Danakali Sustainability Investor Webinar

Danakali Limited (ASX: DNK, LSE: DNK, Danakali, or the Company) is pleased to announce that the Company will host a live webinar, delivered by CEO Niels Wage, who will provide an update on the Company’s recent sustainability developments and future plans for the Colluli Potash Project (Colluli or the Project), located in Eritrea, East Africa.

The event will be held on Thursday 30 June 2020 at 3pm Perth / 8am London. Further details of the event, along with a registration form, are available here. A copy of the presentation will be released to the market prior to the live webinar and will be available on Danakali’s website.

No new information will be provided during the event.

Danakali released its inaugural 2019 Sustainability Report, which outlines ongoing and planned contributions of Colluli to Sustainable Development and United Nations Sustainable Development Goals (UN SDGs) in Eritrea. In the coming months, the Danakali team will focus on the following sustainability priorities:

- Analysis of the preliminary findings of the independent Human Rights due diligence scoping study
- Finalising the Environmental and Social Action Plan (ESAP) to ensure full compliance with the Equator Principles and the IFC standards for Environmental and Social Performance
- Examine a potential collaboration with Vita.ie, a civil society organization bringing 20 years’ experience in delivering sustainable livelihoods to rural farms in East Africa.

Announcement authorised for release by the Chief Executive Officer of Danakali.

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About Danakali

Danakali Limited (ASX: DNK, LSE: DNK) (Danakali, or the Company) is an ASX- and LSE-listed potash company focused on the development of the Colluli Sulphate of Potash Project (Colluli or the Project). The Project is 100% owned by the Colluli Mining Share Company (CMSC), a 50:50 joint venture between Danakali and the Eritrean National Mining Corporation (ENAMCO).

The Project is located in the Danakil Depression region of Eritrea, East Africa, 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 known potash deposit. The resource is amenable to open cut 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 Front End Engineering Design (FEED) for the production of potassium sulphate, otherwise known as Sulphate of Potash or SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride (or MOP). 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 resource is favourably positioned to supply the world’s fastest growing markets. A binding take-or-pay offtake agreement has been confirmed with EuroChem Trading GmbH (EuroChem) for up to 100% (minimum 87%) of Colluli Module I SOP production.

Development Finance Institutions, Africa Finance Corporation (AFC) and African Export Import Bank (Afreximbank), have obtained formal credit approval to provide CMSC with US$200M in senior debt finance. The credit documentation was executed in December 2019, allowing drawdown of CMSC senior debt on satisfaction of customary conditions precedent. This represents the majority of funding required for the development and construction of the Colluli. AFC has also executed a Subscription Agreement to make a US$50M strategic equity investment in Danakali. The receipt of the first tranche of US$21.5M (AS$1.8M) allowed commencement of the development.

Project execution has commenced and SOP production is expected during 2022. The Company’s vision is to bring Colluli into production using the principles of risk management, resource utilisation and modularity, using the starting module (Module I) as a growth platform to develop the resource to its full potential.

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1 Danakali ASX announcement 16 June 2020