



Danakali HY 2020 Financial Report

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali** or the **Company**), focused on the development of the Colluli Sulphate of Potash Project (**Colluli**, or the **Project**), is pleased to release its Financial Report for the six month period ended 30 June 2020 (**Half Year Financial Report**).

Operational Highlights:

- EPCM Phases 1 and 2 (FEED Review and Update) completed on budget with all vendor and contractor packages received from DRA Global, allowing the completion of the tender evaluation process
- Business continuity and emergency plans put in place to ensure safety of employees in response to COVID-19
- All resources mobilised in support of desk-based activities to allow continued progress on the development of the Project and EPCM workstreams, including test work and optimisation studies in support of EPCM Phase 3 (Detailed Design)
- Optimisation design opportunities identified for improved Environmental and Capital outcomes
- Notice of Commencement of Mine Development accepted by Eritrean Ministry of Energy & Mines and permits granted for infrastructure development and quarries
- Publication of the inaugural 2019 Sustainability Report, reaffirming our commitment to sustainable mining principles and alignment to the UN SDGs and other international frameworks

Corporate & Financial Highlights:

- Mutual agreement reached between DNK and AFC to extend the deadline for Tranche 2 equity funding in response to, amongst other things, constraints arising from COVID-19
- Appointment of two AFC nominees as non-executive directors to Danakali's Board of Directors

Expectations for the remainder of 2020:

- Finalisation of project funding requirements
- Finalise the remaining conditions precedent and receipt of AFC Tranche 2 (US\$28.5M)
- Continue design and EPCM optimisation work and Commencement of EPCM Phase 3 (Detailed Design)

Niels Wage, Chief Executive Officer of Danakali, said: *"We started 2020 with the kick off of the Project Development for Colluli, and despite the unprecedented and challenging COVID-19 pandemic, we have been able to make good progress with our EPCM activities. I am pleased to report that the business has responded well to the challenges and I thank all of my colleagues for their hard and dedicated work during the period."*

Following the significant milestones achieved towards the end of last year, we entered 2020 with a robust plan to significantly progress EPCM activities, bringing Colluli closer to construction. This enabled us to progress on those works that could be delivered remotely whilst restrictions continued.

As COVID-19 restrictions are being relaxed in Eritrea, access to Colluli is possible and we can prepare for construction. The business is well positioned financially with its existing cash resources. With a number of prudent reduction measures that had been taken to manage spend in Q2 2020, we are seeing a lower burn rate, and continue to follow a disciplined and balanced capital allocation policy.

We will continue our focus for the second half of 2020 on closing out the required financing and progressing with the project development. I look forward to reporting on further progress in the months ahead."

Announcement authorised for release by the CEO of Danakali.



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For more information, please contact:

Danakali

Niels Wage
Chief Executive Officer
+61 8 6189 8635

Mark Riseley
Senior Corporate Development Manager
+61 8 6189 8635

Corporate Broker – Canaccord Genuity

James Asensio / Angelos Vlatakis
+44 (0)20 7523 4680

UK IR/PR – Instinctif Partners

Mark Garraway / Dinara Shikhametova / Sarah Hourahane
danakali@instinctif.com
+44 (0)207 457 2020

Visit the Company's website: www.danakali.com

Follow Danakali on LinkedIn: www.linkedin.com/company/danakali-limited

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