



## DANAKALI TO RAISE A\$5.5M TO ADVANCE THE WORLD CLASS COLLULI POTASH PROJECT

### Summary

- Successful placement to new investors and existing shareholders to **raise up to A\$5.5 million**
- **Strong support from major shareholder, Well Efficient**
- Funds raised will be used to **progress Colluli development, and lock in project funding and off-take**

Emerging agri-commodity company, Danakali Limited (**Danakali or Company**) (ASX: DNK), is pleased to advise that it has received commitments from professional and sophisticated investors to raise up to A\$5.5 million through the issue of up to 25 million shares (**Placement Shares**) at A\$0.22 each. The placement includes one (1) free attaching unlisted option exercisable at A\$0.35 with an expiry date 2 years from issue, for every two (2) Placement Shares (the **Placement**).

The Company is delighted to have the continued support of its largest shareholder, Well Efficient Limited (**Well Efficient**), a Hong Kong based investment vehicle with experience in Eritrea.

Funds raised from the Placement will be used for the commencement of front end engineering design (FEED) work; initiating the mine contract tendering process; completion of mining approvals process; securing offtake agreements and further strategic relationships, securing project funding (debt/equity), transaction costs and working capital.

Danakali's Managing Director Paul Donaldson said: *"We are very pleased with this successful Placement. We thank our existing shareholders for their continued support and welcome the addition of new shareholders to our register. Danakali is now well funded and can focus on progressing Colluli throughout 2016, including the securing of project funding and offtake. The international profile of Colluli is rapidly growing. This world class project at the centre of booming Asian and African population centres is destined to support a globally significant agri-commodity business for decades to come."*

The allotment of the first tranche of the Placement for up to approximately 23.3 million shares and 11.7 million options is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX LR 7.1 and additional 10% placement capacity under ASX LR 7.1A.

The Placement is strongly supported by Danakali's Directors. The second tranche of the Placement for up to 1.6 million shares and 0.8 million options, are to be issued subject to shareholder approval at the Company's Annual General Meeting scheduled to take place in May 2016.

Hartleys Limited is Broker to the Offer.



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**About Danakali**

Danakali is an ASX listed company and 50% owner of the Colluli Potash Project (Colluli) in Eritrea, East Africa. The company is currently developing Colluli in partnership with the Eritrean National Mining Corporation (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.

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. It also provides Danakali with the potential to become a multi agri-commodity company given the established capability of the resource to produce three potash types (SOP, SOP-M and MOP) and rock salt; and also the potential to be able to produce a host of other useful industrial-, agricultural- and building-related salts.

Our vision is to bring Colluli 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.