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create. nurture. grow.

Colluli Potash Project

Focus, progress and unrivalled potential

Paul Donaldson, Managing Director
RUI Sydney Resources Round Up Conference
10 – 11 May 2017



Forward looking statements and disclaimer



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Mineral Resource, Ore Reserve and financial assumptions made in this presentation are consistent with assumptions detailed in the Company’s ASX announcements dated 25 February 2015, 4 March 2015, 19 May 2015, 23 September 2015, 30 November 2015, 15 August 2016 and 1 February 2017 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.

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HIGHLIGHTS

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Colluli is a world class development and meets all the criteria of a Tier 1 project

- Large, long life, high quality resource close to coast and global markets
- One of the highest grade sulphate of potash resources in the world
- Shallowest known evaporite deposit globally
- Sulphatic salts extracted in solid form
- 60km from the coast and 200km from established shipping infrastructure
- 1.3 billion tonne potassium resource containing a 1.1 billion tonne reserve^{1,2}
- Estimated mine life in excess of 200 years based on DFS production rates⁴

Sulphate of Potash (SOP) is a premium potash type

- Premium, chloride free potash type providing both potassium and sulphur³
- Economically exploitable primary resources are geologically scarce
- Limited advanced stage primary projects in the development pipeline
- Supply gap has been bridged by high cost, manufactured secondary product which provides price support for primary producers³

Positive DFS demonstrates outstanding economics

- Colluli demonstrates the most favourable economics relative to all advanced stage SOP projects globally⁴
- Low development capital⁴
- Industry leading capital intensity⁴
- Bottom quartile operating costs⁴
- Low incremental growth capital⁴

1. ASX Announcement, 25th February 2015
2. ASX Announcement, 19th May 2015

3. CRU Consultants, Integer Research
4. ASX Announcement, November 2015

HIGHLIGHTS



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Front end engineering design optimisation highly favourable¹

- SOP output increase of over 10% following processing plant debottlenecking¹
- Development capital reduction opportunities identified (water reduction, elimination of offsite infrastructure, pit development approach and processing plant footprint size reduction) and being progressed¹

Simple, commercially proven production process

- Production of SOP from kainite and sylvite is a proven, low cost, high yield process utilising simple, proven mineral processing units

Unrivalled diversification and upside potential

- The Colluli resource has the capability of producing a multi agri-commodity suite including sulphate of potash (SOP), sulphate of potash magnesia (SOP-M), Muriate of Potash (MOP), polyhalite, magnesium sulphate (kieserite fertiliser) and gypsum
- In addition, the resource comprises over 300 million tonnes of high quality rock salt and appreciable amounts of magnesium chloride

Fully permitted

- Mining agreement signed²
- Mining licenses awarded²
- Social, Environmental Impact Assessment Approved⁴

Offtake discussions well progressed

- MOU's signed for entire product volume. Heads of agreements progressing with completion targeted for the end of Q2³

1. ASX Announcement, 3rd May 2017

2. ASX Announcement, 1st February 2017

3. ASX Announcement, 20th July 2016

4. ASX Announcement, 6th December 2016

Corporate Snapshot



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Financial information

(As of 30th April 2017)

Share price	A\$0.655
Number of shares	226m
Market capitalisation	A\$148m
Cash (30-Apr-17)	A\$8.6m
Debt (30-Apr-17)	Nil

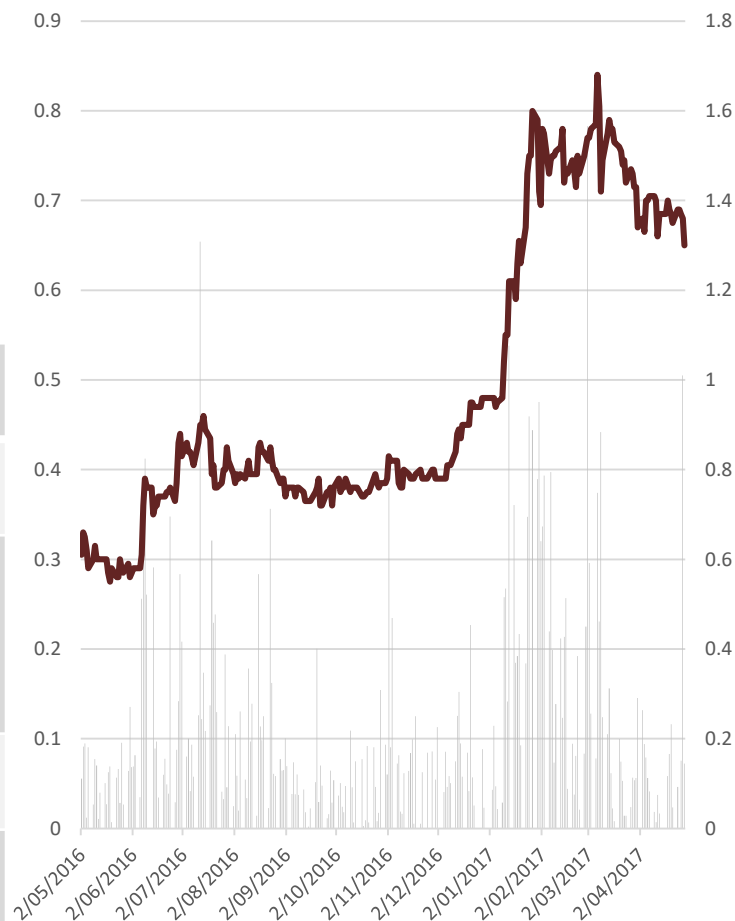
Top Shareholders

Well Efficient <i>Hong Kong private investor</i>	13.4%
JP Morgan Asset Management (UK)	9.4%
Danakali Board members	12.0%

12 Month Share price performance

Share Price (\$A)

Volume Traded (m)



Share Price

Vol.

Source: IRESS

Highly Experienced Board

Chairman	Seamus Cornelius	Experienced mining executive and corporate lawyer with over 20 years experience in the resources sector. Chairman of Duketon Mining, Montezuma Mining, and Buxton Resources
Managing Director	Paul Donaldson	Mining executive with over 25 years in mining, manufacturing and marketing, large scale mining operational management and project management experience.
Non-Executive Director	Robert Connochie	A mining specialist with over 40 years of industry experience including senior executive and director positions for a number of private and public companies and industry associations. Particular experience in the potash industry, and has managed both development and operating companies. Has advised on valuations, transactions, both project and corporate financing and marketing strategies. Currently a Non-Executive Director of Behre Dolbear, Australia and Behre Dolbear, International.
Non-Executive Director	John Fitzgerald	Experienced mining executive specialising in corporate debt and advice in the mining sector. Chairman of Dakota Resources and Director of Northern Star Resources
Non-Executive Director	Zhang Jing	More than 15 years of international trading and business development experience and project management roles in public listed companies in China
Non-Executive Director	Liam Cornelius	Founding Director with over 20 years experience in commodity exploration within Australia, Asia and Africa

Sulphate of Potash (SOP) is the premium potash



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SOP IS A HIGH VALUE, CHLORIDE FREE SOURCE OF POTASSIUM

Premium Price

- Sustained price premium of over 100% relative to MOP¹
- Secondary production provides high margins for primary producers

30% increase in demand forecast over the next decade²



Photo: SOP produced from Colluli potassium salts in standard, Granular and soluble form

Essential Macro-nutrient

- Potassium is an essential, non-substitutable nutrient
- SOP critical for high value, chloride intolerant crops such as fruits, nuts and vegetables
- SOP also provides sulphur

Limited supply

- Limited economically exploitable primary resources
- Currently over 50% of world's supply is from expensive secondary processing of MOP (KCl)²

Over 60% expected to be produced from high cost secondary production by the end of the decade²

Increasing Importance

- Demographic shift to high value specialty crops
- Environmentally friendly – no chlorine, low salinity index
- Highly suited to increased focus on improved water efficiency in agricultural sector

Source: Greenmarkets

¹ MOP prices based on FOB Vancouver prices, SOP prices based on FOB Utah prices

² CRU, Integer Research

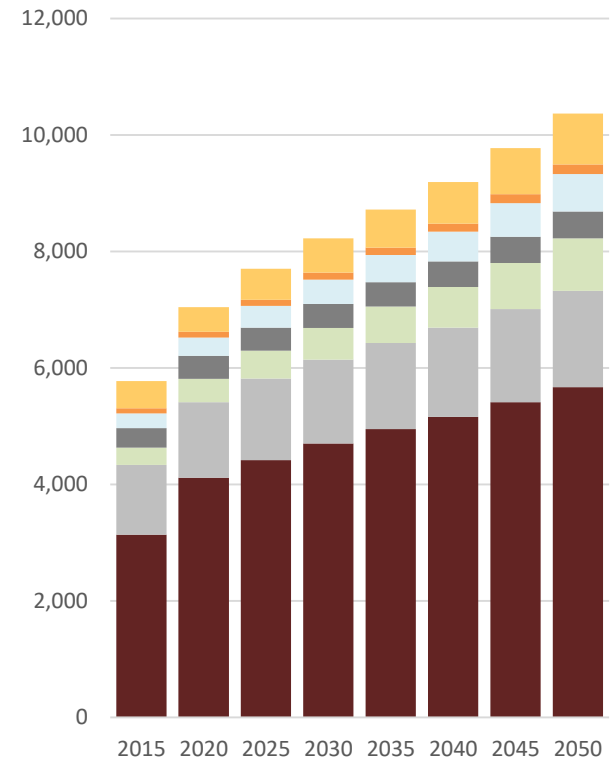
Continued demand growth with increasing global population and changing dietary preferences

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COLLULI IS STRATEGICALLY LOCATED RELATIVE TO TRADITIONAL AND FUTURE SOP MARKETS

- SOP ranks as the second largest potassium containing compound on a tonnage basis in the world¹
- Colluli is located at the epicentre of booming population growth and is proximate to current and future markets
- Africa, India and Central and South America will dominate future demand growth
- Significant demand upside as:
 - Diets in emerging economies shift to higher contributions from fruits and vegetables
 - India relaxes fertiliser subsidies
 - Increased focus on soil salinity management

SOP demand (000, tpa) ¹



2020 – 2050 forecast CAGR by region¹

North America	Europe and CIS	Central and South America	China	Africa	India	RoW
0.5%	0.8%	2.4%	1.1%	2.7%	1.8%	2.5%

¹ CRU, Danakali Research, Integer Research

SOP demand is outpacing low cost supply with few primary projects in the development pipeline

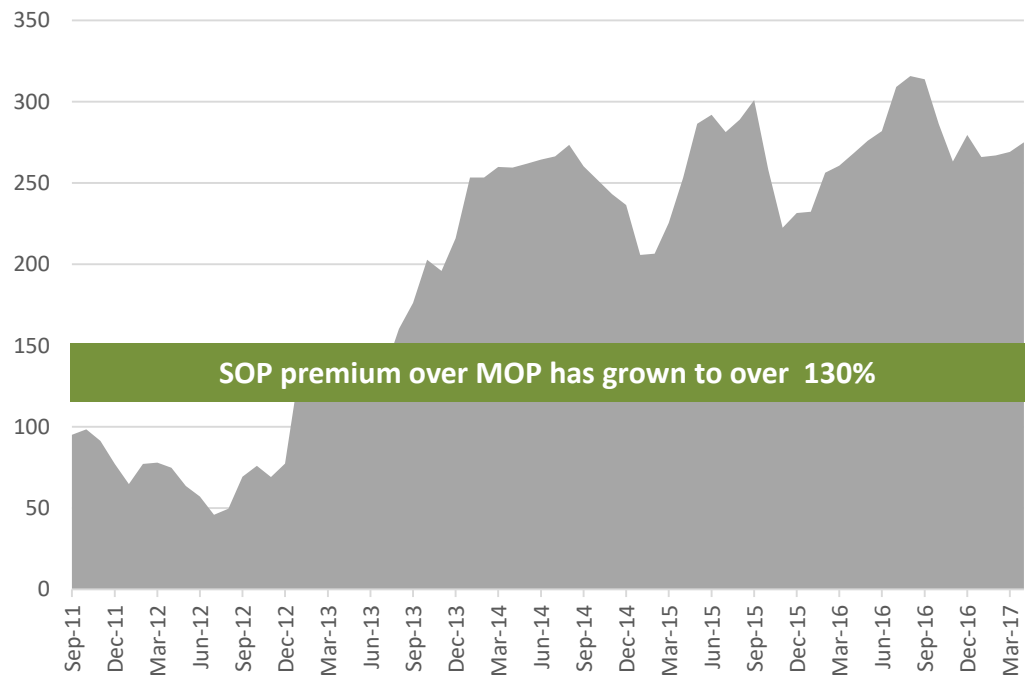
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LACK OF NEW LOW COST SUPPLY HAS RESULTED IN A SOP PRICE PREMIUM OF OVER 130% OVER MOP

- Lack of new supply outside of China has resulted in a significant price premium increase of SOP over MOP
- Market currently values SOP at more than double the MOP price

Premium of SOP over MOP versus time¹

SOP Price Premium (\$US)



Limited ECONOMICALLY EXPLOITABLE primary resources



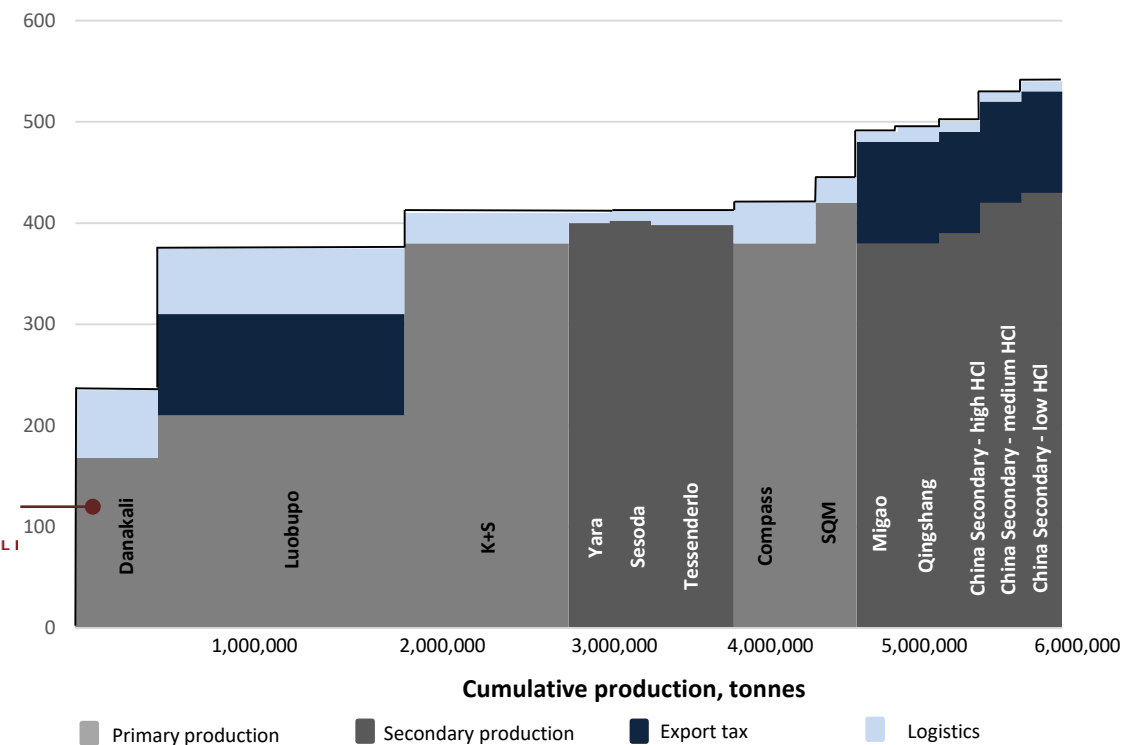
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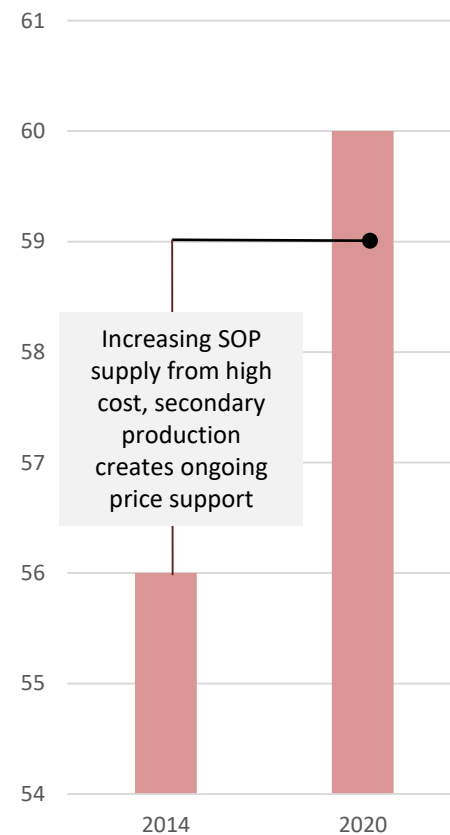
OVER 60% OF SOP DEMAND WILL COME FROM HIGH COST SECONDARY PRODUCTION BY 2020

SOP Production costs (FOB basis)¹

\$US per tonne



% SOP from secondary production¹



¹ CRU, Danakali Research, Integer Research

Significant demand upside potential



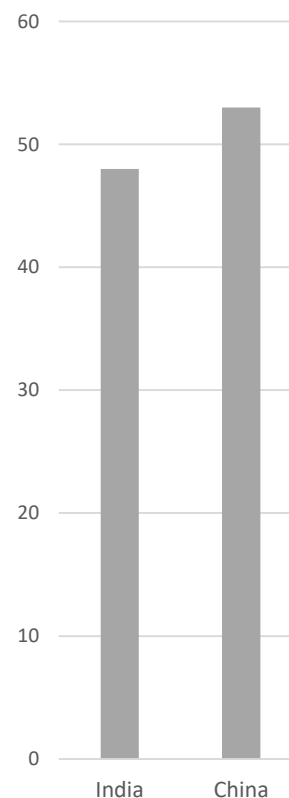
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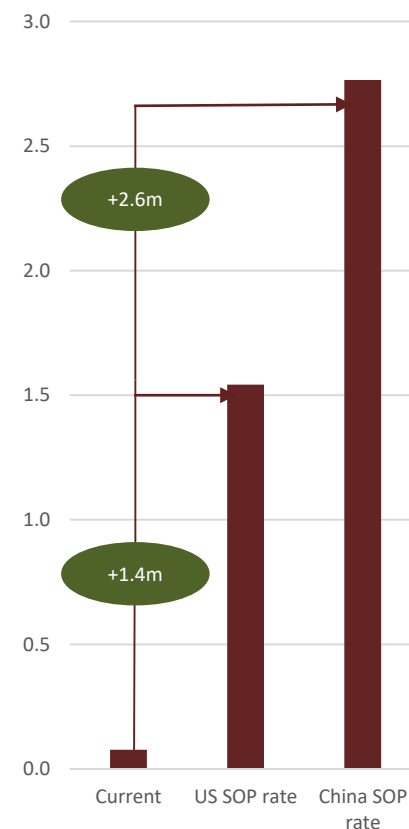
ON TOP OF ROBUST DEMAND GROWTH, CHANGES TO INDIAN FERTILISER SUBSIDY SYSTEM **WOULD BE TRANSFORMATIVE**

- Chloride intolerant crop area in India is 91% of the chloride intolerant crop area of China - but SOP consumption is 2.5% of China¹
- Indian fertiliser subsidy scheme skews consumption to nitrogenous fertilisers¹
- K is underutilised and only MOP is subsidised¹
- A market orientated pricing policy for all fertilisers will dramatically increase SOP demand
- If SOP application rates matched USA rates, India consumption would increase by 1.4m tpa^{1,2}
- If application rates matched China rates, India consumption would increase by 2.5m tpa^{1,2}

Million Hectares Chloride Intolerant Crops¹



Million tonnes SOP^{1,2}



¹ CRU

² Calculated from US SOP application rates of 32kg per hectare and China rates of 57kg per hectare



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Colluli

A world class project

One of the highest grade SOP deposits on the globe

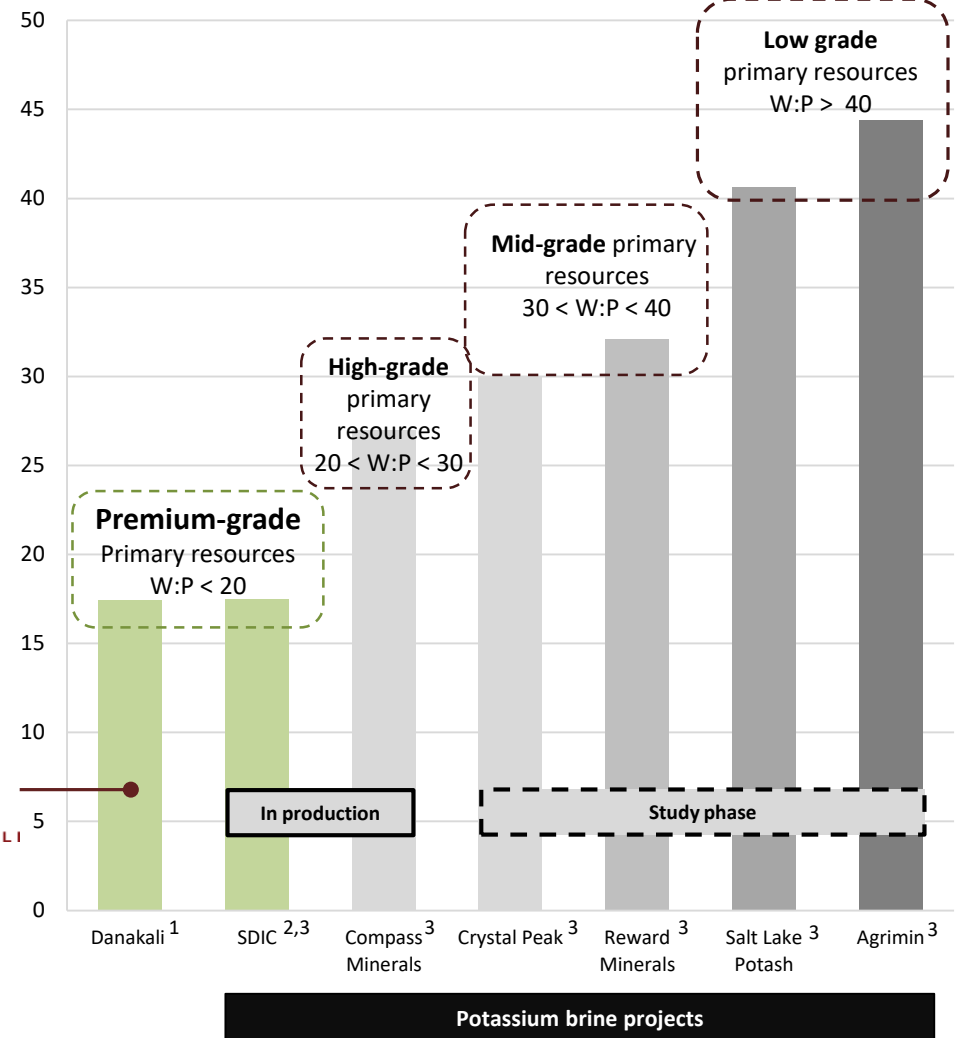


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- Colluli is a premium resource and **one of the highest grade SOP deposits in the world¹**
- **Very high potassium content and very low waste to product (W:P) ratios**
- **A broad quality and salt composition range** exists in potassium brines – brines are not the same
- Higher W:P ratio brines typically require **higher evaporation rates, large capital intensive evaporation ponds and high volumes of waste salt management**

Waste to product ratio (W:P)



1. Colluli DFS mine plan - Colluli waste includes all overburden (clastics, rock salt) and salt extracted in processing operations
 2. BC Insight Fertiliser Magazine
 3. Waste calculated from total dissolved solids (TDS) data on company websites (sum of all salts in brine less SOP product). Brine waste associated with trenching has been excluded from the calculation (favouring a lower waste to product ratio to the greenfield brine projects). Potassium yields of 70% assumed for brines.

The ONLY primary SOP resource that allows extraction and processing of salts in solid form

THE SALT COMBINATION AND PRESENTATION PROVIDES SIGNIFICANT ADVANTAGES RELATIVE TO BRINE ALTERNATIVES

- **Higher potassium yields**
- **Simplicity**
 - Brine chemistry management is complex
 - Colluli processing plant utilises simple, proven, mineral processing units
- **Lower energy input**
 - Colluli salts require no heating. In contrast, potassium brines can require heating to over **50°C** for thermal decomposition^{1,2}
- **Consistent, predictable feed grade**
- **Production rates not weather dependent**
 - Production rates from brines directly proportional to weather conditions
- **Smaller footprint**
 - No pre-production ponds



1. Potash, Garret. P, pp441 – 445
2. Reward Minerals Presentation, 2013

Close proximity established infrastructure, coast and key markets



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Sealed road running from Massawa towards Colluli



All weather coastal road from Massawa runs within 50km of Colluli



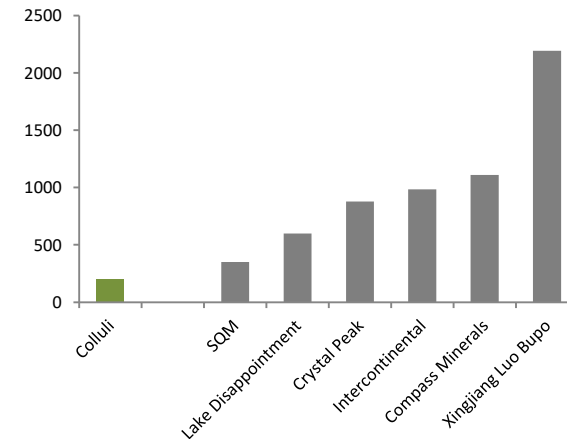
Well established shipping infrastructure at the Port of Massawa



Colluli has the best and simplest logistics in the Danakil



Colluli is the closest sulphate of potash project to export infrastructure anywhere in the world
Km to export facility



Source: DNK Research

Significant advantages over the alternative primary production from potassium brines



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Photo: Colluli kainite core
Colluli salts will be mined in solid form



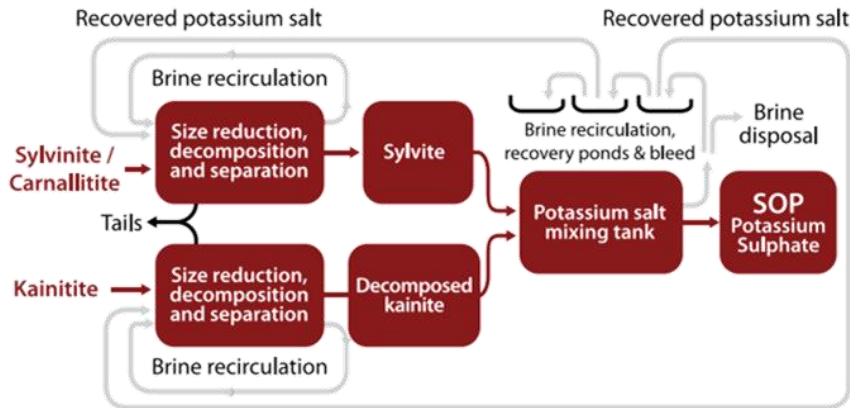
Photo: Trench excavation at Lake Wells ¹
Significant trenching required to access low grade brines



Photo: Potassium brine, Lake Wells ¹
Significant evaporation required to generate harvest salt



Colluli process design



Colluli contains the right combination of potassium salts for ambient temperature conversion to SOP

- The combination of sylvite and kainite in the Colluli resource is ideal for ambient temperature, high yield conversion to SOP
- Resources lacking sufficient sylvite require thermal decomposition typically at approximately 50°C which increases energy intensity and reduces yield
- Heated brines typically achieve potassium yield 10% to 15% lower than ambient conversion

Simple processing – Crush – Float – Mix – Dry - Truck

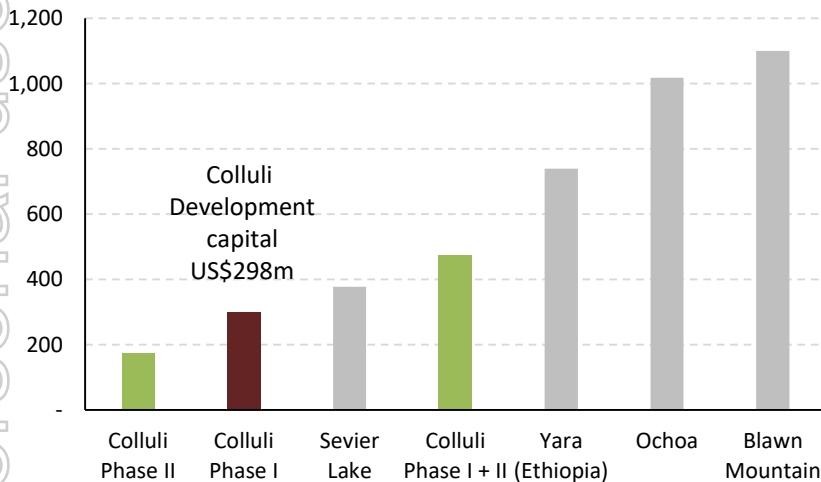
¹ ASX Announcement, January 2017



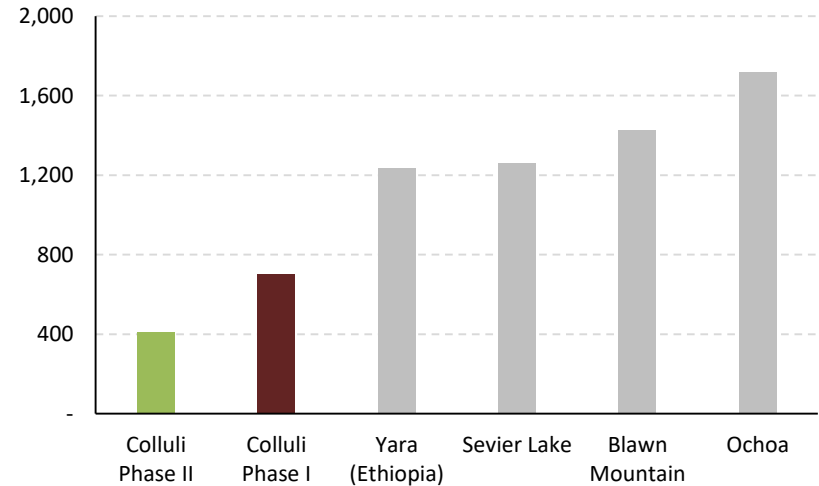
Industry leading capital intensity

INDUSTRY LEADING CAPITAL INTENSITY AND LOW DEVELOPMENT CAPITAL RENDERS COLLULI HIGHLY FUNDABLE

Development capital (US\$m)



Capital intensity (US\$/t)



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**

Source: DNK Company announcements, Company websites

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Outstanding DFS economics

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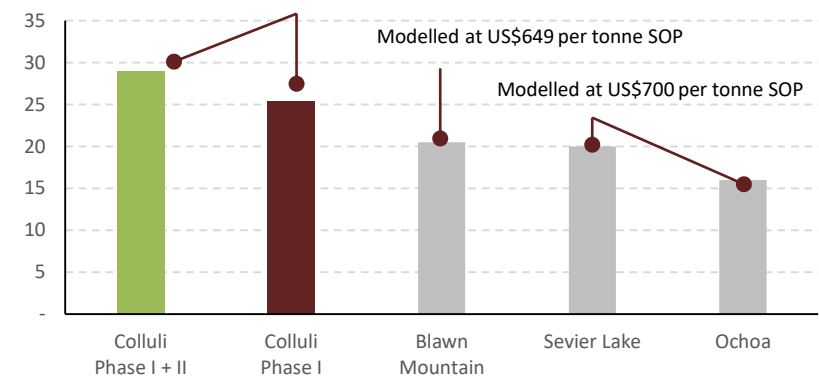
COLLULI DOMINATES OTHER PROJECTS WITH RESPECT TO VALUATION OUTCOMES

Key DFS results

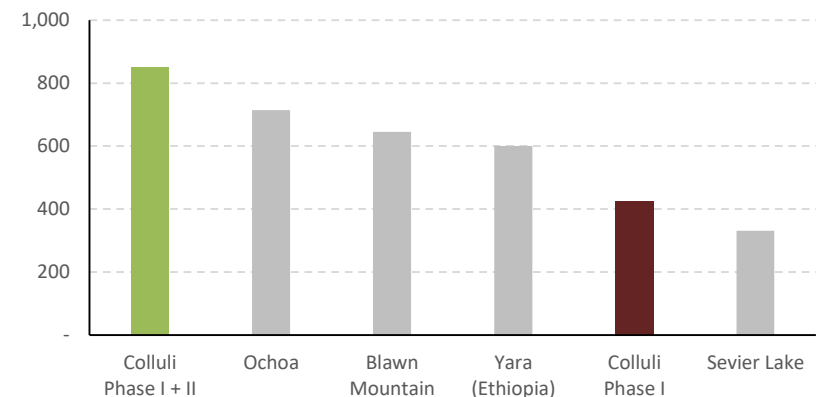
Metric	Phase I	Phase I and II
Production	425kt	850kt
Strip ratio	1.91	1.93
Post tax NPV (10% real) ^{CMSC}	US\$439m	US\$860m
Post tax IRR ^{CMSC}	25.4%	29.0%
Post tax NPV (10% real) ^{DNK}	US\$206m	US\$397m
Post tax IRR ^{DNK}	22.3% ^{1,2}	25.9% ^{1,2}
Capital	US\$298m	
Incremental Phase II capital		US\$175m

Post-tax IRR (%)

Modelled at US\$572 per tonne SOP



Annual production (ktpa)



¹ In accordance with CMSC Shareholders Agreement
² Third party debt estimated at 60% of project funding

Source: DNK Company announcements, Company websites

Front End Engineering Design (FEED) Optimisation Builds on Superior Economics



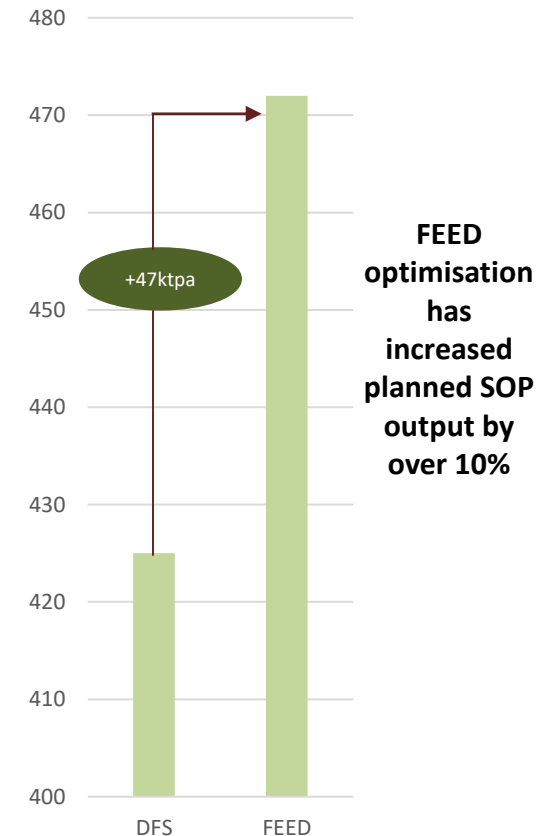
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SIGNIFICANT VALUE UPLIFT IDENTIFIED IN FEED PROCESS

- Over 10% additional expected production capacity for both Module I and Module II liberated in optimisation phase ¹
- Development capital reduction opportunities identified¹ :
 - Potential elimination of offsite water delivery pipeline and coastal desalination plant
 - Significant reduction in processing plant footprint size
 - Reduced pit development costs
- Construction schedule optimisation underway

'000 tonnes per annum SOP¹



¹ ASX Announcement, 3rd May 2017



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

Positive Eritrean outlook

- Fraser Institute Mining survey ranked **Eritrea 6 of 20 for African mining investment** ahead of jurisdictions such as South Africa, Zambia, Tanzania and Mozambique¹
- **Building a successful track record in successful mining operations** - two mines in production and third under construction
- **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

Asmara cycling race (August 2016)



City of Asmara



1. 2015 Fraser Institute Annual Survey of Mining Companies

Partnership with ENAMCO continues to be a key enabler for the project development

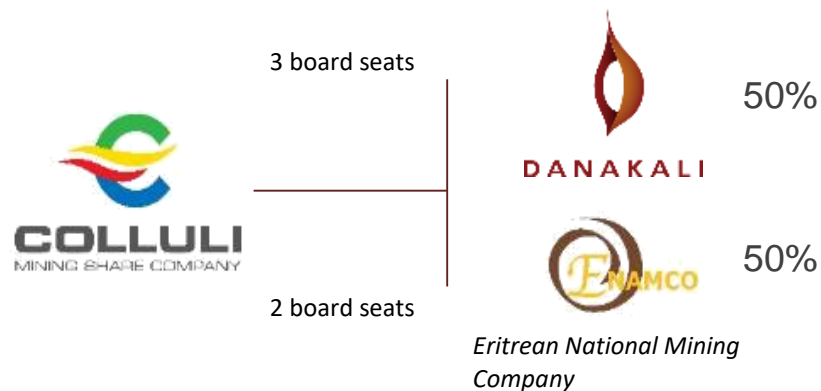
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DNK AND ENAMCO ARE ADVANCING A WORLD CLASS POTASH PROJECT

Government support and strategic alliance

- Eritrea is a stable jurisdiction with a rapidly emerging mining industry.
- Danakali has a strong, effective working relationship with the Government through its joint venture.
- Agreement with the Eritrean National Mining Corporation (ENAMCO).
 - ENAMCO and Danakali each hold a 50% ownership in the Colluli Mining Share Company.
 - Project Development Costs for initial development will be funded by up to 70% debt and 30% equity.
 - The CMSC board was established following the incorporation of CMSC in March 2014. The board is overseeing the project development.
 - CMSC has a board of 5, with 3 members from Danakali and 2 from ENAMCO.

The structure allows Government direct insight into the mining industry, which is an important part of Eritrea's development.



CMSC Chairman, Seamus Cornelius and Minister of Energy and Mines, Sebat Ephrem at the Mining Agreement signing

An excellent track record of delivery



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DANAKALI HAS DEVELOPED A STRONG TRACK RECORD OF DELIVERY¹

- Scoping study complete
- Positive Preliminary Feasibility study complete
- Independent technical review of PFS complete
- PFS Optimisation work complete
- Pilot plant tests complete
- Product samples generated and distributed
- Social and Environmental Impact Assessment complete
- Positive Definitive Feasibility Study Complete
- Head of Marketing Appointed
- Product MOU's signed
- Debt Advisor Appointed
- Equity Advisor Appointed
- Mining Agreement signed
- Mining Licenses Awarded
- Front end engineering optimisation completed
- Project construction manager appointed



2017 Plan well progressed



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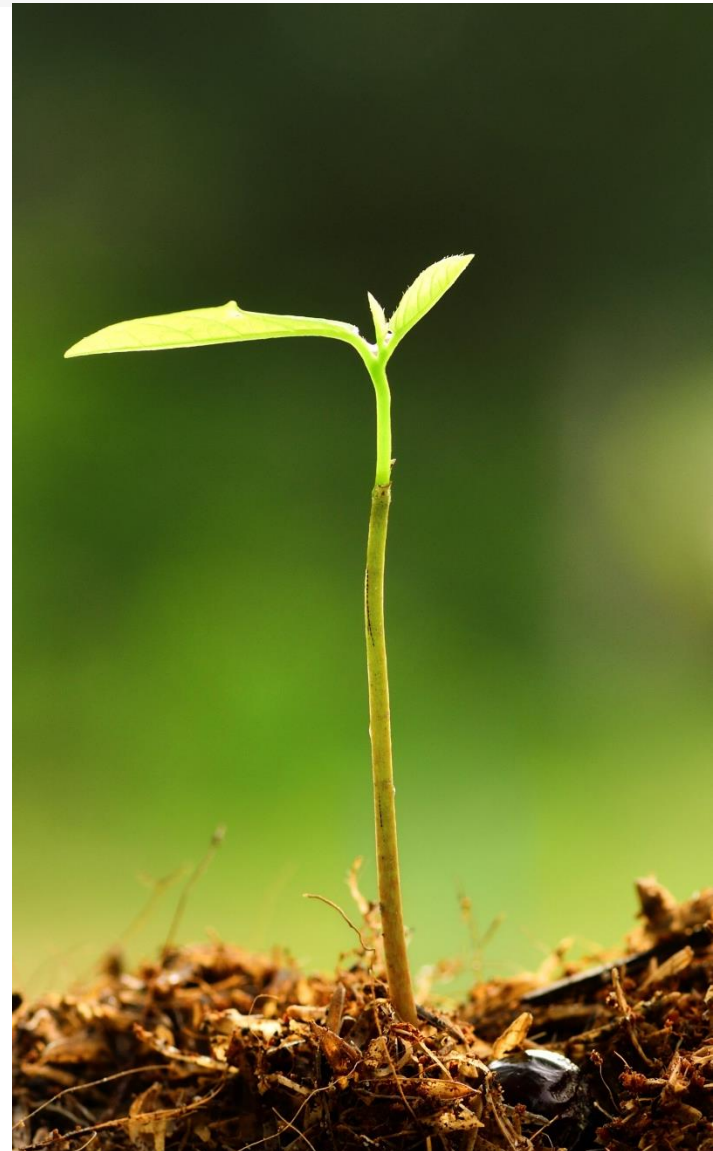
- Finalise the Mining Agreement and Mining License **Complete**
- Complete front end engineering and optimisation **Optimisation Complete**
- Commence geotechnical work at recovery pond site Underway
- Continue building organisational capability **Project Manager appointed**
- Finalise equipment lists and develop procurement plans and vendor packages Underway
- Tender key contracts – mining and power generation Underway
- Finalise detailed construction schedule Underway
- Commence organisational readiness planning Pending
- Convert product MOUs to Heads of Agreements Underway
- Finalise project funding and commence construction Underway

Summary



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- SOP is a **high quality, chloride free potash with limited economically exploitable primary resources**
- Colluli is **the most attractive and advanced stage primary SOP production project in the world**
- Colluli is the most **fundable and scalable potash project with unrivalled resource, diversification and growth potential, and access to global markets**
- The project is in **close proximity to established infrastructure, and has standout economics relative to peers**
- Front end engineering design optimisation **complete**
- Contract tendering **has commenced**
- Mining Agreement **has been signed** and Mining License **Awarded**
- Offtake MOUs are **progressing to high level commercial terms under Heads of Agreements**



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Colluli
Positively Unique

Competent persons statement



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Resource statement

The 2015 Colluli Potash Mineral Resource is reported according to the JORC Code and estimated at 1,289Mt @11% K₂O Equiv. The Mineral Resource is classed as 303Mt @ 11% K₂O Equiv Measured, 951Mt @ 11% K₂O Equiv Indicated and 35Mt @ 10% K₂O 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% K₂O Equiv. The Ore Reserve is classed as 286Mt @ 11% K₂O Equiv Proved and 827Mt @ 10% K₂O 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.

Colluli - A World class SOP project with no peer



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THE MOST ADVANCED SOP PROJECT IN THE WORLD WITH UNRIVALLED GROWTH AND DIVERSIFICATION POTENTIAL

Fully permitted and construction ready	<ul style="list-style-type: none"> • Construction ready • Mining Agreement signed 	<ul style="list-style-type: none"> • Mining Licenses Awarded
Outstanding Economics	<ul style="list-style-type: none"> • Industry leading capital intensity • Low incremental growth capital 	<ul style="list-style-type: none"> • Bottom quartile cost curve position
Premium product with limited global production centres	<ul style="list-style-type: none"> • Chloride free • Multi-nutrient 	<ul style="list-style-type: none"> • Limited supply • Lack of economically exploitable primary resources
Positively unique with unrivalled growth and diversification potential	<ul style="list-style-type: none"> • Salts in solid form – a key advantage over potassium brines and solution mines • Unique capability to produce diverse range of potash types 	<ul style="list-style-type: none"> • The right combination of potassium salts for low energy, high yield conversion to SOP • Monetisation potential for kieserite, gypsum, magnesium chloride and sodium chloride
Commercially proven process	<ul style="list-style-type: none"> • Same production process as current low cost producers 	<ul style="list-style-type: none"> • Process design tested and confirmed
Unrivalled access to coast and global markets	<ul style="list-style-type: none"> • Epicentre of booming population growth • 60 km from Red Sea Coast 	<ul style="list-style-type: none"> • 200 km from export facility
Exceptional feed grade	<ul style="list-style-type: none"> • One of the highest grade SOP deposits in the world 	<ul style="list-style-type: none"> • Significantly lower waste generation than potassium rich brines

The most advanced greenfield primary production SOP project globally



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Milestone	Outcome
Positive DFS complete <u>Unrivalled economics relative to all advanced SOP projects</u>	<ul style="list-style-type: none"> ✓ Simple, commercially proven process ✓ Independent technical review of process design, mass balances, evaporation trials and metallurgical test program completed ✓ Low development capital ✓ Industry leading capital intensity ✓ Bottom quartile operating cost curve position ✓ World class ore reserve comprising over 1bt¹
Debt and equity advisors appointed	<ul style="list-style-type: none"> ✓ Endeavour Financial appointed as advisor to secure debt funding for the project ✓ Hannam and Partners appointed as equity advisor
Offtake MOUs progressing to HoAs	<ul style="list-style-type: none"> ✓ MOU's signed for 800kt per annum of SOP² ✓ Offtake discussions progressing towards Heads of Agreement (HoAs)
Front end engineering design and optimisation underway	<ul style="list-style-type: none"> ✓ Site visits completed ✓ Fluor appointed as FEED lead ✓ Global Potash Solutions, Knight Piésold and Elemental Engineering appointed to FEED team ✓ FEED optimisation phase well progressed
Mining agreement signed and licenses awarded	<ul style="list-style-type: none"> ✓ Social and Environmental Impact Assessment (SEIA) approved ✓ Mining agreement signed off³ ✓ Mining licenses awarded³



¹ Danakali DFS 30 November 2015

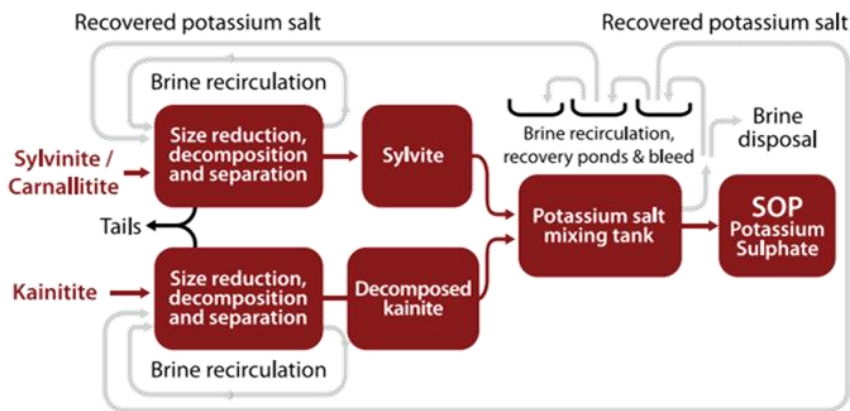
² ASX Announcement 25 July 2016

³ ASX Announcement 1st February 2017

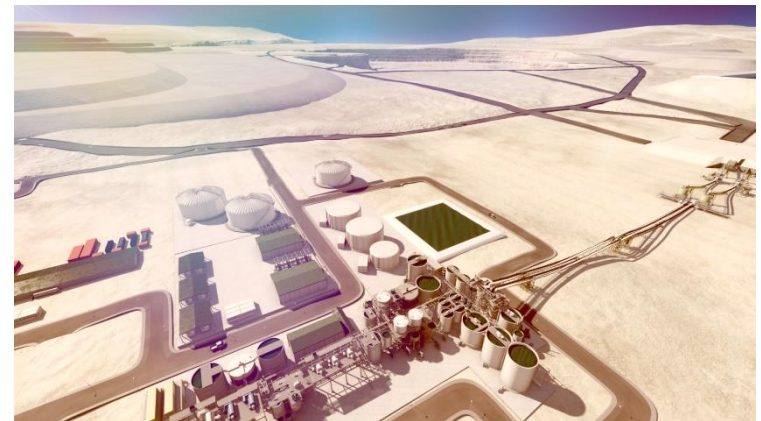
Simple, energy efficient, commercially proven technology WITH THE BEST COMBINATION OF SALTS

PRODUCTION OF SOP FROM COLLULI SALTS OCCURS WITH SIMPLE PROCESSES INCLUDING FLOTATION, MIXING AND DRYING

Colluli process design



Colluli plant images



Simple processing – Crush – Float – Mix – Dry - Truck

Colluli contains the right combination of potassium salts for ambient temperature conversion to SOP

- The combination of sylvite and kainite is ideal for ambient temperature, high yield conversion to SOP
- No thermal decomposition required
- Heated brines typically achieve potassium yield 10% to 15% lower than ambient conversion

Long-term economic, social and community dividends



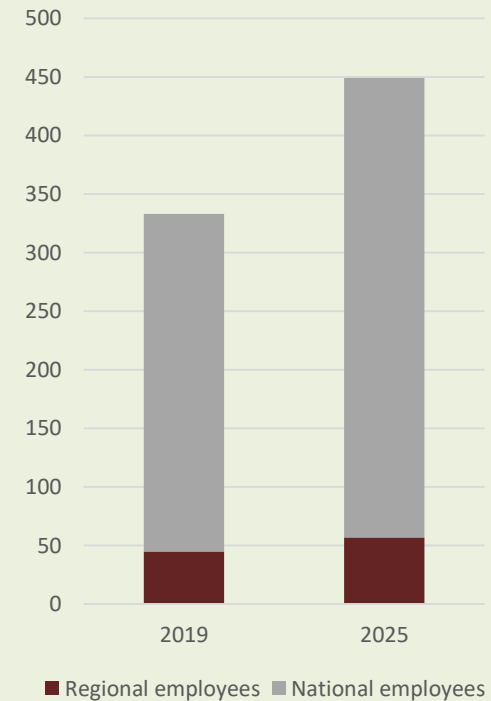
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ENGAGEMENT WITH COMMUNITY AND KEY STAKEHOLDERS HAS GENERATED STRONG SUPPORT FOR COLLULI DEVELOPMENT



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

Colluli continues to positively advance



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Front End Engineering and Design (FEED) Initiated

- Globally recognised, highly reputable, multi-national construction and engineering company, Fluor have been appointed to lead the FEED and optimisation process
- Global Potash Solutions, Knight Piésold and Elemental Engineering appointed to FEED team
- Optimisation workshops underway with focus on capital and operating cost reduction



Offtake Discussions Well Progressed

- MOUs now converting to Heads of Agreement
- High level commercial terms outlined
- Continued high level of interest in product offtake

Mining Agreement and Mining License

- DFS submitted to Ministry of Energy and Mines
- SEIA approved in December
- Mining agreement and license discussions have been progressing over the past few months and are nearing completion

FLUOR[®]



GLOBAL POTASH
SOLUTIONS

Knight Piésold
CONSULTING

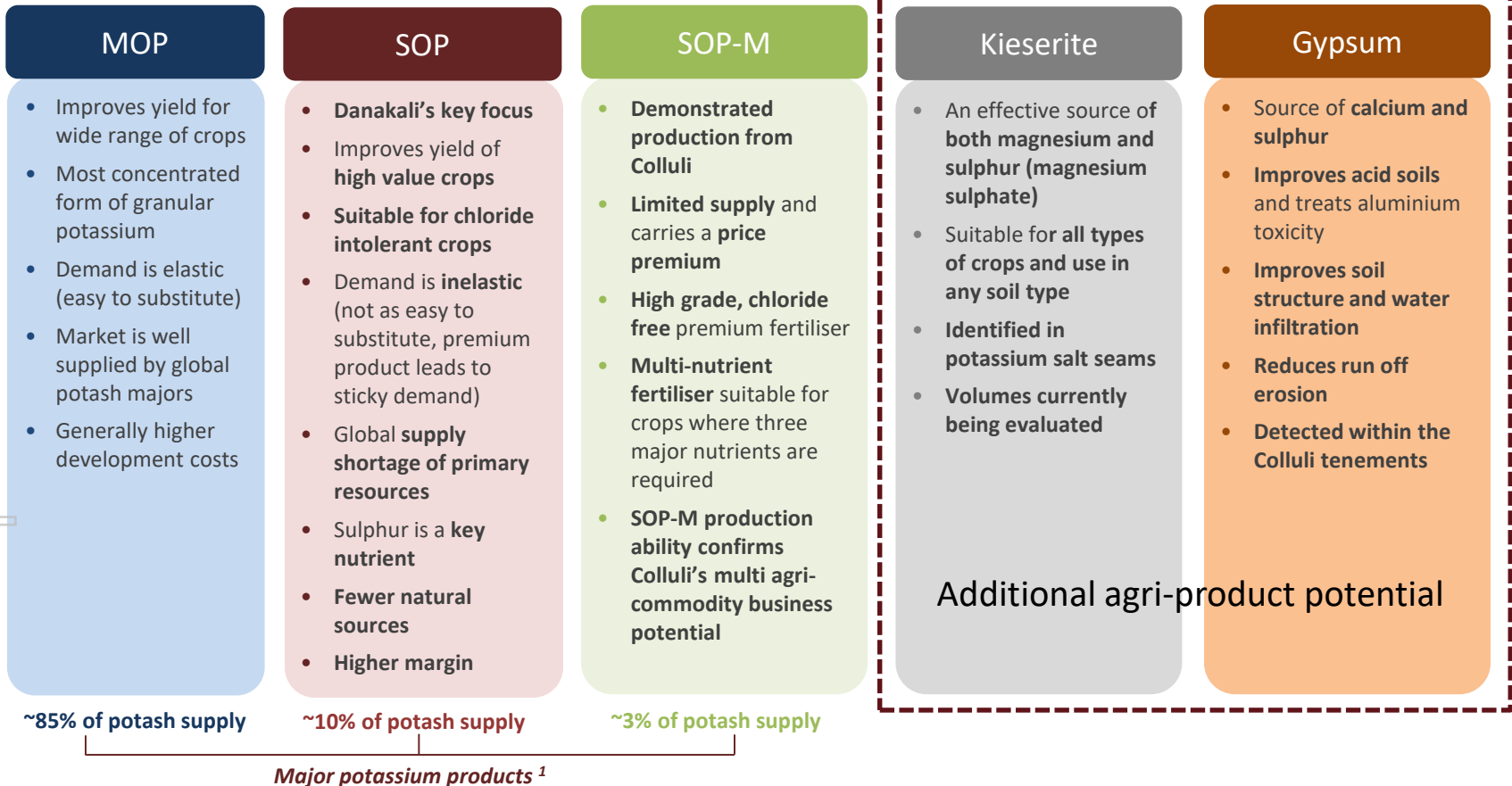


elemental
engineering



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Unrivalled multi agri-commodity potential



1. CRU

SOP demand will increase by over 30% over the next decade

SOP IS A MULTI-NUTRIENT FERTILISER ESSENTIAL FOR HIGH VALUE, CHLORIDE INTOLERANT CROPS

- A significant increase in global SOP consumption is forecast ¹
- 33% increase in demand for high value fruit and vegetables till 2050³
- Colluli is well positioned as an advanced stage project to take advantage of global growth

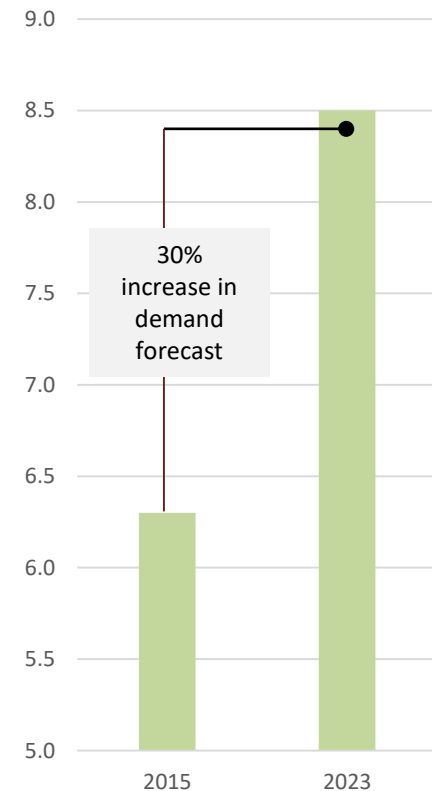


Orange without SOP²



Orange with SOP²

Million tonnes SOP demand¹



1. CRU
2. IC Potash
3. FAO

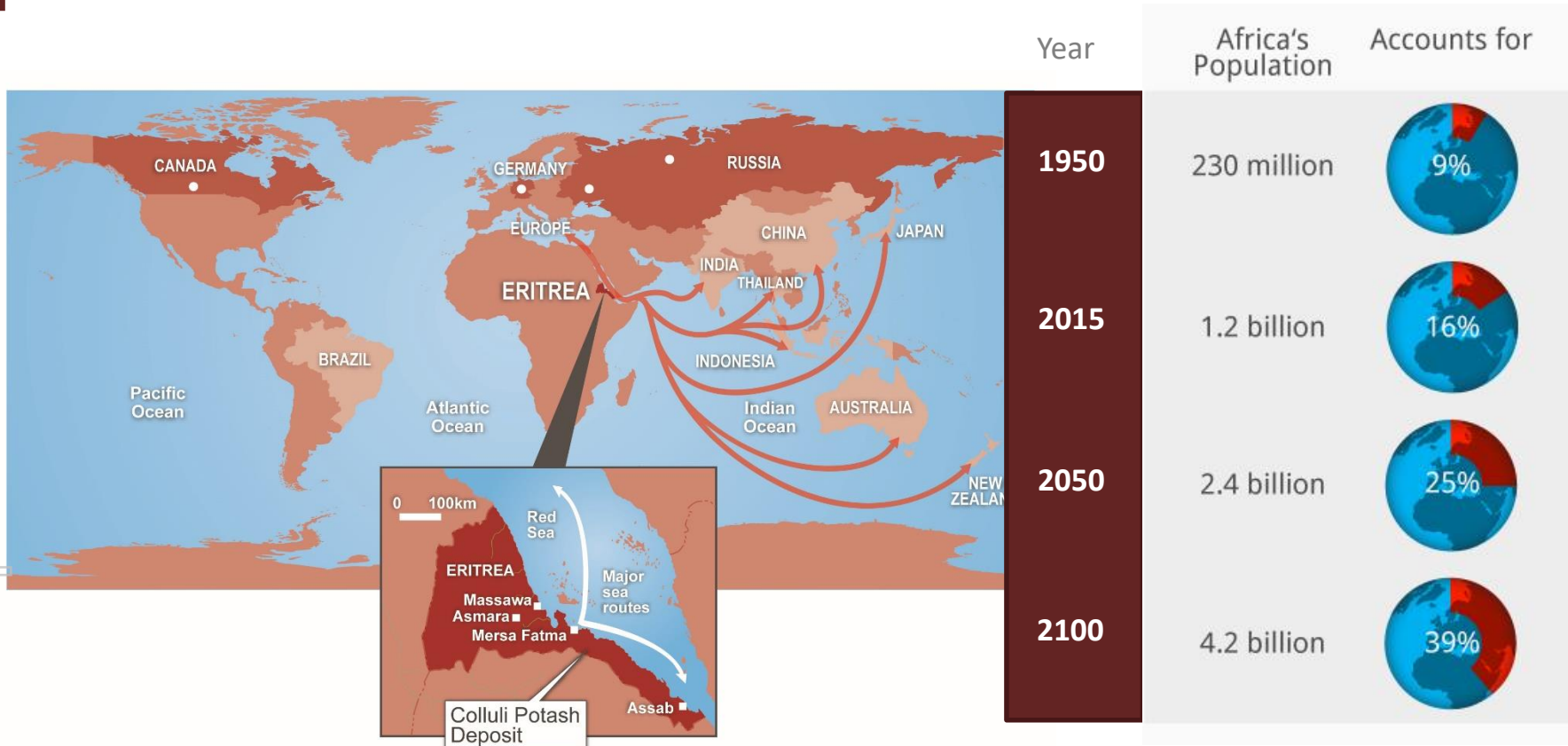
East African location is geographically favourable for current and future key markets



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BY 2050 25% OF THE WORLDS POPULATION WILL BE AFRICAN¹



¹ Unicef

Business can be done in Eritrea

Multiple Large Scale Success Stories

THERE ARE MULTIPLE HIGH PROFILE EXAMPLE OF MINING INVESTMENT IN ERITREA

Eritrean mining background

- Nevsun Resources (TSX:NSU) is a major Eritrean-focused mining company
 - JV company formed with ENACMO and now operates Bisha copper mine
 - **Successful modular JV development with ENAMCO** paves the way for Colluli JV
 - Significant shareholders in Nevsun are **globally recognised investors who have demonstrated comfort with investment in Eritrea**
- **Purchase of 60% of Asmara (copper, zinc, gold) by Chinese investor for C\$85m**
- Joint venture agreement and relationship **with ENAMCO is a key enabler** of project success

Major Eritrean mining developments

Bisha

Completed third expansion



Shareholders
Blackrock
Vanguard
Franklin Templeton

Zara

Commissioned and producing



Asmara

Currently commencing construction



Supportive laws for mining investment

- 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

Nevsun Resources – Case study

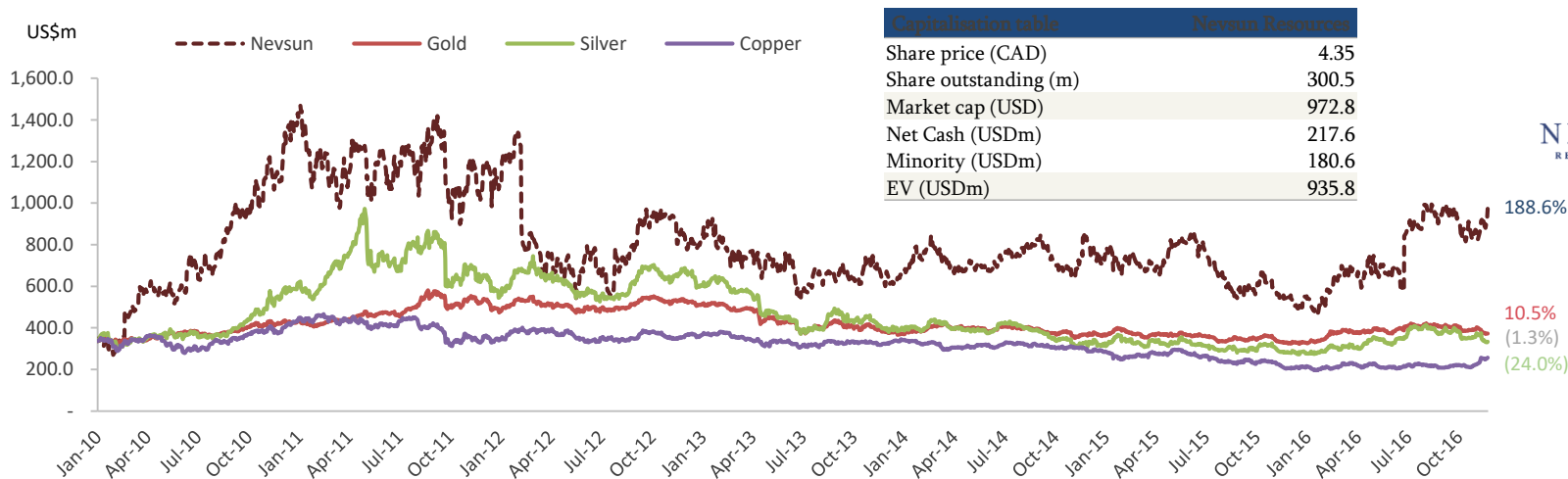
Cumulative Capex Spend > US\$600m
Shareholder dividend > US\$100m



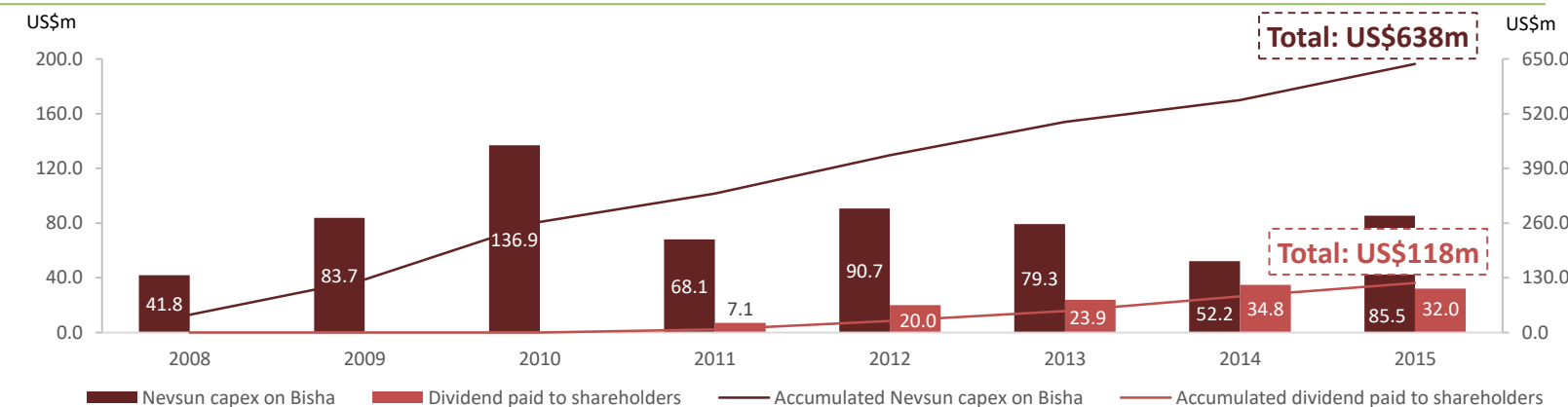
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Nevsun market capitalisation compared to commodities performances



Capex invested by Nevsun into Bisha mine and dividend paid to shareholders



Source: Company filings and S&P Capital IQ as of 23 November 2016
 Note: All prices rebased to Nevsun market cap
 Development of the Bisha mine commenced in 2008 and commissioning commenced in Oct 2010