, bottom quartile operating costs, proximity to coast, access to global markets and unrivalled product diversification potential

## The right team

- A highly capable and experienced team with outcomes focus

## The right development partner

- The partnership with ENAMCO is a key enabler for success

## The right time

- Colluli is the most advanced low capital intensity greenfield SOP development in the world
- SOP has limited economically exploitable resources and is essential for chloride intolerant, high value crops



*Projects of Colluli's  
quality are rare*





**DANAKALI**

create. nurture. grow.

**Colluli – positively unique**





# Competent persons statement

## Resource statement

The 2015 Colluli Potash Mineral Resource is reported according to the JORC Code and estimated at 1,289Mt @11% K<sub>2</sub>O Equiv. The Mineral Resource is classed as 303Mt @ 11% K<sub>2</sub>O Equiv Measured, 951Mt @ 11% K<sub>2</sub>O Equiv Indicated and 35Mt @ 10% K<sub>2</sub>O Equiv Inferred. The Competent Person for this estimate is Mr. Stephen Halabura, M. Sc., P. Geo., Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and a geologist with over 25 years' experience in the potash mining industry. 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 JORC Code.

The 2015 Colluli Rock Salt Mineral Resource is reported according to the JORC Code and estimated at 347Mt @96.9% NaCl. The Mineral Resource is classed as 28Mt @ 97.2% NaCl Measured, 180Mt @ 96.6% NaCl Indicated and 139Mt @ 97.2% NaCl Inferred. The Competent Person for this estimate is Mr. John Tyrrell, a geologist with more than 25 years' experience in the field of Mineral Resource estimation. Mr Tyrrell is a member of the AusIMM, is a full time employee of AMC Consultants Pty Ltd 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 JORC Code.

Mr. Tyrrell & Mr. Halabura consent to the inclusion of information relating to the Mineral Resource Statements in the form and context in which they appear.

## Ore Reserve statement

The November 2015 Colluli Ore Reserve is reported according to the JORC Code and estimated at 1,113Mt @10% K<sub>2</sub>O Equiv. The Ore Reserve is classed as 286Mt @ 11% K<sub>2</sub>O Equiv Proved and 827Mt @ 10% K<sub>2</sub>O Equiv Probable. The Competent Person for the estimate is Mr Mark Chesher, a mining engineer with more than 30 years' experience in the mining industry. Mr. Chesher is a Fellow of the AusIMM, a Chartered Professional, a full-time employee of AMC Consultants Pty Ltd, and 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. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In reporting the Mineral Resources and Ore Reserves referred to in this public release, 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 Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.