



ASX release

21 November 2017

## Danakali to seek a dual listing on the London Stock Exchange

### Key points

- The Danakali Board of Directors has **approved a dual listing on the LSE**
- Intention to **dual list on the LSE** in H1 CY2018
- Dual listing **aligns with equity funding and development strategy**
- The LSE is the **premier stock exchange for companies with African mining assets**
- Significant **institutional investor interest, scale, liquidity, and profile enhancements** expected

Following a comprehensive review of the potential benefits of dual listing on the London Stock Exchange (LSE), Danakali Limited (ASX: DNK) (**Danakali**, or the **Company**) is pleased to announce that the Danakali Board of Directors has approved the Company progressing a dual listing on the LSE. It is expected that the dual listing will be executed within H1 CY2018.

The dual listing is in line with the Company's equity strategy which includes effectively mobilising significant UK, European, and Middle East institutional interest, increasing share trading liquidity, and further raising the profile of the world class Colluli Potash Project (**Colluli**). The analysis and advice sought by Danakali from external parties indicates that the LSE is clearly the world's leading stock exchange for African focused mining companies. There are currently limited opportunities for exposure to mining companies of Danakali's size and quality on the LSE, and it is expected that this dynamic will serve to strengthen interest. The LSE was determined to be an appropriate dual listing stock exchange for Danakali for various reasons including liquidity, access to funds, relative size of other companies, profile benefits, costs, and the Company's growth potential.

The Company has been working with a select group of UK brokers, legal advisers, and Investor and Public Relations firms, and expects to make appointments in the immediate term. The company is well funded and currently has no specific plans to raise capital in line with the LSE listing.

The Company's shares will continue to be listed and trade on the Australian Stock Exchange (**ASX**). The ASX is set to remain an important listing jurisdiction for Danakali as it progresses. The Company has strong broker support in Australia, has accumulated a substantial retail and high net worth following on the ASX, and has experienced material share price gains since the release of the Colluli Definitive Feasibility Study and completion of project permitting. Offtake discussions for Colluli are well advanced and running in parallel with funding workstreams and front-end engineering design (**FEED**) is nearing completion.

Danakali Managing Director, Paul Donaldson: *"The decision to list on the LSE is the result of careful consideration and reflects our learnings from extensive interactions with investment communities globally with respect to the Company and the Colluli Project. Our ultimate aim is to drive value and optimal outcomes for our shareholders and stakeholders (including our JV partners, ENAMCO), through the*



*successful development of Colluli. The Company sees the LSE dual listing as a key step to unlocking the investor interest and equity funding required to achieve that goal.”*

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**About Danakali Limited**

Danakali Limited (ASX: DNK) (**Danakali**, or the **Company**) 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 ~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 (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.

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.

**Competent Persons Statement (Sulphate of Potash Resource)**

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @11% K<sub>2</sub>O. The resource contains 303Mt @ 11% K<sub>2</sub>O of Measured Resources, 951Mt @ 11% K<sub>2</sub>O of Indicated Resources and 35Mt @ 10% K<sub>2</sub>O of Inferred Resources.

The information relating to the 2015 Colluli Mineral Resource estimate was compiled by Mr. John Tyrrell, under the supervision of Mr. Stephen Halabura M. Sc. P. Geo. Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and as a geologist with over 25 years’ experience in the potash mining industry. Mr. Tyrrell is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of AMC. Mr. Tyrrell has more than 25 years’ experience in the field of Mineral Resource estimation.

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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Mr. Tyrrell & Mr. Halabura consent to the inclusion of information relating to the 2015 Resource Statement in the form and context in which it appears.

**Competent Persons Statement (Sulphate of Potash Reserve)**

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 outcomes of Colluli and has no business relationship with Danakali 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.

### **Competent Persons Statement (Rock Salt Resource)**

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 347Mt @ 97% NaCl. The resource contains 28Mt @ 97% NaCl of Measured Resources, 180Mt @ 97% NaCl of Indicated Resources and 139Mt @ 97% NaCl of Inferred Resources.

The information relating to the Colluli Rock Salt Mineral Resource estimate was compiled by Mr. John Tyrrell. Mr. Tyrrell is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of AMC. Mr. Tyrrell has more than 25 years' experience in the field of Mineral Resource estimation. He has sufficient experience relevant to the style of mineralisation and type of the deposit under consideration, and in resource model development, to qualify as a Competent Person as defined in the JORC Code.

Mr Tyrrell consents to the inclusion of the information relating to the rock salt Mineral Resource in the form and context in which it appears.

### **Quality Control and Quality Assurance**

Danakali exploration programs follow standard operating and quality assurance procedures to ensure that all sampling techniques and sample results meet international reporting standards. Drill holes are located using GPS coordinates using WGS84 Datum, all mineralisation intervals are downhole and are true width intervals.

The samples are derived from HQ diamond drill core, which in the case of carnallite ores, are sealed in heat sealed plastic tubing immediately as it is drilled to preserve the sample. Significant sample intervals are dry quarter cut using a diamond saw and then resealed and double bagged for transport to the laboratory. Halite blanks and duplicate samples are submitted with each hole. Chemical analyses were conducted by Kali-Umwelttechnik GmbH Sondershausen, Germany, utilising flame emission spectrometry, atomic absorption spectroscopy and ion chromatography. Kali-Umwelttechnik (KUTEC) Sondershausen1 has extensive experience in analysis of salt rock and brine samples and is certified according by DIN EN ISO/IEC 17025 by the Deutsche AkkreditierungssystemPrüfwesen GmbH (DAR). The laboratory follows standard procedures for the analysis of potash salt rocks chemical analysis ( $K^+$ ,  $Na^+$ ,  $Mg^{2+}$ ,  $Ca^{2+}$ ,  $Cl^-$ ,  $SO_4^{2-}$ ,  $H_2O$ ) and X-ray diffraction (XRD) analysis of the same samples as for chemical analysis to determine a qualitative mineral composition, which combined with the chemical analysis gives a quantitative mineral composition.

### **Forward Looking Statements and Disclaimer**

The information in this document is published to inform you about Danakali and its activities. Danakali 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 document, 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 Colluli 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 document. 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 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.